

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

Stage-1     Stage-2     Surveillance     Re-Certification

Plantation Management/Owner : **PT. ADEI PLANTATION&INDUSTRY -  
KUALA LUMPUR KEPONG Bhd**

Plantation Name : **Nilo 2 POM, Kebun Nilo Timur 1 Estate &  
Kebun Nilo Timur 2 Estate**

Location : **Sungai Buluh Village, Sub District of Bunut,  
District of Pelalawan, Province of Riau,  
Indonesia**

Certificate Code : **MUTU-RSPO/040**

Date of certificate issue : **May 14<sup>th</sup>, 2014**

Date of expiry of certificate : **May 13<sup>th</sup>, 2019**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Review by	Approved by
<b>ASA-01</b>	16 – 21 March 2015	Trismadi Nurbayuto (Lead Auditor), Sandra Purba, Warsito (trainee), Arif Faisal (trainee)	Taufik Margani	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
<b>ASA-01</b>	April 20 <sup>th</sup> , 2015

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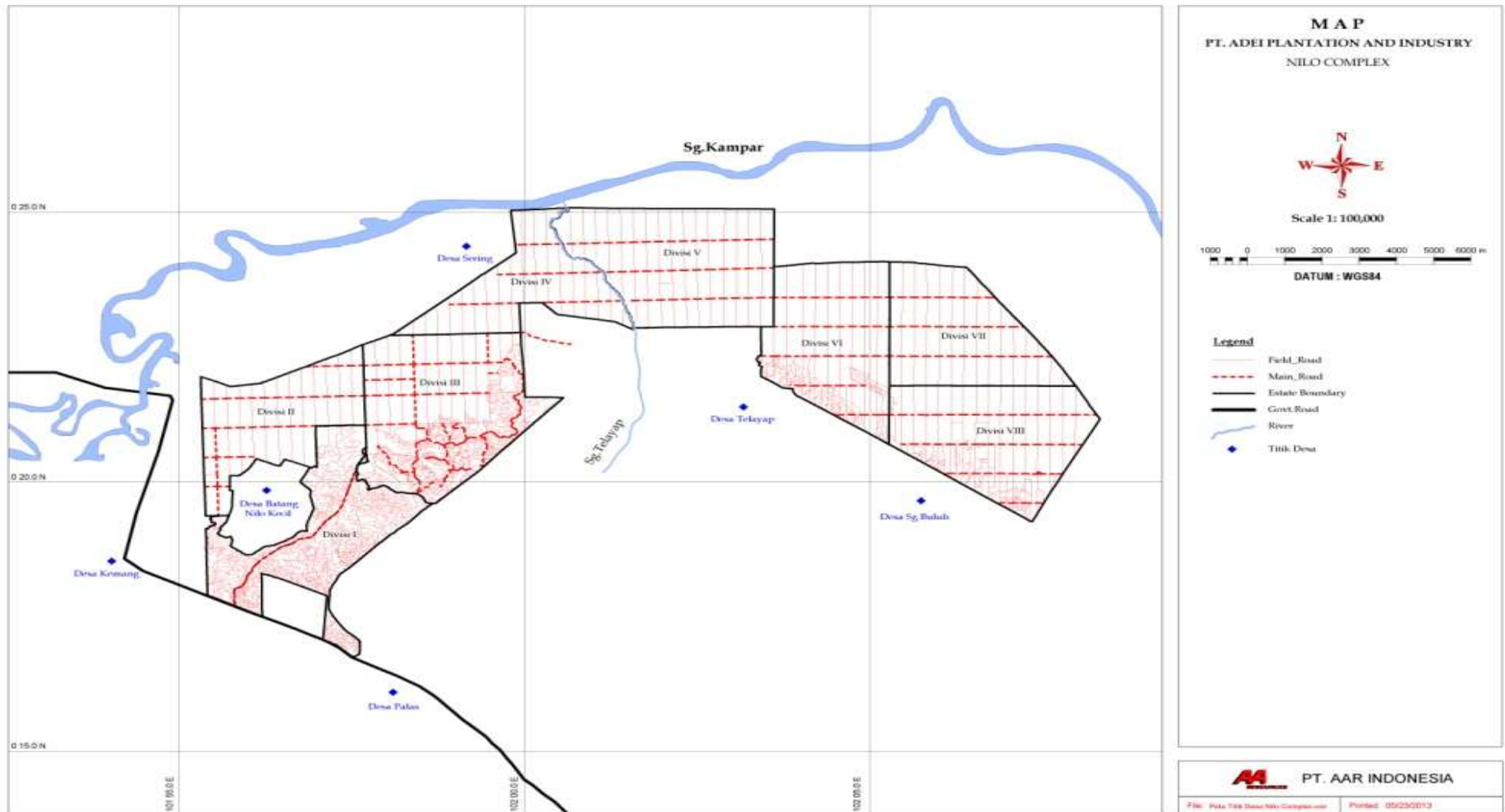
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# PT. MUTUAGUNG LESTARI ASSESSMENT REPORT

Figure 1. Location Map of PT. Adei Plantation&Industry – Nilo 2 POM



Figure 2. Operational Map of PT. Adei Plantation&Industry – Nilo 2 POM



<b>1.0</b>	<b>SCOPE OF THE CERTIFICATION ASSESSMENT</b>		
<b>1.1</b>	<b>National Interpretation Used</b>	<i>National Interpretation, RSPO Principles and Criteria (P&amp;C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011 for CPO Mill.</i>	
<b>1.2</b>	<b>Organization Information</b>		
1.2.1	Company name	<b>NILO 2 POM (PT ADEI PLANTATION &amp; INDUSTRY – KUALA LUMPUR KEPONG Bhd</b>	
1.2.2	Contact person	Tan Kei Yoong	
1.2.3	Company address and site address	<ul style="list-style-type: none"> <li>• <b>RSPO registered company:</b> Wisma Taiko, No 1 Jalan SP Seenivasagam Ipoh/Perak Darul Ridzuan, Malaysia 30000</li> <li>• <b>Liaison Office:</b> Kompleks Pertokoan Taman Anggrek Blok B2 – B5 Jl. Tuanku Tambusai, Pekanbaru, Riau</li> </ul>	
1.2.4	Telephone	0761 – 571885, 571861/62	
1.2.5	Fax	0761 – 571884	
1.2.6	E-mail	ky.tan@klk.com.my	
1.2.7	Web page address	<a href="http://www.klk.co.id">www.klk.co.id</a>	
1.2.8	Company status	Swasta	
1.2.9	Management Representative who completed the application for certification	Tan Kei Yoong	
1.2.10	Registered as RSPO member	8 October 2004 No. Registration 1-0014-04-000-00	
<b>1.3</b>	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment	Nilo 2 POM, Kebun Nilo Timur 1 Estate and Kebun Nilo Timur 2 Estate	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	<b>PT ADEI PLANTATION &amp; INDUSTRY</b>	
1.3.4	Number of management unit	1 POM and 2 Estates: Nilo 2 POM, Kebun Nilo Timur 1 Estate and Kebun Nilo Timur 2 Estate	
<b>1.4</b>	<b>Locations of Mill, Plantations and Area Statement</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Nilo 2 POM	Sungai Buluh Village, Sub District of Bunut, District of Pelalawan, Province of Riau, Indonesia	00°21' 9" N                      102° 5' 41" E
1.4.2	Location of Supply Base		

	Name of Supply Base	Location	Coordinate				
			Latitude	Longitude			
	Kebun Nilo Timur 1	Kemang Village, Sub District of Pangkalan Kuras, District of Pelalawan, Province of Riau, Indonesia	0°20' – 0°25' N	101° 59'-102° 4' E			
	Kebun Nilo Timur 2	Kemang Village, Sub District of Pangkalan Kuras, District of Pelalawan, Province of Riau, Indonesia	0°19' – 0°24' N	102° 4'-102° 8' E			
1.4.3	Tenure	-					
	• State	Land Use Title No. 23/HGU/1993 PT. Adei Crumb Rubber Factory with area 12,860 Ha at Telayap Village, Kemang and Nilo Kecil, on Sub District of Bunut and Pangkalan Kuras, District of Kampar.					
	• Community	-					
1.4.4	Area Statement	PT. ADEI PLANTATION & INDUSTRY (NILO 2)		TOTAL (Ha)			
		KEBUN NILO TIMUR 1 (Ha)	KEBUN NILO TIMUR 2 (Ha)				
	• Total area	3,466	3,110	6,576			
	• Mature area	3,168	3,007	6,175			
	• Immature area	-	-	-			
	• Mill	-	13.66	13.66			
	• Emplishment, Infrastructure and Bridge	196	87.34	283.34			
	• Nursery	-	-	-			
	• Occupation	-	-	-			
	• Others area	-	-	-			
	• HCV	19.92	2	21.92			
1.5	Description of Supply Base						
1.5.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Nilo 2	60	149,025.73	32,846	22.04	7,523	5.05
	<i>*Source Production Data on March 2014 to February 2015</i>						
1.5.2	Description of Certified Estate(s)						
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Kebun Nilo Timur 1	3,466	3,173	38,590.04	12.16	38,590.04	100
	Kebun Nilo Timur 2	3,110	3,007	58,451.09	19.44	58,451.09	100
	<b>TOTAL</b>	<b>6,576</b>	<b>6,180</b>	<b>97,041.13</b>	<b>14.58</b>	<b>97,041.13</b>	<b>100</b>

<i>Source Production Data on March 2014 to February 2015</i>					
1.5.3	Smallholders and other source				
	Name of sources	Members	Location	Supplied to Mill FFB (tonnes/year)	
	Kebun Nilo Barat 2	RSPO Certified of PT Adei Plantation & Industry	Pangkalan Kurus Subdistrict, Pelalawan District, Riau Province	2,263.14	
	KKPA Sungai Buluh	Non Certified	Pelalawan	19,091.44	
	PT. SWP Ladang Mutiara	Non Certified	Pelalawan	25,221.30	
	<b>Sub Total</b>			<b>46,575.88</b>	
	<i>* Source Production Data on March 2014 to February 2015</i> <i>**PT. Adei P&amp;I (Nilo 2 POM) have contract with KKPA Sungai Buluh dan Ladang Mutiara (PT. SWP), all of outgrowers must be complied with RSPO standard after 3 years Nilo 2 POM Certified.</i>				
1.5.4	Product categories	FFB / CPO / PK			
<b>1.6</b>	<b>Year of Plantings and Cycles</b>				
1.6.1	Age profile of planted palms*				
	Planting Year	Hectarage (Ha)			
		Nilo Timur 1	Nilo Timur 2	Total (Ha)	
	2000	1,305	-	1,305	
	2001	1,002	386	1,388	
	2002	-	368	368	
	2003	804	2,253	3,057	
	2004	57	-	57	
	<b>TOTAL</b>	<b>3,168</b>	<b>3,007</b>	<b>6,175</b>	
1.6.2	New Planting area after January 2010	- Ha			
1.6.3	Planting Cycle	1 <sup>st</sup> Cycle 25 Years			
<b>1.7</b>	<b>Approximate Tonnage Certified</b>				
1.7.1	Past Annual Claim Certified Product	Certificate Claim (tonnes/year)	Actual certified product (tonnes/year)		
	• FFB Production	125,452	92,979		
	• CPO Production	27,599.44	20,455		
	• Palm Kernel (PK) Production	6,272.6	4,649		
	<i>** Certificate Claim period 14<sup>th</sup> May 2014 – 13<sup>th</sup> May 2015</i> <i>** Actual Claim periode May 2014 – 16<sup>th</sup> March 2015</i>				
1.7.2	Claim Certified Tonnage of FFB				
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)
	Kebun Nilo Timur 1	3,466	3,173	40,177	12.66
	Kebun Nilo Timur 2	3,110	3,007	54,458	18.11
	<b>TOTAL</b>	<b>6,576</b>	<b>6,180</b>	<b>94,635</b>	<b>15.31</b>

1.7.3	Claim Certified Tonnage of Palm Product						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Nilo 2	60	94,635	21,645	22.87	4,921	5.20
<b>1.8</b>	<b>Other Certifications</b>						
1.8.1	ISO 9001:2008/ISO 14001: 2004			-			
1.8.2	OHSAS 18001:2007			-			
1.8.3	HACCP			-			
1.8.4	Others			ISCC ( <i>International Sustainability and Carbon Certification</i> ) Year 2014			
<b>1.9</b>	<b>Time Bound Plan</b>						
1.9.1	<b>Time Bound Plan for Other Management Units</b>						
	MANAGEMENT UNIT		LOCATION	Coverage Area (Ha)	Time Bound	Status	
	P O M	Estate (Supply Base)					
	<b>INDONESIA</b>						
	Berau POM	Malindomas Perkebunan	Berau, Kalimantan Timur	7,971	2014	2015	
		Hutan Hijau Mas	Berau, Kalimantan Timur	7,288	2014	2015	
		Jabontara Eka Karsa	Berau, Kalimantan Timur	14,086	2014	2015	
	MAP POM	Karya Makmur Abadi	Mentaya Hulu, Kalimantan Tengah	13,127	2014	2015	
		Menteng Jaya Sawit Perdana	Mentaya Hilir Utara, Kalimantan Tengah	6,399	2014	2015	
		Mulia Agro Permai	Baamang, Kalimantan Tengah	9,056	2014	2015	
	Steelindo Wahana Perkasa POM	Steelindo Wahana Perkasa	Belitung, Bangka Belitung	14,065	2012	Certified	
	Parit Sembada POM	Parit Sembada	Belitung, Bangka Belitung	3,990	2013	Audited 2013	
		Alam Karya Sejahtera	Belitung, Bangka Belitung	6,012	2013	Audited 2013	
	Mandau POM	Mandau	Bengkalis, Riau	14,799	2012	Certified	
	Nilo POM	Nilo	Pelalawan, Riau	12,860	2012	Certified	
		KKPA	Pelalawan, Riau		2017		



Tapung Kanan POM	Sekarbumi Alamlestari	Kampar, Riau	6,200	2012	Certified
	KKPA	Kampar, Riau	1,294	2016	
Gohor Lama POM	Basilam	Langkat, Sumatera Utara	2,337	2014	2015
	Gohor Lama	Langkat, Sumatera Utara	3,307	2014	2015
	Tanjung Beringin	Langkat, Sumatera Utara	4,157	2014	2015
	Maryke	Langkat, Sumatera Utara	2,827	2014	2015
	Bekiun	Langkat, Sumatera Utara	2,979	2014	2015
Padang Brahrang POM	Padang Brahrang	Langkat, Sumatera Utara	2,024	2014	2015
	Bukit Lawang	Langkat, Sumatera Utara	1,482	2014	2015
	Tanjung Keliling	Langkat, Sumatera Utara	2,360	2014	2015
<b>PENINSULAR MALAYSIA</b>					
Batu Lintang POM	Pelam	Kulim, Kedah	2,526	2012	Certified 2013
	Batu Lintang	Serdang, Kedah	2,355	2012	Certified 2013
	Subur	Batu Kurau, Perak	1,290	2013	Certified 2013
	Ghim Khoon	Kulim, Kedah	434	2012	Certified 2013
Kekayaan POM	Kekayaan	Paloh, Johor	4,436	2011	Certified
	Landak	Paloh, Johor	4,451	2011	Certified
	Voules	Tenang, johor	2,977	2011	Certified
	Bandar Tenggara	Bandar Tenggara, Johor	950	2011	Certified
	New Pogoh	Tenang, johor	1,560	2011	Certified
	Fraser	Kulai, Johor	2,932	2011	Certified
	Paloh	Paloh, Johor	2,029	2011	Certified
	Sungai Bekok	Bekok, Johor	636	2011	Certified
	Ban Heng	Pagoh, Muar, Johor	631	2011	Certified
	See Sun	Renggam, Johor	589	2011	Certified
Paloh POM		Paloh, Johor			Outside Crop
Jerang Padam POM	Ayer Hitam	Bahau, Negri Sembilan	2,640	2012	Certified
	Batang Jelai	Rompin, Negri Sembilan	2,162	2012	Certified
	Jeram Padang	Bahau, Negri Sembilan	2,114	2012	Certified
	Kombok	Rantau, Negri Sembilan	1,915	2012	Certified
	Ulu Pedas	Pedas, Negri Sembilan	923	2012	Certified
	Gunung Pertanian	Simpang Durian, Negri Sembilan	686	2012	Certified
	Sungai Kawang	Lanchang, Pahang	1,889	2012	Certified

	Renjok	Telemong, Pahang	1,578	2012	Certified
	Tuan	Telemong, Pahang	1,353	2012	Certified
Tanjung Malim POM	Tanjung Malim	Tanjung Malim, Perak	1,544	2013	Certified 2013
	Kerling	Kerling, Selangor	619	2013	Certified 2013
	Sungai Gapi	Serendah, Selangor	603	2013	Certified 2013
	Bukit Kato				Certified 2013
	Kampar				Certified 2013
Tuan Mee POM	Tuan Mee	Sungai Buloh, Selangor	1,556	2012	Certified 2013
Kuala Pertang POM	Kerila	Tanah merah, Kelantan	2,191	2013	Audited August 2014
	Pasir Gajah	Kuala Krai, Kelantan	2,107	2013	Audited August 2014
	Sungai Sokor	Tanah Merah, Kelantan	1,603	2013	Audited August 2014
Changkat Chermin POM	Lekir	Manjung, Perak	3,332	2012	Audited August 2014
	Changkat Chermin	Manjung, Perak	2,540	2012	Audited November 2012
	Raja Hitam	Manjung, Perak	1,497	2012	Audited November 2012
	Allagar	Trong, Perak	805	2013	Audited November 2012
	Glenealy	Parit, Perak	1,059	2013	Audited November 2012
	Serapoh	Parit, Perak	936	2013	Audited November 2012
	Kuala Kangsar	Padang Rengas, Perak	843	2013	Audited November 2012
<b>SABAH, MALAYSIA</b>					

Mill 1		Tawau, Sabah		Outside Crop	
Mill 1	Jatika	Tawau, Sabah	3,508	2009	Certified 2009
	Sigalong		2,864	2009	Certified 2009
	Pangeran		2,855	2009	Certified 2009
	Sri Kunak		2,770	2009	Certified 2009
	Pang Burong		2,548	2009	Certified 2009
Pinang	Pinang	Tawau, Sabah	2,420	2009	Certified 2009
	Tundong		2,155	2009	Certified 2009
	Ringlet		1,834	2009	Certified 2009
Lungmanis	Lungmanis	Lahad Datu, Sabah	1,656	2010	Certified 2010
	Sungai Silabukan		2,654	2010	Certified 2010
Rimmer	Rimmer	Lahad Datu, Sabah	2,730	2010	Certified 2010
	Tungku		3,418	2010	Certified 2010
	Bukit Tabin		2,916	2010	Certified 2010
Bornion	Bornion	Kinabatangan, Sabah	3,233	2010	Certified 2010
	Segar Usaha	Kinabatangan, Sabah	2,792	2010	Certified 2010
Note: Time bound plan changed from 2014 to 2015 because it prioritizes mandatory ISPO certification.					
1.9.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>				
	Can be seen at 3.4.				

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Certification Body</b>
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: <a href="http://www.mutucertification.com">www.mutucertification.com</a> Email : <a href="mailto:agri@mutucertification.com">agri@mutucertification.com</a>
<b>2.2</b>	<b>Assessment Team</b>
<b>2.2.1</b>	<b>Lead Assessor and Assessment Team</b>
<b>ASA-01</b>	<ol style="list-style-type: none"> <li><b>Trismadi Nurbayuto (Lead auditor).</b> Associate Degree from the Forestry Faculty IPB and Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, IPB. Specialists in the Environmental Social Impact Assessment (SEIA) and the High Conservation Value (HCV). He participated in HCV Management Training, Lead Auditor's ISPO training, Lead Auditor's RSPO, training of ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Previously worked in the private oil palm plantations, and became a HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO). He has been involved in the activities of SEIA and Identification of HCV in Palm Plantation. Currently has been several times following audit activities related to sustainable palm oil certification system as a social and environment auditor. During the assessment, he focus on legal and supply chain aspects.</li> <li><b>Sandra Purba (Auditor).</b> Bachelor of Forestry, Department of Forest Products Technology, Faculty of Agriculture, University of North Sumatra. Have experience working in oil palm plantations Company. She had attended such training: Training Expert of OHSAS General, Training ISPO Auditor and Lead Auditor RSPO. At this surveillance he assessed OHSAS aspect.</li> <li><b>Arif Faisal Simatupang (Auditor Trainee).</b> Bachelor of Agriculture, from Department of Agriculture Agronomy, Faculty of Agriculture, University of Gadjah Mada. He has been training on Indonesian Sustainable Palm Oil (ISPO) Auditor, In house training Awareness RSPO, Training of Management System Certification ISO 9001-2008, Awareness of ISO 17021 and ISO 17065, and training of Management High Conservation Value (HCV). He has been 4 years of working experience as a Plantation Operations staff on palm plantation companies in Indonesia. At this surveillance assessment, he conducted assessment on observation of best management practices under the supervision of Lead Auditor.</li> <li><b>Warsito.</b> Bachelor of Forestry, Department of Forest Management, Faculty of Forestry, University of Nusa Bangsa - Bogor. He has been training assessor Assessment of Sustainable Production Forest and ISPO Auditor training. Several times involved in the preparation of SEIA in forestry company, Assessment of Sustainable Forest Production and Forest Management Assessment on LEI scheme. At this surveillance, he focuses on environment aspect under the supervision of Lead Auditor.</li> </ol>
<b>2.3</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.3.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-01</b>	Number of auditors : 4 auditors Number of days for <b>S-1</b> at site : 3 days Number of working days for <b>S-1</b> at site : 12 working days
<b>2.3.2</b>	<b>Detail process of assessment</b>
<b>ASA-01</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT PT Adei Plantation &amp; Industry – Nilo 2 POM to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008) and Supply Chain Requirement for CPO Mill</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results <b>S-1</b> delivered by the MUTU auditor to the management unit and</p>

the results are the subject will be verified at the next assessment phase (S-2).  
Improvement of findings from main assesment findings were observed by auditors at this S-1 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of S-2.

The assessment program please find Appendix 2

2.3.3	<b>Locations of Assessment</b>
ASA-01	<p><b>Nilo Timur 1 Estate</b></p> <p><b>Location 1. Polyclinic of Division 6.</b> Auditor observes the infectious waste management, the storage is not contaminated from eksternal. Furthermore, auditor interviews midwife as well. According to the data and interview, the diseases plague in last one year are diarrhea, ulcher, and respiratory tract infection.</p> <p><b>Location 2. Chemicals Warehouse.</b> Auditor observes chemicals stock, hazardous waste and MSDS signboard referring to the applied regulation.</p> <p><b>Location 3. Chemicals Mixing Station.</b> Auditor observes environment sanitation at the chemicals mixing station. Furthermore, there is also emergency shower to overcome the eye irritation. Auditor is then interviews the operator of the chemicals mixing station. PPE has been provided by company and medical check up has been held on November 2014. According to the medical check up, the employees of the station were in good condition.</p> <p><b>Location 4. Diesel Fuel Tank.</b> Auditor observes environment nearby diesel fuel tank. Furthermore, fire extinguiser shall be used for the first action to handle fire.</p> <p><b>Location 5. Fertilizer Warehouse.</b> Auditor observes fertilizer stock and signboard of hazardous waste and MSDS referring to the applied regulation.</p> <p><b>Location 6. Workshop.</b> Auditor observes the workshop environment sanitation and interviews welding expert, according to the observation and interview, welding expert has had certificate of welding expert class II.</p> <p><b>Location 7. Fire Extinguishing Equipments Warehouse.</b> Auditor observes the number of fire extinguishing equipments owned by company, entire equipments are in good condition and ready use.</p> <p><b>Location 8. Engine Room (Generator Station).</b> Engine condition is now on progress of reprimment, management unit is then rent the engine and then place it in front of generator station. According to the plan, engine repairment will be finished on April 2015.</p> <p><b>Location 9. Landfill in Block 54 Division 6.</b> Auditor observes landfill condition. According to the result of interview with staff, each of the full landfill shall be hoarded.</p> <p><b>Location 10. Employees Housing Complex in Division 6.</b> Auditor observes the condition of housing complex and the location of the arthesian well provided by company. Furthermore, according to the interview with the housing complex settler, the entire facility provided is fascinating.</p> <p><b>Location 11. Estate of Nilo Timur 1, Division 6, Block E50, Harvesting Program.</b> Observation and interview with Harvesting Foreman and Harvester in term of PPE provision, work tools, assurance of health and work accident, wage, premium, and complaint management. Company has provided proper PPE and work tools referring to the employees need.</p> <p><b>Location 12. Estate of Nilo Timur 1, Division 6, Block D51, Spraying Weed Program.</b> Observation and interview with spraying foreman and spraying team in term of compliance over PPE, work tools, assurance of health and work accident, wage, regular medical check up, spraying training, first aid training, gender issue, and complaint and disgruntle delivery. Company has provided PPE, work tools, and well handling manpower issue.</p> <p><b>Location 13. Estate of Nilo Timur 1, Division 6, Block B50, Manuring Program.</b> Observation and interview with manuring foreman and manuring team in term of compliance over PPE, work tools, assurance of health and work accident, wage, regular medical check up, spraying training, first aid training, gender issue, and complaint and disgruntle delivery. Company has provided PPE, work tools, and well handling manpower issue.</p> <p><b>Location 14. Estate of Nilo Timur 1, Division 6, Block C51, EFB application.</b> Field observation and interview with the manager in term of empty fruit bunch application. Company applies empty fruit bunch as zero waste effort, adds organic and nutrition for the land with nutrient deficiency.</p> <p><b>Location 15. Estate of Nilo Timur 1, Division 6, Block C50, Barn Owl Box.</b> Observation on barn owl box and</p>

- estate manager in term of barn owl box installation, and monitoring. There is an owl at the barn owl box. It indicates the owl has grown well.
- Location 16. Estate of Nilo Timur 1, Division 6, Block C50, Peatland.** Field observation and interview with the manager in term of peatland management which covers drainage system, monitoring pole of water level and subsidence. Company has implemented drainage system, dam, and monitoring on water level as strategy of palm oil management at peatland area.
- Location 17. Estate of Nilo Timur 1, Division 6, Block C50, Peatland Subsidence Pole.** Field observation and interview with manager in term of subsidence pole, and measurement of the peatland subsidence. Company has measured the peatland subsidence weekly. It is authorized to sustainability team.
- Location 18. Estate of Nilo Timur 1, Division 6, Block B50, Fire-Monitoring Tower.** Field observation and interview with patrol officer of the fire-monitoring tower in term of schedule and number of the patrol officer, PPE, work tools. Company has built fire-monitoring tower. It was built from permanent materials and located on the strategic location.
- Location 19. Land Use Title Pole 5, 11, 15.** Auditor verifies the condition of boundary pole, pole condition is good and well maintained.
- Nilo Timur 2 Estate**
- Location 1. Manuring Program in Division 8 at Block 5 and 6.** Field observation and interview with manurer. Employees have aware of the aspects in term of manpower, OHS, BMP, and environment. Wage payment has been paid refer to the applied regulation, PPE and first aid kit has been provided and employees have aware of the procedure of complaint delivery.
- Location 2. Spraying Program in Division 8 at Block 28.** Field observation and interview with the sprayer, employees have aware of the aspect of manpower OHS, BMP, and environment. Wage payment has been paid referring to the applied regulation, PPE and first aid kit has been provided and employees have aware of the procedure of complaint delivery.
- Location 3. Harvesting Program in Division 8 at block 38.** Field observation and interview with the harvester, employees have aware of the aspect of manpower OHS, BMP, and environment. Wage payment has been paid referring to the applied regulation, PPE and first aid kit has been provided and employees have aware of the procedure of complaint delivery.
- Location 4. Patok subsidensi blok 4 div 8.** Field observation on the subsidence monitoring pole, pole condition is well maintained and protected, monitoring is routinely conducted (monthly). Location of the pole not publicly-accessed and not a track.
- Location 5. Water Level on Division 8 at Block 26.** Observation on the point of water level monitoring, recording is conducted monthly. During audit, the water level is at level 65.
- Location 6. Chemicals Warehouse.** Auditor observes chemicals stock, hazardous waste and MSDS signboard refer to the applied regulation.
- Location 7. Chemicals Mixing Station.** Auditor observes environment sanitation at the chemicals mixing station. Furthermore, there is also emergency shower to overcome the eye irritation. Auditor is then interviews the operator of the chemicals mixing station. PPE has been provided by company and medical check up has been held on November 2014. According to the medical check up, the employees of the station were in good condition.
- Location 8. Diesel Fuel Tank.** Auditor observes environment nearby diesel fuel tank. Furthermore, fire extinguisher shall be used for the first action to handle fire.
- Location 9. Fertilizer Warehouse.** Auditor observes fertilizer stock and signboard of hazardous waste and MSDS refer to the applied regulation.
- Location 10. Workshop.** Auditor observes the workshop environment sanitation and interviews welding expert, according to the observation and interview, welding expert has had certificate of welding expert class II.
- Location 11. Fire Extinguishing Equipments Warehouse.** Auditor observes the number of fire extinguishing equipments owned by company, entire equipments are in good condition and ready use.
- Location 12. Engine Room (Generator Station).** Engine condition is now on progress of reparation, management unit is then rent the engine and then place it in front of generator station. According to the plan, engine reparation will be finished on April 2015.

- Location 13. Landfill in Block 36 Division 8. Auditor observes landfill condition.** According to the result of interview with staff, each of the full landfill shall be hoarded.
- Location 14. Employees Housing Complex in Division 8.** Auditor observes the condition of housing complex and the location of the arthesian well provided by company. furthermore, according to the interview with the housing complex settler, entire facility provided is fascinating.
- Location 15. Land Use Title Pole 27, 28, 29 and 30.** Auditor verifies the condition of boundary pole, pole condition is good and well maintained.

**Nilo 2 POM**

- Location 1. Nilo 2 POM.** Auditor observes and interviews several employees in term of SCCS implementation, OHS implementation, and the environment management conducted by management unit.
- Location 2. Pos Security.** Auditor interviews security officer in term of procedure to check the truck transporting FFB and CPO which is going in and out of the POM.
- Location 3. Weighthbridge Station.** Auditor interviews operator in term of administration of the FFB from the RSPO-certified estate and the non-certified one. Furthermore, in term of the administration of the dispatched CPO and PK (whether certified or non-certified).
- Location 4. Loading Ramp Station.** Auditor interviews the officer in loading ramp, when there is unsuitable criteria of FFB from nucleus estate & KKPA, it will still be processed. However, if the FFB delivered from outside estate, it will be then returned and shall be cut from nett.
- Location 5. Boiler Station.** Auditor interviews boiler operator, according to the interview, boiler operator has had certificate to operate the boiler and has received specific medical check up referring to the applied regulation.
- Location 6. Workshop.** Auditor observes the workshop environment sanitation and interviews welding expert, according to the observation and interview, welding expert has had certificate of welding expert class II.
- Location 7. Hazardous Waste Storage.** Auditor observes hazardous waste stock has complied with the most updated balance sheet and logbook. Furthermore, first aid kit and signboard of hazardous materials and MSDS have been provided referring to the applied regulation.
- Location 8. Chemicals Warehouse.** Auditor observes the stock of chemicals, and the signboard of hazardous materials and MSDS refer to the applied regulation.
- Location 9. Diesel Fuel Tank.** Auditor observes the environment sanitation nearby diesel fuel tank. Furthermore, there is fire extinguisher functioned as the first action when fire occurred.
- Location 10. Water Treatment Plan.** Auditor observes the condition of the flowmeter to process FFB and to provide water for domestic needs (housing complex). Flowmeter condition is well-functioned.
- Location 11. Water Waste Treatment Plan (WWTP).** Auditor observes the condition of flowmeter at the final pond (before LA). According to the observation, the condition of flowmeter is well-functioned. Furthermore, no leakage at WWTP ponds.
- Location 12. Hydrant near Kernel Dispatch Station.** Fire simulation is conducted by emergency response team in order to ensure team readiness.
- Location 13. Land Application (LA) Area in Block 21 Division 8 of Nilo Timur 2 Estate.** Auditor observes the condition of LA distribution pool, no leakage at the LA pool, well maintained monitoring well is provided and the monitoring well is a restricted area (no trespassing). Furthermore, according to the result of interview with the operator, the faucet of effluent is opened daily on 6 a.m to 5 p.m.

**Villages**

- Location 1. S. Buluh Village.** Auditor interviews the Head of Cooperative Unit and former Chief of Village in term of the impact of estate operational.
- Location 2. Kemang Village.** Auditor interviews the Chief of Village in term of the impact of estate operational.
- Location 3. Palas Village.** Auditor interviews the Chief of Village in term of the impact of estate operational.
- Location 4. Batang Nilo Kecil Village.** Auditor interviews the Chief of Village in term of the impact of estate operational.

<b>2.4</b>	<b>Stakeholder Consultation and List of Stakeholders Contacted</b>
2.4.1	<b>Summary of stakeholder consultation process.</b>
	<p>A Public consultation has been carried out through the following methods:</p> <ol style="list-style-type: none"> <li>1. Public notification in Mutu Website on February 23<sup>rd</sup>, 2015.</li> <li>2. Meeting with the board of village and community representatives of 6 villages around company.</li> <li>3. Meeting with internal stakeholders are workers, worker union and committee gender.</li> <li>4. Meeting with relevant government agencies in Pelalawan District namely: the Department of Forestry and Department of Labour, National Land Agency and the Environment Agency.</li> <li>5. Correspondence emails with NGOs in scope Pelalawan and Riau as: WWF Riau, Jikalahari and Jaringan Gambut Riau.</li> <li>6. Various input from the results of the public consultation was submitted to the PT. Adei P&amp;I, as well have been clarified</li> </ol>
2.4.2	<b>List of stakeholder contacted</b>
	<b><i>Please find appendix 1</i></b>
<b>2.5</b>	<b>Determining Next Visiting</b>
	The next visit ASA-2 will be determined one year after this <b>S-1</b> (March-June 2016).



**3.0. ASSESSMENT RESULT**

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

MUTUAGUNG LESTARI has conducted an assessment of *Nilo 2 POM – PT. Adei Plantation&Industry, Kuala Lumpur Kepong, Bhd* operation consisting of *one (1) mill and two (2) oil palm estates*.

During the assessment, there were no nonconformance and *six (6) opportunities for improvement* were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5.

MUTUAGUNG LESTARI found that *Nilo 2 POM – PT. Adei Plantation&Industry, Kuala Lumpur Kepong, Bhd*, complied with the requirements of *RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008*.

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **Continued**.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<b>Plantation and Palm Oil Factory have to give adequate information for stakeholders in appropriate language and forms, to ensure the effective participation of stakeholders in decision-making.</b>	
	Information request sent by several parties are recorded on the book of information request and response. Book of information request and response is maintained by division of public relation in each estate. Record of information request and response in NILO 2 POM is coordinated by the Head of Mill Administration. According to the result of document review and public consultation, entire information requests have been responded by company and the records are well maintained in each estate and mill.	
	Records of request and response in form of information or assistance request are maintained for 5 years referring to the procedure on the list of main document. The document contains list of the document maintained by company, document code, location of document maintaining, secrecy level, and document maintaining period.	
	<b>Status: Complied</b>	
<b>1.2</b>	<b>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.</b>	
	According to the result of document review, there is no information request in term of document associated with the applied government regulations such as (EIA, Land Use Title, HCV, SIA, etc) until audit program conducted. The company shall response the information request from the stakeholders in term of the estate management refer to the applied government regulations.	
	The company has list of the main document which contains the list of document maintained by the company, document code, document person in charge, document maintaining location, level of secrecy, and document maintaining period. According to the list of main document, book of information request and response or assistance request are maintained for 5 years.	
	<b>Status: Complied</b>	
<b>PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS</b>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	
	The company has complied with the regulation applied in Indonesia. For example:	
	1. Legal aspect: availability of the permits such as Plantation Business Permit Number Hk.350/12/dj.bun.5/1/2002 year 2002 for 12.860 hectare of Nilo Estate and Nilo 1 POM with capacity of 60 Ton of FFB/hour. Update of	

Plantation Business Permit of estate and capacity additions refer to the Decree of Pelalawan Regent Number 525.2/DISBUN/VIII/2005/444 dated August 1st 2005 by increasing the capacity from 60 ton of FFB/hour to 120 ton of FFB/hour. Issuance of Plantation Business Permit for Processing for PT Adei P & I for new POM unit (Nilo POM 2) referring to the decree of Pelalawan Regent Number 525.3/DISBUN/2012/390 dated July 16th 2012 with POM capacity of 70 ton of FFB/hour. Evidence of regulation compliance over environment and manpower is also available. For example, permit to utilize effluent, availability of SIO of operator, permit to store hazardous waste, cooperation with the licensed collector (hazardous waste) and registering the employees to be the member of Workers Social Security Agency (BPJS) for Health.

Adjustment over the regulation changes has been conducted, the company shows the list of the applied regulations which were updated on March 2nd 2015. There were 6 new regulations such as regulation in term of Workers Social Security Agency (BPJS) for Health. Land fire facilities, land and water conservation, peatland ecosystem management and protection, effluent quality, and environment health.

**Status: Complied**

**2.2**

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

The company is able to show the evidence of land ownership referring to the applied government regulation. For example:

- Location permit refer to the decree number 45/I.L-I/1991 of Riau Province Governor through Coordination Agency of Local Investment (BPKn term of location permit and land compensation over ± 12,750 hectare of land in Bunut and Pangkalan Kuras Sub-District, Kampar District for PT Adei Crum Rubber Factory.
- Waiver of forest area refer to Decree of Republic of Indonesia Forestry Ministry Number 846/Kpts-III/1991 in term of waiver over forest area of Nilo River – Telayap River located on District for 15,812.5 hectare for chochoa and ruber estate on behalf PT Adei Crumb Rubber Factory. Attachment of location map of PT. Adei Crumb Rubber Estate.
- Land Use Title document refers to letter number 23/HGU/1993 in term of provision of Land Use Title on behalf PT Adei Crumb Rubber Factory, Medan for 12,860 hectare in Telayap Village, Kemang Village, and Nilo Kecil Village, Bunut and Pangkalan Kurang Sub-District, Kampar District, Riau (before the disintegration of Kampar District to Pelalawan District). According to the letter, Land Use Title certificate number 1 year 1994 was issued by Kampar District National Land Agency for 12,860 hectare.
- Approval of the Estate Cultivation Principle for Adjusting the Hectarage of PT Adei Plantation & Industry area, Riau Province, refers to the letter number HK.350/E5.335/04.97 year 1997 as the government approval over conversion of estate commodity from ruber to palm oil plantation.

Company has a document of the demarcated legal area maintaining. 96 poles of the 156 poles are in good condition, 16 poles of the 156 poles are broken, and 50 poles of the 156 poles are missing. According to the field isit to pole 114-117, entire poles are in good condition and well demarcated. The broken poles shall be repaired by coordinating with the Pelalawan District National Land Agency through letter number AD-K/LP/2015/3.05 on March 20th 2015. (progress of pole repairment shall be observed).

According to the demand of land compensation from three villages on 2013, there are records of resolution as follow:

**Palas Village**

- Palas Village claims that only 71.55 ha of the compensated growing plants and the rest (63.45 ha) is not yet compensated (total of the compensated land is 135 ha).
- There is official record on October 19<sup>th</sup> 2013 between both parties. As for the compensation, 20 ha of estate shall be established gradually (10 ha in 2013/2014 and 10 ha in 2014/2015). It was signed by Director of Production, Chief of Village, and Witness.
- On October 24<sup>th</sup> 2013, there was an agreement between both parties that the entire cost of village-property estate establishment was entirely paid by company (detail of cost is attached). It was signed by Director of

Production, Chief of Village, Secretary of Village, Chief of Hamlet, Chief of Costum, and Witness.

- Declaration letter on October 14<sup>th</sup> 2013 which was stating that entire land in Palas Village has been compensated. Furthermore, there is no customary land within Land Use Title (HGU) area. Therefore, the rest of the land shall be considered as state-property. It was signed by customary figure, community figure, spiritual figure, youth figure, and village apparatus.

**Kemang Village**

- Declaration letter on October 9<sup>th</sup> 2013 which was stating that entire land in Kemang Village has been compensated. Furthermore, there is no customary land within Land Use Title (HGU) area. Therefore, the rest of the land shall be considered as state-property. It was signed by customary figure, community figure, spiritual figure, youth figure, and village apparatus. Furthermore, company has given compensation and renovated the mosque.

**Batang Nilo Kecil Village**

- Declaration letter of October 26<sup>th</sup> 2013 which was stating that entire land in Batang Nilo Kecil Village has been compensated. Furthermore, there is no customary land within Land Use Title (HGU) area. Therefore, the rest of the land shall be considered as state-property. It was signed by customary figure, community figure, spiritual figure, youth figure, and village apparatus. Furthermore, company has given compensation, renovated the mosque, installed Kwh of State Electricity Company, constructed bridge, preserved river by referring to the applied Environment Ministry Regulation, prioritized the workers recruitment, maintained village road (twice a year) and implemented CSR programs.

Management unit is still using SOP No. 26 and SOP No. 27 to solve the conflict as follows:

- SOP No. 26 in term of procedure of land conflict which describes the procedure, task divisioning, and documentation of land conflict resolution in forum or in legal court.
- SOP No. 27 in term of procedure o land acquisition to plant palm oil plant which describes the standard procedure to get land through several stages started from consultation with the regional government until the resolution of compensation with the nearby community.

**Status: Comply With Observation**

**2.3**

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

No traditional right within area of PT Adei P & I due to the entire lands have been compensated and acquired referring to the agreement and voluntarily.

According to the demand of land compensation from three villages on 2013, there are records of resolution as follow:

**Palas Village**

- Palas Village claims that only 71.55 ha of the compensated growing plants and the rest (63.45 ha) is not yet compensated (total of the compensated land is 135 ha).
- There is official record on October 19<sup>th</sup> 2013 between both parties. As for the compensation, 20 ha of estate shall be established gradually (10 ha in 2013/2014 and 10 ha in 2014/2015). It was signed by Director of Production, Chief of Village, and Witness.
- On October 24<sup>th</sup> 2013, there was an agreement between both parties that the entire cost of village-property estate establishment was entirely paid by company (detail of cost is attached). It was signed by Director of Production, Chief of Village, Secretary of Village, Chief of Hamlet, Chief of Costum, and Witness.
- Declaration letter on October 14<sup>th</sup> 2013 which was stating that entire lands in Palas Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU) area. Therefore, the rest of the land shall be considered as state-property. It was signed by customary figure, community figure, spiritual figure, youth figure, and village apparatus..

**Kemang Village**

- Declaration letter on October 9<sup>th</sup> 2013 which was stating that entire lands in Kemang Village have been

compensated. Furthermore, there is no customary land within Land Use Title (HGU) area. Therefore, the rest of the land shall be considered as state-property. It was signed by customary figure, community figure, spiritual figure, youth figure, and village apparatus. Furthermore, company has given compensation and renovated the mosque.

**Batang Nilo Kecil Village**

- Declaration letter of October 26<sup>th</sup> 2013 which was stating that entire land in Batang Nilo Kecil Village has been compensated. Furthermore, there is no customary land within Land Use Title (HGU) area. Therefore, the rest of the land shall be considered as state-property. It was signed by customary figure, community figure, spiritual figure, youth figure, and village apparatus. Furthermore, company has given compensation, renovated the mosque, installed Kwh of State Electricity Company, constructed bridge, preserved river by referring to the applied Environment Ministry Regulation, prioritized the workers recruitment, maintained village road (twice a year) and implemented CSR programs.

According to the document review, company has also had records of land acquisition process voluntarily as shown by several claims from community followed by the process in forum and agreement of compensation.

**Status: Comply**

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

**3.1**

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

Company has document of projection of plant and finance for 5 years of period of 2014/2015 – 2018/2019. The document available in Nilo Timur 1 and 2 Estate covers:

- Mature Area : there is change of hectarage annually caused by replanting program.
- FFB : trend of production increase based on the trend of production in last 3 years.
- FFB/ha : increase is based on the trend of production in last 3 years. Average FFB/ha projection for period of 2014/2015 is 20 ton/ha, and projection of FFB/ha for period of 2018/2019 is 24 ton/ha.
- CPO/ha : OER is predicted to increase on 2014/2015. Therefore, production of CPO/ha is also increase.
- Production Cost / Ton of FFB: increase 2% annually.
- Production Cost / Ha : production cost increases 4% - 5% annually.

The company plans replanting in Nilo Timur 1, Division 6, Block B3 for 152 for period of 152 ha for period of 2014/2015. Block 00B3 is the block where the plants has reached 15 years old with low potential of FFB production (yield for period of 2014 was 9.53 ton/ha/year). The low production of FFB was caused by high rate of ganoderma attack.

Data of replanting program for next 5 years for Nilo Timur 1 Estate can be seen on the tabel below (there is no replanting program conducted in Nilo Timur 2 Estate until period of 2018/2019).

Year	Nilo Timur 1	Nilo Timur 2	Total
2014/2015	152	0	152
2015/2016	650	0	650
2016/2017	619	0	619
2017/2018	634	0	634
2018/2019	584	0	584
<b>Total</b>	<b>2,639</b>	<b>0</b>	<b>2,639</b>

**Status: Complied**

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

**4.1**

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

Procedure of cultivation is written on the technical guideline of palm oil estate of PT KLK Agriservindo (Number: GP/AGRIC/OP) dated November 25<sup>th</sup> 2004. The procedure covers replanting, nursery, block identification, road construction, and drainage, land treatment/weed control, manuring, planting on mineral land, planting on peat soil land,

integrated pest management, soil and water conservation, erosion handling, HCV, and harvest.

Procedure of FFB processing is written on the SOP for Mill Operation in form of procedure of standard operation for palm oil mill (Nilo 2 POM) which was legalized on December 1<sup>st</sup> 2011. The procedure covers SOP for weighbridge station, loading ramp, boiler, thresher, tippler, digester, press, oil room, depericarper, nut cracker, kernel silo, boiler house, power plant and EFB mulching station, FFB receipt (SOP for Weighbridge Station), palm oil processing on the SOP of each station (loading ramp station; sterilization station, hoist and threshing station, digester station, press station, depericarper station, nut craker station, kernel silo, boiler house, power station and CPO despatch).

In order to ensure that the SOP has been implemented by company, there are programs of regular inspection and monitoring. For example:

- Internal audit which the scope of program is estate operational and is conducted twice a year.
- Inspection on the result of work in estate is monthly and conducted by manager.
- Assessment on performance refers to the SOP for operator is conducted by assistant and manager referring to the result of training.
- The company has a summary result of RSPO internal audit which was conducted on March 3<sup>rd</sup> 2013. The audit was verifying entire principles and criterias, readiness of documents and estate. Company has list of findings, management review, findings status, and realization target.
- The company has an internal audit of Nilo Timur 1 Estate operational on March 5<sup>th</sup> 2015. The scope of audit covers chemicals warehouse, fertilizer warehouse, diesel fuel tank, workshop, and maintenance station, chemicals mixing station and PPE warehouse, sprayer, manuring, harvester, generator station, daycare and housing complex.

Record of the result of estate operational is written on the Estate Progress Report which describes the area statement, organization structure, personnel and community (organization structure, statistic, and distribution of workers, housing complex, facilities and infrastructures, rainfall) FFB production (statistic of FFB production, recapitulation of production/planting year, output of FFB, FFB production and cost, cost and harvest), plant maintenance (recapitulation of maintenance, maintenance per planting year, control of pest and disease).

Record of mill operational result is written on the POM Progress Report which describes the statistic of production, capacity, and utility of mill, production quality, production loss over the processed FFB (percentage of CPO loss over the processed FFB and the percentage of kernel loss over the processed FFB), total of mill cost, mill processing cost, mill station analysed by cost category (reception, fruit handling, sterilisation, threshing, pressing, clarification, depericarping, kernel recovery station, boiler station, power generation, product storage dan despatch, laboratory, oil recovery, water treatment plant effluent, treatment plant, work shop and maintenance, EFB disposal), mill fixed cost, selling expense CPO and PK, running account engine water – evit detail, report of engine room operational. There is a monthly report of estate and mill for period of January – February 2015.

**Status: Complied**

**4.2**

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

Company efforts to maintain and improve soil fertility are:

1. Analyzing soil, leaf and visual analysis in estate as the guideline to compile manuring recommendation. For example:

- **Soil Analysis**  
Analysis of soil nutrient is conducted to recognize the status of soil nutrient availability as the guideline to compile manuring recommendation. The measured parameters are: texture, acidity (pH), substance of C, N, P, K, Mg, Ca, Na, BS, CEC, Al dan H. Example of the result of analysis in Nilo Timur 1 Estate, Division 6, Block 2001A2b on the depth of soil sample between 0 – 15 cm : substance of C organik 1.59 % ; N 0.1 % ; P total 258 ppm ; KTK K 0,2 m.e.% ; KTK Ca 0.48 m.e.% ; KTK Mg 0.20 m.e.%.
- **Leaf Analysis**  
Leaf analysis is regularly conducted annually. The result of leaf analysis becomes the guideline of manuring recommendation.

Example of leaf analysis in Nilo Timur 1 Estate, Division 6, Block 2001A1b: substance of N 2.49% ; P 0.154% ; K 1.05 % ; Mg 0.21 % ; Ca 0.61 % ; B 213.4 ppm ; Cu 2.45 % ; Zn 10.25 %.

Example of leaf analysis in Nilo Timur 2 Estate, Division 8, Block 2001A1a (peatland) : substance of N 2.55 % ; P 0.149 % ; K 1.50 % ; Mg 0.14 % ; Ca 0.32 % ; B 14.10 % ; Cu 4.29 % ; Zn 12.78 %.

- Visual Monitoring  
Company also conducts visual analysis, the analyzed things are FFB potential, indications of nutrient deficiency, wide of canopy, and potential of pest disease attack.

2. Company has conducted manuring program, empty fruit bunch application, and utilization of effluent to be applied on the land. It is proven by the record of manuring program, empty fruit bunch application, and land application. For example:

- Nilo Timur 1 Estate, Division 6 :
  - Manuring in Field 2000A1a Block 06, the recommended dosage for the first semester of 2015 is : RP 3.0 kg/plant ; NK 17:28 2.5 kg/plant ; KS 2,0 kg/plant ; Fertibor 0.1 kg/pokok ; NK 2.25 kg/plant. The recommended dosage for period of 2014 was NK 2.25 kg/plant. According to the result of field visit to Field 00C2 Block B50 (KS manuring program), company has conducted manuring program refer to the recommended dosage for 2 kg/plant.
  - Program of EFB application for period of 2014/2015 which was issued by AARI on 2 Fields (00C1 and 03A for 265 ha).
- Nilo Timur 2 Estate, Division 8 :
  - Manuring in Field Field 2001A1a Block 8, the recommended dosage for the first semester of 2015 is: NK 2.25 kg/plant ; KS 1.75 kg/pokok ; AS 1.00 kg/plant ; Oxy ZinCop 0.20 kg/plant ; NK (17:28) 2.25 kg/plant ; 2<sup>nd</sup> semester of 2015 is NK (17:28) 2.25 kg/plant. According to the result of field visit to Block 05 and 06, KS manuring program conducted by company is referring to the recommended dosage (1.75 kg/plant).
  - EFB application program for period of 2014/2015 which was issued by AARI on 6 Fields (01A2, 02A3, 03B1, 03B3, 03B4, 03B5 with future-applied hectarage is 707 ha for 10,605 ton).

**Status: Complied**

**4.3**

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

Company has soil map for the area of Nilo Barat and Kebun Nilo Timur Estates with scale of 1: 100,000. 8 types of soils were identified within company operational area. The map describes the type of soil, slope, origin of soil, soil depth, drainage condition, structure, texture, information, ha, and percentage of each type of soil. According to the map, the soil condition in Nilo Barat 1 Estate, Divisi 1 and Nilo Barat 2 Estate, Division 3 is the sandy caly, wavy topography with slope between 3% - 16% including the boundary factor of low fertility area. However, there is 1,060 ha of peatland area in Nilo Barat 2 Estate, Division 3 with the depth less than 2 meter. According to the map, the categorized marginal soil is the peatland area with boundary of low fertility soil, peatland depth, and drainage.

Company has a slope map for the area of Nilo Barat and Nilo Timur Estates on scale 1:80,000. According to the map, several land slope classes are identified. For example:: flat (0 – 4 %) for 10,200 ha (74 %) ; undulating (4 – 12 %) for 3,414 ha (25 %) ; rolling (12 – 23 %) for 151 ha (1 %).

Company procedure in term of palm oil planting on the peatland area is described by several stages to manage peatland by creating waterway and water system management in order to manage and maintain the level of underground water. Water management in drainage area is adjusted with the depth of surface water on the level of 60 – 80 cm. Adjustment of water surface level is meant to keep the water availability for the plant, hold the soil subsidence, reduce fire potential, and as the water supply when fire occurred.

Company has program of water level management in peatland of Nilo Timur Estate. For example:

- Construction of dam using soil-filled sack on the proper height. Company has map of dam location.
- Trench cleaning which is conducted once every two months to keep drainage function runs well. Company has a progress of report of trench cleaning.

- Installation of water level signboard. The company has a map of location of water level and monitoring of water level height which was conducted weekly.
- Water gate/water pump. The company has a map of watergate location.

According to the result of field observation in division 6 and 8 of Nilo Timur Estate, the water level management has been conducted by constructing trench network and dam. The trench is consisted of main drain, secondary drain, and subsidiary drain. The subsidiary drain is varied from 1 drain for each 4 plant lines or 1 drain for each 8 plant lines. There are 3 units of the dammed secondary drain which are unit 1 in the middle and 2 other units in the corner to main drain. There are 2 units of the dammed main drained which are located in each down of the block on the secondary drain. According to the monitoring, the water level is maintained between 60 – 80 cm. The height of water level is weekly monitored and measured by division officer.

There is also 1 unit of subsidence pole to monitor the subsidence of peatland surface. According to the document review (map of subsidence pole), Nilo Timur Estate has 4 subsidence poles which are located on division 5, 6, 7, 8 (block 13). According to the field observation, the subsidence pole in division 6 (Block C 50) and Division 8 (Block 17) are well maintained. Fencing of barbed-wire is installed to avoid human or animal disturbance. The subsidence pole is monitored and measured by sustainability officer weekly. Observation on subsidence pole of division 5 and 7 shall be conducted on the next surveillance.

According to the existed soil map, the company has compiled program of road maintenance to ensure that the produced FFB could be delivered to Nilo 2 POM immediately. According to the field visit (Nilo Timur 1 and 2 Estate), the road maintenance has been conducted and the road condition is well maintained.

According to SOP 12 in term of management over soil fertility for the optimal productivity, the management of marginal land, low organic substance, podzolic, peat soil is described. In order to overcome the kind of soil, technical application such as empty fruit bunch application for the sandy soil, low organic substance is needed to be implemented. Meanwhile, water level management (between 50 – 75 cm) is needed to be implemented.

**Status: Complied**

**4.4**

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

Company has had program of waterway management in form of:

- Determining riparian area 50 meter on left and right of Batang Nilo Kecil and Telayap River as HCV area. The palm oil within the determined area shall be harvested. Furthermore, other plants enrichment shall be conducted routinely. Auditor was visiting block 3 of Batang Nilo Kecil and Telayap River.
- Plant enrichment in Batang Nilo Kecil and Telayap riparian. Enrichment of *Albizia saman*, *Alstonia scholaris*, and *Bambusease*. In Batang Nilo Kecil River there have been 100 of *Albizia saman* planted since April 2013 20 of *Alstonia scholaris* planted since May 2013, and 50 of *Terminalia catappa* planted since 2012 (but entirely dead). Meanwhile, there have been 100 of *Albizia saman* planted since April 2013, and 20 of *Alstonia scholaris* planted since May 2013 in block 7 – 10 of division I.
- Water management on peatland area (maintenance of water gate / water pump, maintenance of water level on level of 60 cm).
- Installing warning to not to conduct burning, poisoning fish, spraying, and manuring.
- Testing Telayap River water quality each quarter, testing Batang Nilo Kecil River water quality each semester. The river quality test was conducted by internal laboratory. The result of the test can be shown.
- Testing water quality in housing complex, reservoir, drainage. There is a result of water quality test on the sampling (division 1 and 3).

Company routinely conducts the effluent quality test (monthly). The test is conducted by Riau Testing Unit of Bina Marga Agency. The tested parameters are pH, BOD<sub>5</sub>, COD, oil and fat, Pb, Cu, Cd, Zn, N, Amoniak, TSS, TS. The sample of the test is taken from the pond 5 before the effluent applied to the land. According to the result of the test, the BOD complies the quality threshold applied by company (below 5.000 mg/liter). BOD level on Januari 2015 was 221,7 mg/liter and BOD level of February 2015 was 376,9 mg/liter. The result of the test has been reported to the Pelalawan District Environment Agency routinely. For example, the result of the test was reported on April 22<sup>nd</sup> 2013.

Mill monitors the water usage for supporting FFB processing and to meet the demand of employees' domestic need. The mill monitors the water usage on the daily document. The average of water usage for period of 2014 was 1.76 m<sup>3</sup>/ton for processing FFB. Meanwhile, water usage for period of January to February was 1.90 m<sup>3</sup>/ton of FFB. Water usage for mill operational is monthly evaluated.

**Status: Complied**

**4.5**

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

Program of integrated pest management conducted by company are:

1. There is SOP in term of integrated pest management (SOP RSPO No. 7) which describes the procedure of integrated pest management.
  - First step, pest detection.
  - Second step, identification of the type of species and population of pest through census.
  - Third step, controlling with chemicals if the attack exceeding the economy threshold and biological culture to keep ecosystem balance.
2. The planned census of pest and disease conducted by IPM officer are:
  - Census of bagworm which is conducted each semester and census will be conducted monthly if bagworm is found.
  - Census of rat which is conducted each semester.
  - Census of Ganoderma annually.
3. Planting and maintaining of beneficial plant (*Turnera subullata*) in period of 2013
4. Monitoring of barn owl in each semester. Monitoring is conducted by IPM employees.
5. Annual IPM training.

Control of pest and disease which is conducted by company is monitored and evaluated monthly. According to the document review and field visit, the rate of attack is below the economy threshold. Therefore, no control need to be conducted. In order to anticipate palm oil leaf eater attack, company is planting and maintaining beneficial plant (*Turnera subulata*). Furthermore, company also conducts monitoring over the existence of barn owl box in each semester to prevent rat attack.

According to the field observation, the planting and maintaining of beneficial plant (*Turnera subulata*) has been conducted by company in main road.

Company has held training of integrated pest and management. For example:

- Training of IPM in Nilo Timur 2 Estate on November 25<sup>th</sup> 2014 for staff, foreman, and employees. Training was held by Manager and AARI.
- Socialization of EWS in Nilo Timur 1 Estate on March 21<sup>st</sup> 2013 for foreman and employees.
- Training of poison rat application in Nilo Timur 1 Estate on June 3<sup>rd</sup> 2014 for assistant and foreman.
- Training of IPM in Nilo Timur 1 Estate on November 25<sup>th</sup> 2014 for staff, employees, and foreman.

Company has Costing Book in each division which is compiled and analyzed by assistant monthly in term of active substance used by company, the applied area, quantity of usage per hectare.

**Status: Complied**

**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 categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.**

There is list of pesticides used by company. According to the book of forest and agriculture pesticide year 2011 (issued by directorat general of division of infrastructure of agriculture ministry year 2011. According to the document review and field observation (warehouse), there are 14 agency-registered and agency-allowed pesticides.



Pesticide usage is well recorded in each estate, the record describes the quantity of pesticide usage, work item (cycle spray, harvesting path, and interrow), quantity of usage per hectare and number of application. According to the document review and bin card, pesticides are used by company refer to the recommended dosage and the target of pest.

The company provides Material Safety Data Sheet (MSDS) for the pesticide and fertilizer, describing the trademark, active substance, danger identification, first aid action, fire handling, leakage and spillage handling, storing and handling of substance, prevention over fire and explosion, specific requirement to store substance, control over personnel protective equipments (glasses, respirator, apron, gloves, long sleeve costum, and long pants), physical and chemical property, reactivity and stability, toxicology information. Company has held limited pesticide paraquat training which was conducted on December 22<sup>nd</sup> 2012 and authorized to Riau Province Pesticide and Fertilizer Commission.

According to the field observation and document review of SOP 17 in term of hazardous waste management in hazardous waste storage and observation in hazardous waste storage, agrochemical waste including pesticide containers must be managed by referring to the applied regulation (government regulation number 18 year 1999) (it must be stored at the licensed hazardous waste storage. The collected hazardous waste such as used oil, solvent, used battery, sludge, and contaminated ex containers, and other hazardous wastes are transported to PT Primando (licensed hazardous waste).

The company has had policy to reduce chemicals usage categorized as WHO 1A and 1 B. Company is able to show the internal memo of Nilo General Manager to entire Estate Manager. The internal memo was issued on April 23<sup>rd</sup> 2013 in term of paraquat usage monitoring for 2% reduction than the previous year. The paraquat reduction was 4% in 2013/2014, 6% reduction on 2014/2015 and 8% reduction on 2015/2016 and 10% reduction after October 2016. According to the document review, company has implemented policy of paraquat usage below the target of usage. For example, on the period of 2014, the usage of paraquat was 17,367.4 liter. It was much less than the usage target for 6% from 2013.

Regular medical check up for the high-risk workers are cholinesterase, urinate and physical medical check up. CHE, blood chemical, and urinate medical check up for the sprayer were conducted on June 20<sup>th</sup> 2014 by cooperating Laboratory of Medical Clinic of Indah Pangkalan Kerinci for 122 sprayers of Nilo Timur 1 and 2 Estate. According to the result of medical check up, entire workers were healthy. For example, worker on behalf Derita with the result CHE 6811 kU/L.

According to the field visit and interview with the sprayer in Nilo Timur 2 Estate, Block 28 and Nilo Timur 1 Estate, block B50 Division 6, company has conducted routine medical check up and socialize the result to the employees.

Company has conducted routine medical check up and pregnancy which were conducted by company doctor and paramedic. According to the field visit and interview with sprayers in Nilo Timur 2 Estate, block 28 and Nilo Timur 1 Estate, block B50 Division 6, company does not employ the pregnant and breastfeeding women workers to work with chemicals (as sprayer).

**Status: Complied**

**4.7**

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

Company has policy of OHS program in form of Policy of Occupational Health and Safety which was legalized by Group Plantations Director on January 10th 2005. Several things determined on the policy are:

- Complying entire statute and regulations associated with workers health and safety.
- Ensuring the procedure of occupational health and safety implemented and updated.
- Providing comprehensive training, and information and guidance in term of OHS aspect.
- Ensuring that entire workers have aware of the responsibility to work safety and avoid work accident individually and collectively.

Company has determined the SOP to implement OHS policy on the SOP determined by General Manager on 2014.

Company forms OHS Guiding Committee who in charge of the OHS program. Company is able to show the Decree of the Head of Pelalawan District Manpower and Transmigration Agency Number KPTS.566/DTKT-WAS/2014/39 in term of

legalization of structure of company OHS Guiding Committee of PT Adei Plantation & Industry (Nilo Complex Estate) dated February 19<sup>th</sup> 2014. The secretary of OHS Guiding Committee has been certified as OHS expert with registration number 13676/PK3/AJ/14/2013/P1 and Decree Number P.6719/M/DJPPK/VI/2014 which was determined on June 9<sup>th</sup> 2014 and valid for 3 years.

Company OHS Guiding Committee organization has conducted routine assembly per division, company is able to show the minutes of meeting of assembly for period of 2015 in POM 1, POM 2, Nilo Barat 1 Estate, Nilo Barat 2 Estate and Nilo Timur 1 and 2 Estate. For example, assembly in POM 2 was conducted on February 17<sup>th</sup> 2015. The training was attended by 17 participants and it was discussing the evaluation of work accident, progress of fire extinguishing equipments completion, control of first aid equipments, discipline of PPE usage and OHS training.

Company has sent the report of OHS Guiding Committee routinely each quarter to the associated agency. For example, the report of 4<sup>th</sup> quarter was reported on January 2015 through covering letter number. AD-KN/EKT/2015.3.05 to Pelalawan District Manpower and Transmigration Agency.

PT Adei Plantation has committed to register entire employee to the program of labour social assurance and Workers Social Security Agency (BPJS) of Health, company is able to show the evidence of labour social assurance payment (monthly). For example, payment of labour social assurance for period of February 2015 Nilo Timur 2 Estate has been paid on February 12<sup>th</sup> 2015. The payment is for 319 of KHT workers. Nilo Timur 1 Estate has conducted labour social assurance payment for period of January 2015 on February 12<sup>th</sup> 2015 for 303 of permanent daily workers and NPOM 2 has shown the evidence of labour social assurance payment for period of February 2015 on March 12<sup>th</sup> 2015 for 90 employees.

The labour social assurance paid by PT Adei Plantation is for 649 of temporary daily workers on March 9<sup>th</sup> 2015. According to the field visit and interview with sprayers in block 22 of division 1 of Nilo Barat 1 Estate and block 99D of division 3 of Nilo Barat 2 Estate and harvest in block 36 of division 3 of Nilo Barat 2 Estate, entire worker have been registered to the program of labour social assurance.

Regular medical check up held for the high risk workers are cholinesterase, urinate, physical, and audiotometri check up. The laboratory test was conducted by cooperating with the laboratory of dr. Heppys in UKUI on November 21<sup>st</sup> 2014 and December 10<sup>th</sup> 2014 for 31 manurers of KNT 1 and 25 spraying worker. CHE, blood chemicals and urinate medical check up for the sprayers was conducted on June 20<sup>th</sup> 2014 by cooperating with Laboratory of Medical Clinic of Indah Pangkalan Kerinci for 122 workers of Nilo Timur 1 and 2 Estate and according to the check up result, entire worker were healthy. For example, the result of medical check up on behalf Derita with the result CHE 6811 kU/L. Audiotometri check up was conducted by cooperating with Laboratory of Medical Clinic of Indah Pangkalan Kerinci on June 12<sup>th</sup> 2014 for 25 employees. According to the result of document review, there were 5 workers experienced small damage of the hearing on the right ear (zero suspect). The company is able to show the evaluation over the result of audiotometri medical check up of the employees experience small damage. According to the result of evaluation, routine PPE usage was recommended, and the progress of shall be monitored on next period of medical check up.

The company has compiled the document of risk analysis in form of identification of OHS dangers source and risk assessment in term of mill and estate activities. According to the result of interview with harvester in block 29 of division 1 of Nilo Barat 1 Estate and block 99D of Nilo Barat 2 Estate, entire employee has aware of the risk of the job.

The company has ensured that entire employee has aware of the aspect of OHS and risk possibly occurred on their job by participating on the regular and routine training. The company is able to show the evidence of training in form of report, attendance list, and program photograph. For example, certificate of OHS operator training on behalf Rusmanto (Boiler Operator) with registration number 12.3568 OPK3-PUBT-B.I/XII/2012, certificate on behalf Jufri as Loader OHS operator with registration number 21453-OPK3-PAA/VI/2013, certificate of welding expert on on behalf Ondo Lumbantoruan number 241/JL/PNK3/IV/2014 and operator of generator OHS on behalf Candra Siahaan with registration number 13.454-OPM.K3/PTP/XII/2013. Training for the sprayers on January 30<sup>th</sup> 2015 with matery of chemicals usage safety.

Company has had SOP number 28 in term of land fire emergency response which covers the policy of prohibition to

burn, mapping of fire risk area and water source, forming of fire team, fire extinguishing equipments, fire alert sirine, socialization and monitoring. Company is also forming emergency response structure and providing proper emergency response equipments.

The company has complied OHS equipments provision such as first aid kit and PPE to the employees. According to the field visit, there is first aid kit on the work location, for example, first aid kits in workshop, infant education center, warehouse, and on field. For the field for example, first aid kit of Nilo Timur 2 Estate, Block 28 and Nilo Timur 1 Estate, block B50 of Division 6 has been provided properly. According to the field visit, entire employees have used the proper PPE referring to the work risk. For example, there are PPE in form of helmet, safety boots, special costum for welding activity, welding goggles, and welding gloves in Nilo Timur 1 Estate workshop. According to the field visit in block 5 and 6 of division 8 of Nilo Timur 1 Estate and block B50 of division 6 of Nilo Timur 1 Estate in spraying programs, the PPE has been properly provided and used by employees.

Company has trained the workers (estate and mill) to take the first aid kit action when accident occure. The training was taught by company doctor on behalf dr. Heldina S Manik on July 8<sup>th</sup> 2014. Company is able to show the training material, attendance list, and event photographs. The training was attended by 71 workers. There is also certificate for the participants of training. For example, certificate on behalf Teguh with certification number 01/P3K/AD-KN/2014. According to the interview with first aid officer (for example, foreman of harvesting program of block 38 of division 8 of Nilo Timur 2 Estate), foreman is able to show the procedure of first aid action on the accident causing fracture.

NPOM 2 and Nilo Timur Estate have monitored the occurred work accident. The certificate holder is able to show the evidence of work accident monitoring. For example, according to the data of Nilo Timur 2 Estate work accident for period of December 2014 – February 2015, there were 2 work accidents (on behalf Ariaman TL who experience broken pointing finer on December 12<sup>th</sup> 2014). Company has investigated the work accident and transport the victim to the estate polyclinic and then the victim was recommended to Hospital of Amalia Medika. Company has also reported the case to labour social assurance in 24 hours after the accident occurred to get assurance claim. Company is able to show the formulir of 3B of doctor recommendation letter on March 2<sup>nd</sup> 2015.

Company has an opportunity to evaluate the result of first aid training that has been held. **OFI**

<b>Minor</b> 4.7.7.	<b>Status: Opportunity For Improvement</b>	
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**4.8**  
**All staff, workers, smallholders and contractors are appropriately trained.**

Company is able to show the program of employees competence improvement for period of 2015 as follows:

- NPOM 2 cover : SCCS training for security, standard training of grading for grading operator, FFB process and OHS training for the processing station employees, boiler and generator operation training, OHS training, training of SOP of Lab and water processing and office OHS training.
- Nilo Timur 1 and 2 Estate covers : BMP training (harvesting, spraying, manuring, FFB loader and pest and disease), PPE usage training, EWS training, training of forest fire handling, and training of heavy equipment operation (transport and crane SIO)m limited pesticide training, warehouse/workshop training, training of beneficial plant and water level management.

Record of the implemented trainings are based on training programs for period of 2014/2014 as follows:

- Certificate of OHS operator guidance training on behalf Rusmanto (Boiler Operator) with registration number dengan 12.3568 OPK3-PUBT-B.I/XII/2012, certificate of loader OHS operator training on behalf Jufri as loader OHS operator with registration number 21453-OPK3-PAA/VI/2013, certificate of welding expert on on behalf Ondo Lumbantoruan number 241/JL/PNK3/IV/2014 and operator of generator OHS on behalf Candra Siahaan with registration number 13.454-OPM.K3/PTP/XII/2013.
- Training of sprayers on January 30<sup>th</sup> 2015. The training material was the chemicals usage.
- Training of harvester on January 15<sup>th</sup> 2015. The training was attended by 48 participants.
- Training of paraquat substance usage on February 27<sup>th</sup> 2015. The training was attended by 41 participants.

Requirements in term of contractor is written on the cooperative agreement letter in term of the provision of well trained workers. According to clause 5, the contractor must employe well trained workers including the equipments used by

contractor. Company is also able to show the example of contractor company profile. For example, contractor on behalf PT Logoh Mitra Mandiri, according to the document of company profile, contractor specification, permit, legality and experience are described.

**Status: Complied**

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

**5.1**

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

Aspects of estate and mill management causing environment impact have been identified. The result of the review is described on several documents:

- There are document of environment impact assessment, environment management and monitoring impact (RPL/RKL) of estate and mill operational of PT Adei Plantation & Industry in Pangkalan Kuras and Bunut Sub-District, Kampar District which was approved by director general / head of central commission of EIA of Forestry and Plantation Department with approval number 84/DJ-VII/AMDAL/1999 dated July 6<sup>th</sup> 1999; study area is 12,860 ha.
- There is revision of EIA document, environment management and monitoring impact (RPL/RKL) of estate and mill operational of PT Adei Plantation & Industry of Nilo Estate in Pelalawan District. The document was approved by Pelalawan District Environment Agency Number 660/Bapedalda/2006/1328 dated October 17<sup>th</sup> 2006. According to the document, there is an implementation of KKPA system; study area is 12,860 ha.
- Environment document (environmental management and monitoring effort) for NPOM 2 with capacity of 70 ton of FFB/hour. The company is able to show the plantation – processing business permit (decree number 525.3/disbun/2012/390) dated July 16<sup>th</sup> 2013.

Company has reported the implementation of environmental management and monitoring plan in 2<sup>nd</sup> semester of 2014 to Pelalawan District Environment Agency. The report contains data and analysis of peatland subsidence and data of surface water quality test of Batang Nilo Kecil River and Telayap River and the data and analysis of peatland subsidence which was conducted by Laboratory of Chemicals Oceanography of Riau University refer to the request of PT Adei & I EIA document in 2006.

Management unit has an opportunity to conduct social and environment impact assessment for supporting replanting program participatively. (OFI)

**Major 5.1.1. Status: Opportunity For Improvement**

**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.**

Consistent with the audit of ST2, company has had document of HCV identification which was conducted by PT Aksenta with total of HCV area for 112.41 hectare. Animals within Land Use Title Area (HGU) refers to the result of HCV identification is consisted of several primates species such as *Macaca nemestria*, langur (*Trachypitcheus cristatus*), and monkey (*Macaca fascicularis*). *Macaca nemestria* and *Macaca fascicularis* are found in the border of palm oil estate owned by company and rubber estate owned by community or the bushes and in several period, both primates invade the palm oil estate. The other mammals species frequently visiting trench /river is *Amblonyx cinereus* or beaver (VU, Appendix, unprotected). Meanwhile, the well adapting species is *Prionailurus bengalensis* (protected).

The company has conducted monitoring of the animals type within and nearby estate. According to the result of monitoring which was conducted from January 2014 to February 2015, the species of animals found were *Macaca nemestria*, langur (*Trachypitcheus cristatus*), monkey (*Macaca fascicularis*), beaver, black cat, turtle, black-winged kite, barn owl (*Tyto alba*), white-throated kingfisher (*Halcyon smyrnensis*), sun bear, malayan softshell turtle, pangolin, etc. **According to the document of identification monitoring result, company has an opportunity to add species status based on the status of IUCN including the latin name for each species. (Observation).**

Company has had a program and realization of HCV and crucial species management and monitoring referring to the recommendation of final report of Aksenta Consultant. Several efforts to manage and monitor HCV area including the protected species are:

- Tree planting along the river of Batang Nilo Kecil and Telayap. 1,170 trees were planted along the riparian area during period of 2014. The trees are consisted of *Alstonia scholaris*, *Bambuseae*, and meranti. According to the report of plants inventory, 524 trees survives, the rest of the trees were dead due to the flood. The latest planting as conducted on January and February 2015. There is 60 *Alstonia scholaris* were planted.
- Delineating the riparian area for 50 meter on left and right of the riverbank (Batang Nilo Kecil and Telayap River).
- Installing warning to prohibit land burning, spraying, manuring, and poisoning fish in several afdeling.
- Conducting socialization of endanger and protected species protection to the employees and nearby community.
- Creating warning to not to hunt down the animals. The location of warning signboard installation were in employees housing complex of division 5, division 6 and division 7, and HCV area.

There is a well trained coordinator to monitor the plan and realization of HCV management by referring to the result of HCV identification. The appointed officers has aware of the stages of plan, implementation, and evaluation over the HCV management. The appointed HCV officer is Mr Adria, position: Senior Assistant and FG. The staff position determined by GM on October 1<sup>st</sup> 2012. Officer is able to describe the conservation area determined based on the HCV identification.

<b>Major 5.2.1.</b>	<b>Status: Opportunity For Improvement</b>	
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**5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.**

There are documents of waste sources identification in estate and mill which was updated on March 10<sup>th</sup> 2015. The waste sources are generated by vehicle, machine, building, workshop, clinic, processing operations in mill and spraying program. The waste is managed by using several methods such as:

- Used oil, used battery, bulb, rag, medical waste are managed by licensed third party.
- Waste of the ex pesticide containers are reused after it is washed 3 times.
- Domestic wastes are managed in landfill.
- Metal crap is sold to the metalcrap buyer.
- Effluent generated from the processing stage in mill is managed through waste pond before the effluent flowed to estate.
- The emission and solid materials generated from boiler operation are monitored.
- Dust from the kernel plant boiler, inspection on chimney.
- Fiber and shell are used for the boiler fuel.
- Domestic waste generated from housing complex is disposed to landfill.
- Waste water from housing complex is accommodated on the ponds.
- Used paper and newspaper are burnt.

Company has had plan to manage waste based on the result of identification to avoid and reduce pollution. For example:

- a. Hazardous Waste  
Hazardous waste such as used oil, used battery, bulb, rag, medical waste are managed by the licensed third party. The permit for the waste of Nilo 1 and 2 estate and the permit of hazardous waste storage is valid until 2016. Company has cooperated with the hazardous waste transport in form of used oil, used battery, bulb, rag, contaminated containers, and used jerry can with PT Prinmanru Jaya with the contract number: 03/PMJP-MOU/III/2015 dated March 9<sup>th</sup> 2015. Quantity of the transported hazardous waste is based on the waste transport on February 5<sup>th</sup> 2015. The transported wastes were used oil (1,400 liter), TL lamp (2 kg), rag (2 kg), filter (112 kg), and used battery (6 pieces).
- b. Effluent  
Effluent generated from mill processing stage shall be managed by using effluent ponds system before the the effluent applied to the land. Several obligations must complied by company when managing the effluent are that the BOD threshold of of the waste from IPAL is maximum 5,000 ppm, entire of the generated effluent must be utilized to be applied to the land (100 ha of land located in blocks 35, 41, 42 and 43), Monitoring of the effluent that

will be applied to the land, monitoring of underground water on the monitoring well and control land, inspection on the soil quality (between siltpit, and land control, informing the report to regent, governor, environment ministry in term of the result of monitoring.

- c. Empty Fruit Bunch Waste  
Waste generated from the processing stage in mill is managed by applying it to the estate.
- d. Dust Waste  
Waste generated from the process in mill in form of dust ic managed by cleaning the chimney routinely (each semester).
- e. Fiber and Shell Waste  
Waste generated from the processing stage in mill in form of fiber and shell are used as boiler fuel.
- f. Ex Pesticide Containers Waste  
Waste generated from estate operational in form of chemicals containers is managed by cleaning it 3 times and then it will be ready to be re-used for distribute diluted pesticide from the mixing point to the spraying location.

Company has had a valid permit to store hazardous waste, SOP in term of hazardous waste management, effluent, domestic waste, and mill waste. In order to manage hazardous waste, company has cooperated with PT Prinmanru Jaya in which the contract signed on March 9<sup>th</sup> 2015 with contract number 03/PMJP-MOU/III/2015 in term of contract of hazardous waste hand over.

There are records of hazardous waste hand over on 2015. For example:

- Official record of NILO POM 2 hazardous waste hand over on February 5<sup>th</sup> 2015 to PT Primanru Jaya with the permit of Environment Ministry Number 234 Year 2011 dated November 8<sup>th</sup> 2011 to be transported by using truck with vehicle polic number of B 9405 NOA dated February 5<sup>th</sup> 2015 with the detail of waste of rag (49 kg), TL lamp (3 kg), used battery (7 pcs), used filter (39 kg), and used oil (1,291 ltr).
- There is a hazardous waste balance sheet of PT Adei Plantation and Industry of POM 2 which was reported to Environment Ministry, Riau Province Environment Agency, Pelalawan District Environment Agency on January 14<sup>th</sup> 2015 with the detail of waste of used oil (951 kg), used filter (31 pcs), used battery (4 pcs), rag (40 kg) and bulb (2 kg).

Management unit of Nilo Timur 1 Estate must ensure that the placement of generator machine should not contaminate the environment and generators repairment should be finished by referring to the applied plan (April 2015). (OFI)

<b>Major 5.3.2.</b>	<b>Status: Opportunity For Improvement</b>	
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**5.4 Efficiency of energy use and use of renewable energy is maximized.**

Company has conducted program of renewable energy utilization. Entire shell and fiber generated from the FFB processing stage are utilized as boiler fuel. ± 60 % of the generated energy for operational need was generated from renewable energy resource during period of 2014.

There is record of diesel fuel usage for operational need of Nilo 1 POM. 226,217 liter of diesel fuel was used during period of 2014. The average of the generated energy from diesel fuel usage for period of 2014 was 62% of the total energy for processing stage and domestic need of employees.

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

Company has SOP Number 4 in term of replanting which describes that according to the result of EIA and environmental management and monitoring plan review, company shall not conduct land burning during replanting. According to the result of interview with management, the replanting was conducted by referring to the applied SOP. Company has composed replanting program for Nilo Timur 1 Estate, Division 5, for 148 ha for the budget year of period of 2014/2015.

As for the action to anticipate land fire, company has a SOP of land fire emergency response (SOP 29) which covers

preventive action, curative action, and administration stage. The proper stage of fire prevention and handling are described on the procedure. Example of preventive action: mapping fire risk area, conducting patrol refer to the fire risk level, installing signboard of fire warning in fire-risk area, etc. according to the result of field observation, there is no land fire identified.

Company has identified the fire-risk area, mapping fire risk area, mapping housing complex and mapping public facilities to support fire team when land fire occurred, and structure of fire team. The identified fire-risk area in Estate of Nilo Timur 1 and Estate of Nilo timur 2 are employees housing complex, executive housing complex, generator chamber, diesel fuel tank, engine room, chemical warehouse, landfill, peatland area and replanting area, riparian area.

Company has conducted training of fire training for employees, fire team, until the fire training for the executive such as socialization and training of fire extinguishing for staff, foreman, and employees which was held on June 28<sup>th</sup> 2014. Furthermore, company has also has the training to control land and forest fire for fire team and executive be held by Manggala Agni on September 10<sup>th</sup> 2014.

Company has conducted data collecting of land fire handling infrastructures/facilities and determining organization structure of fire team in division 7 and 8. It was led by Ir. Raju (Senior Manager). The fire team is consisted of 1 field coordinator, 4 team commander, 13 fire main team (operator of water pump, gun/nozzle man, fire house, and 5 firefighters), and 6 field patrol and fire monitoring tower members.

Fire monitoring tower (12 meter) has been built in division 7, block B50. According to the field observation, the location of fire monitoring tower is uphill and it has broad sight to the peatland area. Patrol officers use complete PPE and equipped with binocular.

**Status: Complied**

**5.6**

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

Source of mill pollution and plan to reduce pollution (updated on January 12<sup>th</sup> 2015) by using methane gas (project of CDM –biogas **capture**), empty fruit bunch (processed in KCP to be then used as boiler fuel), black smoke (monitoring of black smoke emission and solid particle refer to the requirements of Environment Ministry, monitoring of noise), dust (inspection on chimney), fiber and shell (boiler fuel), boiler ashes (applied to the estate).

Quality of pollution source is monitored. The monitoring of pollution quality covers monitoring of non-moving emission source, ambient air and noise of PT Adei PKS Nilo per semester since 2009 – 2013. The monitoring of pollution quality was conducted by Baristand Industri Padang with parameters (referring to the Environment Ministry Regulation Number 7 Year 2007) attachment I of particulate, sulphur dioxide, nitrogen oxide, hydrogen chloride, chlorine gas, ammonia, hydrogen fluoride, opacity.

- a. Monitoring of ambient air with parameters of sulphur dioxide, nitrogen oxide, carbon monoxide, hydrocarbon, TSP and noise. The monitoring was conducted in 3 samples (in front of mill, housing complex, and loading ramp). According to the first monitoring on 2013, the parameter of ambient air quality has complied the quality threshold of national ambient air quality (Government Regulation Number 41 Year 1999). The parameter of noise below the quality threshold of noise.
- b. Monitoring of emission of boiler 1 and 2 with the parameter of particulate, sulphur dioxide, nitrogen oxide, hydrogen chloride, chlorine gas, ammonia, hydrogen fluoride, opacity and flow chart. Several of the tested parameters complied the emission air quality threshold (Environment Ministry Number 7 Year 2007). The other parameters such as chlorine gas, ammonia, and hydrogen fluoride are undetected.
- c. Monitoring of air of 2 generator with the parameter of particulate, sulfur dioxide, nitrogen oxide and carbon monoxide. The entire tested parameters have complied the Environment Ministry Regulation Number 13 Year 2009.

**Efforts and plan to reduce mill emission and pollution are adjusted with the result of identification in each mill pollution and emission source.**

- Generator : changing machine oil including the filter once every 250 hours and conducting annual service (PT

Altarak 1978).

- Boiler : conducting the boiler **daily** cleaning: cleaning in form of cleaning of gauge, crust, fire grate, ashes, checking water level alarm and blow down the water gauge coloumn. **Monthly**: conducting monthly maintenance in form of oil/lubricant, belting fan, chemical injection pump, cleaning the ashes on the kitchen and wall, cleaning the ventilation system and instrument of pipe, cleaning the ashes of the lower drum. **Semester**: emission test, corrosion check up on the drum and header, checking the kitchen stone and wall concrete, checking instruments, air pipe, and ducting. **Annual**: checking boiler machine entirely.
- Boiler house. Action to reduce black smoke pollution, blow off by monitoring chimney each semester and implementing automatic fuel refill.
- Power plant using steam turbine and generator. Actions to reduce air pollution and noise are by testing boiler and generator emission, providing ear plug for employees (must-wear), conducting audiotometric test.
  - Monitoring of emission of boiler 1 and 2 with the parameter of particulate, sulphur dioxide, nitrogen oxide, hydrogen chloride, chlorine gas, ammonia, hydrogen fluoride, opacity and flow chart. Several of the tested parameters complied the emission air quality threshold (Environment Ministry Number 7 Year 2007). The other parameters such as chlorine gas, ammonia, and hydrogen fluoride are undetected.
  - Monitoring of air of 2 generator with the parameter of particulate, sulfur dioxide, nitrogen oxide and carbon monoxide. The entire tested parameters have complied the Environment Ministry Regulation Number 13 Year 2009.
  - Monitoring of ambient air with parameters of sulphur dioxide, nitrogen oxide, carbon monoxide, hydrocarbon, TSP and noise. The monitoring was conducted in 3 samples (in front of mill, housing complex, and loading ramp). According to the first monitoring on 2013, the parameter of ambient air quality has complied the quality threshold of national ambient air quality (Government Regulation Number 41 Year 1999). The parameter of noise below the quality threshold of noise.
  - Providing ear plug for the employees working on mill.
  - Maintaining boiler once each 2 – 3 months.
  - Checking the hearing condition of 25 employees working on mill to the laboratory of Indah clinic of POM 2 on June 12<sup>th</sup>.

**Status: Complied**

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

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

According to the available document, the environment and social impacts caused by estate and mill operational have been identified by conducting social impact study written on the documents such as:

- a. Document of EIA of Estate and POM in Pelalawan Sub-District, Pelalawan District, which was conducted on 2006. The document has been approved by EIA Comission through letter number 660/Bapedalda/2006/1328.
- b. Report of Social Impact Assessment in PT Adei Nilo Estate which was conducted on December 2011 by cooperating with the competent third party. The document contains positive aspects and social issues whether internal or external.

In general, report of EIA and SIA review shows the process of social impact assessment whether EIA or SIA conducted participatively by involving community of nearby villages. Documentation of community aspiration collecting process was conducted by holding FGD which was attended by representative of each village nearby estate and it was all written on the report of EIA and SIA review. Furthermore, PT. Adei P & I, has had document of environmental management and monitoring plan which was compiled on 2006 and it was considered as reference to implement environmental and social management. The result of the implementation shall be written on the document of environmental management and monitoring plan which is routinely reported to the government. The report is reported in form of brief summary which describes the process of social impact monitoring.

According to the document observation, company has revised the environment document (EIA) of 1999 through revision on 2006. Revision of environment and social document was conducted due to the changes of estate operational



scheme which were:

- KKPA Additions in Batang Nilo Kecil for 541 hectare and KKPA of Telayap Village for 1,002 hectare
- Capacity Additions: Nilo 1 POM from 80 Ton of FFB/hour to 120 ton of FFB/hour

Company has reported the environment management and monitoring to Pelalawan District Environment Agency routinely. For example:

- Report of Environmental Management and Monitoring Plan on 2nd quarter of 2014 which was reported to Pelalawan District Environment Agency on March 13th 2015. According to the document, the process of social impact monitoring by involving community participation and the involvement was described.
- Result of effluent inspection on February 2015 was reported to the Pelalawan District Environment Agency on March 11th 2015.
- Report of the Hazardous Waste management on the 4th quarter which was reported to Pelalawan District Environment Agency on January 2nd 2015.

PT Adei has scheme smallholders system in form of KKPA (Full Managed) which is located on Batang Nilo Kecil Village, Telayap Village, and Sering Village for 1,644 Ha. Total of the head of family considered as the member of KKPA are 775 head of family and 541 ha of estate has been established until 2013 (including unplanted land) with the total of investment value for IDR 86 Billion. KKPA of Sering Village was established on 2009 and it was started to be planted on 2010 to 2013, 120 ha (including unplanted land) of estate was established until 2013. KKPA of Telayap Village shall be started on 2022 and the planting program has been started since 2003, 1,002 ha of estate (including unplanted land) has been established until 2013. Progress of monthly report of KKPA estate development is available for entire location of KKPA.

There is no KKPA area additions during Surveillance-1, establishment of KKPA of Batang Nilo Kecil was started since 2006. 541 ha of estate has been established since the planting program on 2007 to 2013. KKPA of Sering Village was established on 2009 and it was started to be planted on 2010 to 2013. Until 2013 there is 120 ha (including unplanted land) of estate that has been established. KKPA of Telayap Village shall be started on 2022 and the planting program has been started since 2003. Until 2013, there is 1,002 ha of estate (including unplanted land) that has been established. Progress of monthly report of KKPA estate development is available for entire location of KKPA.

**Status: Complied**

**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.**

Procedur of communication and consultation with the community is written on the SOP as follows:

- SOP No. 19 in term of Communication and Consultation with the community which contains the description over the procedure, person in charge, and detail description over the communication, consultation, and socialization with the stakeholder. Entire programs are recorded on the log book of stakeholder socialization made for each division.
- SOP No. 1 in term of Information Provision and Response describes the task divisioning, procedure of information provision, and recording of information and response on the information logbook.
- SOP No. 20 in term of Complaint and Disgruntle Handling describes the task divisioning, detail of procedure, and the documentation.

Example of record of communication and consultation process available on the book:

- a. According to the result of public consultation with the community of Kemang and Batang Nilo Kecil Village, company has conducted routine communication through public relation staff. Furthermore, company also conducts questionnaire spread (the latest questionnaire was on March 2015) to find out the community perception and to collect the information over the management of PT. Adei P&I.
- b. Company has also had record of aspiration from community maintained on the book of information request. There were 10 incoming letters in term of fund assistance request and information request of workers data during period of July 2014 to February 2015. There were only 2 records associated with complaint, example of complaint resolution of KKPA Harapan Maju in Telayap Village:

Official Record of Agreement (March 25th 2014) between PT. Adei P&I and KKPA of Telayap Village (Petani Harapan Maju Cooperative Unit) was signed by the representative of PT. Adei P&I, community, and KKPA which was witnessed by Head of Police Sector of Pangkalan Kuras, Head of Police Sector of Bunut, Administration Assistant of Government Division of Pelalawan District.

1. In order to recognize the right and obligation associated with KKPA, each party appoints independent auditor (Hardi&rekan) in Pekanbaru to conduct finance audit.
2. In order to solve the unfulfilled community right (94 head of families) over KKPA as the claim, PT. Adei P&I is willing to buy the land of community to be then have it handed over to 94 head of families.
3. Procedure of land handover on point 2 shall be discussed on forum at the future.
4. PT. Adei P&I withdrawn the report in Pelalawan Police Sector over the Telayap Village Community and it shall not be continued to the court.
5. Referring to the agreement, community whom is now at POM of PT. Adei is willing to disband and return to village.

Company sent letter number 23 Mei 2014 AD-KN/01/V/2014 on May 23d 2014 in term of announcement and suggestion which contains:

1. MOU between Company with Harapan Maju Cooperative Unit No. AD-KN/PK/VII/2005/001 and No. 001/KOPTAN-HM/VII/2005
2. Official Record of Agreement which was held on Pelalawan Regent Office on March 25th 2014.
3. Accounting data at the late of April 2014, debt of Harapan Maju Cooperative Unit for IDR 10,389,320,753 (11,171,312/ha).

The company suggests the cooperative unit board and member to send FFB to Nilo 1 POM along with the legal FFB Covering Letter from company as the installment of cooperative unit and its member debt. The company is now waiting for the process of board reshuffle of Harapan Maju Smallholder Cooperative Unit to continue the negotiation of debt payment calculation and certificate returning. The company is planning the distribution of the output and debt using system of 70% : 30%.

The company has had the list of stakeholders including government agencies, labour union, community figures and costum figures, forum of the Head of Sub-District and Chiefs of Villages nearby estate and NGO. Record of community aspiration is recorded on the book of aspiration and complaint record. The date of the incoming letter, sender, purpose, and company response are written on the book of aspiration.

PT. Adei P&I appoints new well trained officer to conduct socialization and communication with the community nearby due to the former officer has been mutated. The mutation is shown by the Decree Number AD-Pers/SKPTS/112/2013 dated October 16th 2013 in term of mutation of Budi Simanjuntak, SH as Mandau Estate Public Relation Staff to Nilo Komplek Estate on November 1st 2013 which was signed GM.

**Status: Complied**

**6.3**

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

There is SOP 20 in term of Procedure of Complaint and Objection Handling which was approved by Senior Manager on April 1st 2013 which was describing:

- Entire reported complaints to assistant is needed to be recorded.
- Resolution of dispute is composed fairly and wisely through open negotiation with the involved party through the procedure below:
  - Each unsolved issues (unsolved by assistant) must be reported to General Manager.
  - Manager must refer to the General Manager (GM)/Mill Adviser (MA) to ask for suggestion if there is unsolved complaints.
  - Manager must refer to the GM/MA to get advise if there is unsolved complaint.

There is SOP 26 in term of Procedure of Conflict Negotiation which was approved by Senior Manager on April 1st 2013 which describes (1) Land conflict supported with flowchart of land conflict handling, (2) Squatter Disputes (*squatter disputes*) supported with the flowcart of dispute handling, and (3) Social Issue supported with flowchart of social issue resolution.

According to the book of assistance and complaint for period of 2014 to 2015, there are several external complaints such as:

- Claim of no compensation yet from community of Villages of Palas, Batang Nilo Kecil and Telayap. (There was re-compensation by company together with CSR realization).
- Complaint over portal installation on the estate road and Batang Nilo Kecil Village. (It has been solved by company).
- Complaint over debt payment system of Telayap Village Cooperative Unit. (The company has communicated with community and the new board of cooperative unit, still on progress of resolution).

Realization of the information response over the trench cleaning which was sent by Kuala Tolam Village on October 1st 2013 in form of assistance for lending 1 unit of excavator to repair the road and create road at peatland area, and cleaning of right and left part of trench of Kuala Tolam Village.

There is SOP 27 in term of Land Acquisition and Compensation. It was legalized on on April 1st 2013 which describes the stage of land compensation:

- Land acquisition is conducted properly, fairly, and wisely to avoid future conflict and interference over company operational.
- The acquired land shall be managed to be estate land and it is supported with the supporting document.
- The future-acquired land is the land which has been handed over administratively by the former land owners to the company. Before conducting land acquisition, several stages which are conducted are:
  - Informing the associated parties in term of land acquisition plan.
  - Inventory and field research.
  - Aspect of legality and administration of land are considered as compensation value.
  - Researching the facts of the future-compensated land including conduct land acquisition not in area of riparian, forest, and HCVF.
  - Compensation over the land including the growing plants within.
  - Proposing payment fund refer to the consession of land compensation agreement.
  - Researching / verifying payment document.
  - Stage of land compensation payment.
  - Maintaining the document / evidence of land acquisition.

**Status: Complied**

**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.**

Company has had procedure of raw material identification, calculation, and compensation over the legal and traditional right caused by estate establishment. The standard procedure is written on:

- Document of SOP No. 26 in term of Procedure of Land Dispute which describes the task divisioning, detail of process, and flowshart to solve social issue, flowchart to solve land occupation dispute, and flowchart of the border dispute. Land identification is conducted participatively by cooperating with the offical and neutral surveyor. The compensation agreement is conducted voluntarily and the procedure of compensation is determined based on the negotiation and market price. Each agreement or payment of compensation is also

signed by the associated parties and the government officials (authority).

- Document of SOP No. 27 in term of Land Acquisition for Planting Palm Oil plant which describes the task divisioning and detail of process (official procedure) and the reference on the process of land acquisition for planting palm oil plant. The process is started by collecting land information, identifying location, proposing official request, conducting meeting with the stakeholders, processing legal procedure for establishing estate.

According to the result of public consultation with several villages nearby estate (Kemang Village and Batang Nilo Village). There was double land claim occurred (it was compensated by company), claim from community (on behalf Hanipah) in Kemang Village with the location of land in Batang Nilo Kecil Village.

According to the result of interview with management and document verification, the resolution between PT. Adei P&I anor 21 Ha was signed on May 12th 2014. The land compensation was then paid by company on May 19th 2014 (Official Record of Compensation is attached).

According to the document observation, company has had record of negotiation process and compensation agreement as shown in criteria 2.3. several additional documents associated with negotiation process are: official record of land hand over in villages nearby and negotiation process of *ulayat* land nearby estate..

As the follow up of the negotiation process, company has conducted compensation payment over the associated parties on the land acquisition process. The description over the process and evidence of compensation process is referring to the criteria 2.2. and 2.3. The record of compensation payment for the community and the traditional right in form of official record of sago compensation payment in entire village where the land is massively given or evidence of land payment which is handed over individually in form of receipt, photographs, and declaration letter.

According to the result of public consultation with community of Villages of Sungai Buluh, Kemang and Batang Nilo Kecil. They have aware of the procedure of communication and consultation. Furthermore, community has also aware of the transparency. It has complied the standard request..

**Status: Complied**

**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.**

Company is able to show the Riau Province Governor Regulation Number 29 Year 2014 in term of agriculture sector minimum wage regulation for IDR 1,875,000,- . Wage payment is still based on the province sectoral minimum wage standard for period of 2014 since there is not yet new regulation for period of 2015. The company is able to show the list of employees wage for period of February 2015 for the permanent and freelance worker. The company is able to show the employees wage slip for period of February 2015. According to the document review, the company has conducted payment referring to the government regulation. According to the interview with employees in Nilo Timur 1 Estate block B50 Division 6 during harvesting program, workers have aware of the sectoral minimum wage standard.

There is Collective Labour Agreement of PT Adei Plantation & Industry for period of 2012 – 2014 between PT Adei Plantation & Industry Kebun Nilo Complex and Coalition Team (Plantation Sector Labour Union, Hukatan Labour Union, and Labour Union 1992). The Collective Labour Agreement has been registered refer to the applied regulation based on the Decree of the Head of Pelalawan District Manpower and Transmigration Agency Number KPTS.560/DTKT-PKB/2012/032 dated July 26th 2012 and it is valid since June 27th 2012 to June 26th 2014.

During the assessment process, the company was on the process of negotiation with the associated organization in term of new Collective Labour Agreement Revision. Company has shown the copy of letter sent to Pelalawan District Manpower Agency on March 3rd 2015 with the letter number ADEI-KN/LP/BS/III/2015/01 in term of additional 1 labour union at PT Adei Plantation. There was a letter from Coalition Team (Labour Union Coalition) Number 4/SPSI/SBSI92/HUKATAN/2015 dated March 4th 2015 which was stating that there was Labour Union merger. The letter of response from Manpower Agency on March 5th 2015 with letter number 560/DTKT/2015/142 describes that the labour union allowed to make a parley is the labour union with member not more than 10% and not more than 3 labour unions.

Company has provided the facilities to support employees welfare such as housing complex, daycare, school, sport facilities, place of worship, domestic waste management and clean water facility.

For example:

Nilo POM 2: Executive and staff housing complex (19 units), type of G2 (60 units).

Nilo Timur 1 Estate, Division 6: Executive housing complex (8 units), staff housing complex (18 units), type of G2 (42 units), type of G8 (64 units).

Nilo Timur 2, Division 8: employees housing complex type of G8 (40 units and permanent), type of G4 (52 units and semi-permanent), wooden barracks (84 units), G2 for assistant (4 units), G2 for staff (6 units), type of G2 (4 units and semi-permanent).

The company has provided artesian well for providing employees' need for clean water. The company has ensured the water has been tested referring to the Health Ministry Regulation 416/Menkes/Perr/IX/1990 cooperates with Technical Authority of Public Work Agency on May 14th 2014. According to the result of test, entire parameters have complied the quality threshold. Test of water reservoir quality used by employees was conducted in Mandau Central Laboratory on August 26th 2014 with the reference of Government Regulation Number 82 Year 2001. According to the test, entire parameters have complied the quality threshold.

Company has required contractor to comply the regulations associated with manpower. For example, Cooperative Agreement Letter Number.: ADEI-KNB1/SPPB/056/14 dated July 1st 2014 for renovating the mosque, Cooperative Agreement Letter Number ADEI-KNBII/SPPB/053/2014 for constructing employees housing complex and Cooperative Agreement Letter Number ADEI-KNT1/SPPB/081/14 for cleaning the trench. The obligations when work accident occurred is described on clause 7. The obligation to provide insurance for the contractor workers is described on clause 11. The regulation of safety, health, environment, and manpower is described on clause 14.

According to the result of interview with employees in mill and estate in last 1 year, the waging system has adjusted the minimum wage standard of Riau Province. Furthermore, according to the result of interview with sub-contractor, the payment system has complied the government statute and cooperative agreement letter. Based on the result of interview with the board of labour union, there is no complaint in term of waging expressed by employees in last 1 year.

**Status: Complied**

**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.**

PT Adei P & I has policy in term of Freedom to Unit which was legalized by Regional Director on October 1st 2011. The policy ensures the freedom to unit workers referring to the applied statute.

There are 3 labour union admitted by company now, those are Plantation Sector Labour Union, Hukatan Labour Union, and Labour Union of 1992. The company is able to show the data of the name of the labour union board. For example: Plantation Sector Labour Union with the structure, Head: Supriyono, Vice-Head: Iswadi, Secretary: Jainal, Treasurer: Husen, and Advisor: Adi Tanjung with the total of member are 471 workers. The labour union has been recorded to the Pelalawan District Manpower Agency with recording number 57/DISNAKER/PEN/2005 dated October 25th 2005.

The company is able to show the evidence of meeting between management unit and the Plantation Sector Labour Union on March 14th 2015 which was attended by 18 participants, the meeting was discussing the process of employees house repairment, clean water issue, lighting issue, employees pick up and drop off transportation, school student transportation and repairment of restroom and employees barrack.

**Status: Complied**

**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 program. Children are not exposed to hazardous working conditions.**

PT Adei P & I has a policy in term of underage workers which was legalized by Regional Director on October 1st 2011 which was stating that company's commitment to hire only overage workers. The company is able to show the list of employees which informs the employees' date of birth and date of work. According to the document review and field visit to Nilo Timur 2 Estate, division 6 block E50 on harvesting program, Nilo Timur 2 Estate, block 38 on harvesting program, Nilo Timur 2 Estate, block 28 on spraying program and block 5 and 6 division 8 of Nilo Timur 2 Estate on manuring program. There is no underage workers empowered nor hired by company.

**Status: Complied**

**6.8**

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

PT Adei P & I has policy in term of equal treatment and opportunity which was legalized by Regional Director on October 1st 2011 which was stating that company shall always give equall opportunity and treatment regardless race, tribes, caste, nationality, religion, gender, sexual orientation, and labour union membership. Company is able to show the list of employees which informs the origin of employees, address, tribe, and gender. According to the document review and field visit to Nilo Timur 2 Estate, division 6 block E50 on harvesting program, Nilo Timur 2 Estate, Block 38 on harvesting program, Nilo Timur 2 Estate, Block 28 on spraying program and block 5 and 6 of division 8 of Nilo Timur 2 Estate on manuring program, the company does not discriminate workers in term of work opportunity.

**Status: Complied**

**6.9**

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

PT Adei P & I has policy in term of sexual harrassment and violation which was legalized by Regional Director on October 1st 2011. The policy describes:

- There is no tolerancy for the sexual harasshment and violation over women at workplace.
- Sexual harasshment and violation is a fatal mistake and company shall punish the suspect.
- Management must responsible to prevent sexual harasshment and violation.

PT Adei P & I has policy to protect women reproduction right which was legalized by Regional Director on October 1st 2011. The policy describes:

- The company shall comply entire regulation and statute associated with women reproduction right.
- Gender committee shall be formed to conduct and monitor the policy.

Furthermore, protection over reproduction right is regulated on the Collective Labour Agreement on clause 22 and 23 in term of Menstruation Day Off and Childbirth Day Off which states that:

- Menstruation day off for women employees for 2 days must be informed to the company through the company-appointed medical assistant.
- The pregnant women shall be given 90 days off (45 days before childbirth and 45 days after childbirth) referring to the medical information.

Nilo Timur Estate and Nilo POM 2 are able to show the evidence of record of sexual harasshment implementation by forming gender committee for solving the issues of sexual harasshment. The gender committee is routinely holding meeting to discuss the ongoing information of estate. Company is able to show the information letter in term of new gender committee board forming for period of 2015 – 2016 with the board structure as follows, Head: Debye Latifah Sari, and committee member for operations such as spraying, manuring, clerk, and teacher of each division. There is an attendance list for the minutes of meeting of new committee structure. It was attended by 17 participants on March 12th 2015, It was discussing gender committee program for period of 2015, socialization of reproduction right protection, socialization of sexual harasshment, and socialization of complaint and problem delivery procedure.

There is SOP 22 in term of Medical Facility. It was determined on June 1st 2013 and it was legalized by Assistant of Mill Adviseo. It was describing that the pregnancy test for the women workers working as sprayer/manurer/chemicals mixer whom has working for 1 year and pregnant women workers whom are working with chemicals shall be mutated to other division away from chemicals.

According to the field visit to Nilo Timur 2 Estate, block 28 on spraying program and in Block 5 and 6 of division 8 of Nilo Timur 2 Estate on manuring program, the women workers have aware of the procedure that must be conducted when there is pregnant and breastfeeding women.

Procedure of complaint handling when the sexual harassment occurred is regulated on SOP 25 in term of procedure of sexual harassment complaint. It was legalized by March 1st 2014. The SOP describes:

- Reporting sexual harassment through Gender Committee.
- Complaint shall be investigated immediately.
- The result of investigation shall be given to the management to be then decided what action should be taken.

**Status: Complied**

**6.10**

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

According to the SOP Number 28 dated April 1st 2013 in term of Procedure of FFB Pricing, FFB price for supplier is determined based on the specific formula. Reference of FFB price is a price of Tender of Medan each Tuesday and Friday and the information of the weekly-valid FFB price is informed via SMS to supplier.

Management unit is able to show the example of evidence of FFB payment to the supplier for period of January 17th – 20th 2015 when OER price is determined. For example, payment for CV CDP Mandiri was IDR 1,540,-. Meanwhile, according to the FFB pricing team of Riau Province, the FFB price for period of January 14th – 20th 2015 was IDR 1,538.02 (price offered by company was higher than price offered by government). According to the result of interview with CV. Limbersa Plasma, PT. Adei Plantation purchase FFB refer to the price determined by government. Supplier shall be informed via SMS and phone call when there is price changes.

According to the SOP No. 28 dated April 1st 2013 in term of Procedure of FFB Pricing, NILO 2 POM did not purchase FFB from outside (independent smallholders) during period of May 2014 to February 2015. NILO 2 POM was only receive FFB from nucleus estate (PT. Steelindo Wahana Perkasa (KLK grup), and KKPA Sungai Buluh (Plasma PT. SWP)).

**Status: Complied**

**6.11**

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

Management unit has record of company contribution over regional development. For example:

- a. Record of CSR program during period of 2014. For example: assistance for grid installation for Batang Nilo Kecil Village, Road Maintenance at Kemang Village and Palas Village, Mosque construction in Batang Nilo Kecil Village, scholarship for the brilliant student, purchasing of water pump for fire team in Batang Nilo Kecil Village, Telayap Village, and Sering Village, assistance for sport facility for Telayap Village Community, assistance for flood victim in Sering Village, Sering Village Cannal Cleaning, land purchasing for Sungai Buluh Village land, Elementary School Teacher Honorarium payment for the teacher nearby estate, assistance for planting plant nearby village. Furthermore, PT. Adei Plantation achieved appreciation for implementing CSR program consistently, constructively, and sustainable from Pelalawan Regent through Decree Number 360 year 2014 dated March 17th 2014.
- b. Cooperative Agreement Letter Number ADEI-KNT1/SPPB/077/14 dated October 1st 2014 between PT. Adei P&I (Nilo Timur 1 Estate) and A. Kafur for picking up and dropping out the school student started from October 1st to December 31st 2014. The evidence of cash payment on December 5th 2014 is available. According to the result of interview with contractor, payment is always conducted punctually and refer to the composed agreement letter.
- c. Cooperative Agreement Letter Number ADEI-KNT2/SPPB/084/14 dated October 1st 2014 between PT. Adei P&I (Nilo Timur 2 Estate) with Muhariadi for cleaning the artesian well in Division 7 (1 unit) started from October 1st to October 30th 2014. Evidence of payment on October 31st 2014 is attached.
- d. Cooperative Agreement Letter Number ADEI-NPOM2/SPPB/026/15 dated January 5th 2015 between Nilo POM 2 and CV. GCA Supply for lending excavator for making trench of land application in block 37 MD 2 started from January 13th 2015 to April 15th 2015. Evidence of payment on February 13th 2015 for 209 HM is attached.

	<b>Status: Complied</b>	
<b>PRINCIPLE #7 Responsible development of new plantings</b>		
<b>7.1</b>		
<b>A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</b>		
There is no development of new estate within PT Adei Plantation & Industry area. According to the area statement of both Estates (Nilo Timur 1 and 2 Estate), the youngest plant within PT Adei Plantation & Industry Land Use Title area was planted on 2003.		
	<b>Status: Complied</b>	
<b>7.2</b>		
<b>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.</b>		
The latest planting within company operational area was planted on 2004.		
	<b>Status: Complied</b>	
<b>7.3</b>		
<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>		
There is no development of new estate within PT Adei Plantation & Industry area. According to the Area Statement of both Estates (Nilo Timur 1 and 2 Estate), the youngest plant within PT Adei Plantation & Industry Land Use Title Area was planted on 2003.		
	<b>Status: Complied</b>	
<b>7.4</b>		
<b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>		
The latest planting within company operational area was planted on 2004		
	<b>Status: Complied</b>	
<b>7.5</b>		
<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>		
The latest planting within company operational area was planted on 2004		
	<b>Status: Complied</b>	
<b>7.6</b>		
<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>		
The latest planting within company operational area was planted on 2004		
	<b>Status: Complied</b>	
<b>7.7</b>		
<b>Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>		
The latest planting within company operational area was planted on 2004		
	<b>Status: Complied</b>	
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>		



**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.**

There is record of plan and realization of sustainable corrective action for period fo 2013 – 2014. It was composed by Sustainability Department. Exampe of the record is shown on the table below:

Corrective Action	Detail	Person in Charge	Finishing Target	Information
1. Paraquat Reduction	Paraquat usage reduction since 2012 untill now.	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
2. Environmental Impact	Planting of hard rod tree on DSS.	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
	Repairment of septic tank.	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
	Adding Garbage bin	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
	Creating recycle bin.	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
	Housing complex collective work	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
	Planting and maintaining beneficial plants ( <i>Tunera</i> is replaced with <i>Cassia corbenensis</i> ); pest controlling biologically.	Manager / Assistant	In Progress	Nilo Barat Estate and Nilo Timur Estate
3. Social Impact	Infant School Construction	GM / Manager	In Progress	Nilo Barat 1 Estate
	Improvement of facility and condition of landfill.	Manager / Assistant	In Progress	Nilo Barat Estate (1 & 2); Nilo Timur Estate (1 & 2)
4. OHS	Creating signboard.	Manager / Assistant	In Progress	All Location (Estate and POM)
	Painting DSS boundary mark on palm oil plant.	Manager / Assistant	Complete	Nilo Barat 1 and2 Estate
5. Others	Construction of fire monitoring tower in CR 12 Division 2, to monitor hotspot.	Senior Manager / Manager	May 2014; Complete	Division 2
	Yield Improvement Project	Senior Manager / Manager	Complete	All Location (Estate and POM)

	Repairment of fertilizer warehouse to prevent contamination and placement of fertilizer in floor.	Senior Manager / Manager	Agustus 2014; In Progress	Division 1
<p>Report of ISPO internal audit on Nilo 1 POM and estate supplier (Nilo Barat 1 and 2 Estate) and Nilo 2 POM and estate supplier (Nilo Timur 1 and 2 Estate) which was conducted on April 7<sup>th</sup> – 8<sup>th</sup> 2014. The audit was conducted by internal auditors (Stephen Tiong and Florida Hutasoit). According to the result of internal audit, there were 27 nonconformities related to compliance over ISPO principle, criteria, and indicator. It has been followed up on May 8<sup>th</sup> 2014 and June 24<sup>th</sup> 2014. For example, nonconformity related to the report of the unreported effluent to Environment Agency. Corrective action taken by company was by reporting the effluent to Environment Agency supported with evidence of handover from Environment Agency.</p>				
<p>The company also shows the evidence of river water quality test in estate (specifically Batang Nilo Kecil River and Telayap River) and evidence of its reporting as written on report of environmental management and monitoring report to the associated agency on July 12<sup>th</sup> 2013.</p>				
<p>Realization of information respond in term of trench cleaning sent by Kuala Tolam Village on October 1<sup>st</sup> 2013. The assistance was in form of 1 unit o excavator to repair the road and construct peatland road and trench cleaning of the right and left of Kuala Tolam Village trench.</p>				
<p><b>Status: Complied</b></p>				

**3.2. Summary of Assessment Report of Supply Chain**

Clause	(Module E) CPO Mills - Mass Balance Requirements
<b>1</b>	<b>Documented Procedures</b>
	<p><b>1.1</b> The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ul style="list-style-type: none"> <li>a) Complete and up to date procedures covering the implementation of all the elements in these requirements.</li> <li>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.</li> </ul>
	<p>Nilo 1 Palm Oil Mill has had procedure of Supply Chain which describes:</p> <ul style="list-style-type: none"> <li>a. Origin of the FFB</li> <li>b. Documentation for Sustainable Crude Palm Oil (Sustainable CPO), Consisted of: Record of FFB daily receipt, record of CPO daily production classified as CSPO, recapitulation of CPO sales (RSPO/ISCC), record of stock reconciled with FFB receipt, monthly production and sales and annual recapitulation.</li> <li>c. Documentation for Sustainable Palm Kernel (Sustainable PK), consisted of : Record of FFB transported which the Sustainable PK daily production is then calculated, PK daily production classified as Sustainable PK, recapitulation of Sustainable PK monthly sales, record of stock reconciled with FFB receipt, monthly production and sales and annual recapitulation.</li> <li>d. Responsibility of management (Mill Manager) and Internal Audit to assess the implementation of RSPO requirements and sustainable management system on the certified POM.</li> </ul>
	<b>Status: Complied</b>
	<p><b>1.2</b> The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>
	<p>Document of documentation in term of certified and non-certified FFB receipt is available in form of general guidance. The document describes the guideline of FFB receipt in weighbridge station which separates the certified and the non-certified one.</p> <p>FFB receipt on the FFB weighbridge station (weighbridge station)</p> <ul style="list-style-type: none"> <li>• Internal and External FFB are weighted and recorded to the computer data.</li> <li>• Computer is automatically record the daily report continuously to show the quantity of the internal and external FFB.</li> <li>• Production record (Production records)</li> <li>• Providing record attachment to calculate the daily-produced certified and non-certified CPO/PK.</li> </ul>
	<b>Status: Complied</b>
<b>2</b>	<b>Purchasing and goods in</b>
	<p><b>2.1</b> The facility shall verify and document the volumes of certified and non-certified FFBs received.</p>
	<p>The procedure determined by NILO 2 POM for separating the certified and the non certified product refer to the data of weighbridge is maintained by computerized system in Weighbridge and is printed on the weighbridge ticker. The separation is classified into three groups:</p> <ul style="list-style-type: none"> <li>• Group of FFB own 1 (Nilo Barat 1 Estate, Nilo Barat 2 Estate, Nilo Timur 1 Estate and Nilo Timur 2 Estate)</li> <li>• Group of FFB own 2 (KKPA under PT Adei)</li> <li>• Group of Outsider (smallholders)</li> </ul>

**Field Observation**

According to the result of field visit to weighbridge station, POM was just receiving FFB from the supplier mentioned previously since May 2014 until surveillance audit program. For example, weighbridge ticker on March 17th 2015:

Origin of FFB	Weighbridge Ticket Number	Driver	Vehicle Police Number	Nett (Kg)	Note
Division 6 of Nilo Timur 1 Estate	A 118042	Sirait	NTIV53	1.360	Certified
Division 8 of Nilo Timur 2 Estate	A 117972	Erwin	NT2V56	6.330	Certified
KKPA S. buluh	A 118070	Kasri	BM 8652 AS	2.080	Non Certified
Ladang Mutiara (PT. SWP)	A 117965	Roni	SWPV23	5.320	Non Certified
Kuala Tolam	A117825	Suprpto	SWPV41	9.120	Non Certified

**Status: Complied**

**2.2**

The facility shall inform the CB immediately if there is a projected overproduction.

According to the procedure, the management unit shall inform to the Certification Body if the CSPO production exceeding the projected production recorded on the RSPO certificate.

Management unit has production actual data since May 2014 to March 16th 2015. For example:

- FFB of Nilo Timur 1 Estate: 39,514 MT
- FFB of Nilo Timur 2 Estate: 53,465 MT
- CPO: 20,455 MT
- PK: 4,649 MT

Attachement of ST-2 certificate claim:

- FFB of Nilo Timur 1 Estate: 58,556 MT
- FFB of Nilo Timur 2 Estate: 66,896 MT
- CPO: 27,599.44 MT
- PK: 6,272.6 MT

According to the actual claim until March 16th 2015 is still below the projection of production during ST-2.

**Status: Complied**

**3**

**Record keeping**

**3.1**

The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.

The procedure owned by company in term of RSPO SCCS is describing that:

- Document maintainance: record of the identification and traceability is maintained for 10 years refer to the law requirements.
- The produced product complies the procedure of identification and traceability.
- Document handling: if the document is damaged, lost or need to be revised, then it has to be coordinated with the management representatives and approved by top management.

According to the result of observation to the document maintaining room (formulir of weighbridge and travel document), the document is maintained on each place based on the month for the last 3 years in Mill Office Warehouse. Meanwhile, the documents last for more than 3 years are maintained at warehouse outside of Mill Office.

**OFI:** Management unit has opportunity to improve document controlling over the recording of document maintaining at the specific room for administration.

<b>Modul E</b> 3.1.	<b>Status: Opportunity For Improvement</b>
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**3.2**  
Retention times for all records and reports shall be at least five (5) years.

According to the result of observation to the document maintaining room (formulir of weighbridge and travel document), the document is maintained on each place based on the month for the last 3 years in Mill Office Warehouse.

**OFI:** Management unit has opportunity to improve document controlling over the recording of document maintaining at the specific room for administration.

<b>Modul E</b> 3.2.	<b>Status: Opportunity For Improvement</b>
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**3.3**  
(a) 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.  
(b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.  
(c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.

On the document of generic guideline, several things regulated are:

- The produced MB quantity is recorded daily in order to get record of actual production on metric tons.
- MB quantity is added to the total of the previous day daily to get the data of the total of achievement.
- Each CSPO dispatched as CSPO (MB) is recorded and diminished from the rest of the achievement to give the nett quantity of the available CSPO (MB).
- If the rest of the achievement does not meet the order of CSPO (MB), Ipoh shall be informed and the period of the dispatch shall be informed as well.
- The rest of the achievement shall be reconciled optimally within 3 months.

Nilo 1 POM records entire RSPO certified FFB receipt, quarter-based certified RSPO PK dispatch. For example, recapitulation on the period of December 2014 to February 2015:

Month	FFB Certified (Kg)	FFB Non Certified (Kg)	CSPO (Kg)	CS PK (Kg)	Sale CSPO (Kg)	Sale Non CSPO (Kg)	CSPO Balance (Kg)	Sale CS PK (Kg)	Sale Non CS PK (Kg)	CSPK Balance (Kg)
November'14	-	-	13,520,880	17,093	-	-	13,520,880	-	-	96,530
December'14	7,150,100		1,528,144	313,553		262,780	15,049,024	262,780		185,428
January'15	6,967,230		1,569,774	328,292	-	-	16,618,768	489,460		(13,865)
February'15	6,377,640		1,458,568	330,370	86,180		18,077,336	86,180	-	230,325

According to the result of field visit to Nilo 2 POM, there was a dispatch on March 17th 2015 for:

Dispatch of Non CSPO 321,360 Kg, Stock of CSPO 486,586 Kg.

Dispatch of Non CSPK 45,610 , Stock of CSPK: 22,067 Kg

Ticket Number A117850 dated March 17th 2015, Nett: 20,640 Kg (Non MB). B 9117 JZ/Putra

Ticket Number A118309 dated March 16th 2015, Nett: 26,400 Kg (MB). BK 8041 VM/ Timbul Manurung

<b>Status: Complied</b>
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<b>3.4</b>	<p>The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.</p>
	<p>In last 1 year, management unit did not claim CPO as the certified product, unit was only claim the certified PK.</p>
	<p><b>1. Palm Kernel (PK)</b>          PK is always dispatched to Mandau KCP (PT. Adei Plantation&amp;Industry) from Nilo 2. For example, PK dispatch request to Mandau KCP refer to the MoU of Marketing Division in Ipoh Malaysia on November 25th 2014 for 500 ton (NL2/PK-MB/1214-3).</p>
	<p><b>2. CPO</b>          Name and Address of Buyer: PT Wilmar Nabati Indonesia, Building B &amp; G Floor 9th, Putri Hijau Street, Number 1, Kesawan, West Medan, Medan, North Sumatera.          Date: February 25th 2015          Description of the product: does not claim certified CPO, only claiming for using United State Environment Protection Agency (US EPA Segregation).          Quantity of Product: 500 MT          Reference of transportation document: there is no travel document, weighbridge ticket, and DO. CPO dispatch is conducted in several stages.</p>
	<b>Status: Complied</b>
<b>3.5</b>	<p>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 the crush is covered through a signed and enforceable agreement.</p>
	<p>Nilo 2 Palm Oil Mill sells the PK only to PT Adei Plantation &amp; Industry which is still under one banner of the holding of Kuala Lumpur Kepong Berhad (Indonesia).</p>
	<b>Status: Complied</b>
<b>4</b>	<b>Sales and goods out</b>
<b>4.1</b>	<p>The facility shall ensure that all sales invoices issued for RSPO palm oil delivered include the following information:</p> <ul style="list-style-type: none"> <li>(a) The name and address of the buyer</li> <li>(b) The date on which the invoice was issued</li> <li>(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)</li> <li>(d) The quantity of the product delivered</li> <li>(e) Reference to related transport documentation</li> </ul>
	<p>Management unit did not claim CPO as certified product, management unit was only claim the certified PK in last 1 year.</p>
	<p><b>1. Palm Kernel (PK)</b>          PK is always dispatched to Mandau KCP (PT. Adei Plantation&amp;Industry) from Nilo 2. For example, PK dispatch request to Mandau KCP refer to the MoU of Marketing Division in Ipoh Malaysia on November 25th 2014 for 500 ton (NL2/PK-MB/1214-3).</p>
	<p><b>2. CPO</b>          Name and Address of Buyer: PT Wilmar Nabati Indonesia, Building B &amp; G Floor 9th, Putri Hijau Street, Number 1, Kesawan, West Medan, Medan, North Sumatera.          Date: February 25th 2015</p>

<p>Description of the product: does not claim certified CPO, only claiming for using United State Environment Protection Agency (US EPA Segregation).          Quantity of Product: 500 MT          Reference of transportation document: there is no travel document, weighbridge ticket, and DO. CPO dispatch is conducted in several stages.</p>	
	<b>Status: Complied</b>
<b>5</b>	<b>Training</b>
<p><b>5.1</b>          The facility shell specifies and provides the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	
<p>Management unit has conducted socialization in term of RSPO SCCS to transporter, staf, and Supplier of FFB as follows:</p> <ul style="list-style-type: none"> <li>- Socialization to transporter on January 14th 2014. It was attended by 5 participants.</li> <li>- Socialization to suplier on February 10th 2015. It was attended by 6 participants.</li> </ul> <p>Accoding to the result of field visit and interview with one of the staff (weighbridge operator), SCCS training has been conducted in last a year. However, they did not understand SCCS yet.</p> <p><b>OFI:</b> Company has oppportunity for improvement to improve the socialization of SCCS intensively to entire key staff.</p>	
<b>Modul E 5.1.</b>	<b>Status: Oppportunity For Improvement</b>
<b>6</b>	<b>Claims</b>
<p><b>6.1</b>          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.</p>	
<p>Nilo 2 POM has shown the claim usage for supporting RSPO certified CPO referring to the RSPO Guidelines for Communication and Claims whether written on Sales Contract, Delivery Order, Sales Invoice and Invoice (NILO 2 POM is now only claim MB-certified PK).</p>	
	<b>Status: Complied</b>

**3.3. Conformity Checklist of Certificate and Logo Use** *(Only apply for Surveillance Assessment Report)*

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>S-1</b>	Since Nilo 2 POM - PT Adei Plantation Certified by RSPO on May 14 <sup>th</sup> , 2014, there is no selling of Palm Oil Product with RSPO certified/CSPO claimed. Hence, there is no logo and symbol used was applied.	<b>N/A</b>
	<b>Status: Not Applicable</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>S-1</b>	Since Nilo 2 POM - PT Adei Plantation Certified by RSPO on May 14 <sup>th</sup> , 2014, there is no selling of Palm Oil Product with RSPO certified/CSPO claimed. Hence, there is no logo and symbol used was applied.	<b>N/A</b>
	<b>Status: Not Applicable</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>S-1</b>	Since Nilo 2 POM - PT Adei Plantation Certified by RSPO on May 14 <sup>th</sup> , 2014, there is no selling of Palm Oil Product with RSPO certified/CSPO claimed. Hence, there is no logo and symbol used was applied.	<b>N/A</b>
	<b>Status: Not Applicable</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>S-1</b>	Since Nilo 2 POM - PT Adei Plantation Certified by RSPO on May 14 <sup>th</sup> , 2014, there is no selling of Palm Oil Product with RSPO certified/CSPO claimed. Hence, there is no logo and symbol used was applied.	<b>N/A</b>
	<b>Status: Not Applicable</b>	



**3.4. Summary of RSPO Partial Certification.**

<p><b>Total companies observed:</b>          Total management unit observed (<math>0.8\sqrt{Y}</math>), where Y is the total units in the management of listed companies that have not been RSPO Certified.</p> <ol style="list-style-type: none"> <li>PT. Karya Makmur Abadi, Sub District of Mentaya Hulu, District of East Kotawaringin, Province of Central Kalimantan, Indonesia.</li> <li>PT. Satu Sembilan Delapan, Sub District of Gunung Tabur, District of Berau, Province of East Kalimantan, Indonesia.</li> </ol> <p>Observation date: February 27<sup>th</sup>, 2015</p>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	<p><b>PT. Karya Makmur Abadi</b>          East Kotawaringin Regent Decree No. 188.45/265/Huk-Ek.SDA/2014 dated July 21<sup>st</sup>, 2014 on amendment to East Kotawaringin Regent Decree No. 525.26/604/VIII/EK.BANG/2006 on Business Plantation Permit on behalf of PT. Karya Makmur Abadi.</p> <p><b>PT. Satu Sembilan Delapan</b>          Berau Regent Decree No. 23 of 2006 dated January 24<sup>th</sup>, 2006 about Business Plantation Permit (For Estate) on behalf of PT. Satu Sembilan Delapan.          Berau Regent Decree No. 550 of 2007 dated December 6<sup>th</sup>, 2007 about Business Plantation Permit (For Estate) on behalf of PT. Satu Sembilan Delapan.          Berau Regent Decree No. 663 of 2008 dated December 30<sup>th</sup>, 2008 about Business Plantation Permit (For Mill) on behalf of PT. Satu Sembilan Delapan.</p>	√
	<b>Status: Compliance</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	<p><b>PT. Karya Makmur Abadi</b>          Cadastral measurements carried out by the National Land Agency of Republic Indonesia – Sub Directorate of Land Border, Directorate of Border Determination for Land and Space, Deputy of Land Right and Land Registration (<i>Batas Bidang Tanah Direktorat Penetapan Batas Bidang Tanah dan Ruang Deputi Bidang Hak Tanah dan Pendaftaran Tanah</i>) of 2006 dated November 2<sup>nd</sup>, 2006. The results of Cadastral measurements that's:</p> <ul style="list-style-type: none"> <li>- Results of circumference measurement are 14,778.076 ha.</li> <li>- Results of circumference measurement (netto) worth roads and overlap locations with PT. Minera Bumi Reksa Perdana are 13,236.500 ha.</li> </ul> <p><b>PT. Satu Sembilan Delapan</b>          Head of National Land Agency RI Decree No. 16-HGU-BPN RI-2009 dated January 22<sup>nd</sup>, 2009. That is based on the results of the measurement by Committee B, East Kalimantan Province and the status of land requested by PT. SSD is State Land within Non Forest Cultivation Areas according to East Kalimantan Province Spatial Planning (RTRWP) in synchronization of 1999 and land with area 27 hectares of which is through payment of compensation. Land Use Title area of 5,676.61 hectares is located in the Village of Tasuk, Village of Gunung Tabur, and Village of Gunung Sari, Sub District of Segah, Berau District, East Kalimantan Province. The Concession is valid for 35 years.</p>	√
	<b>Status: Compliance</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	<b>PT. Karya Makmur Abadi</b>	

	<p>SOP No. 1 about information request and response on December 1<sup>st</sup>, 2013. It describes request for information/complaints about environment, social and legal issues.</p> <p><b>PT. Satu Sembilan Delapan</b> SOP No. 1 about information request and response on December 1<sup>st</sup>, 2013. It describes regarding request for information/complaints about environment, social and legal issues.</p>	√																		
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<b>6.4</b>	<b>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.</b>	<b>X or√</b>																		
	<p><b>PT. Karya Makmur Abadi</b> SOP No. 26 for resolution and land disputes, dated December 1<sup>st</sup>, 2013 describes Land Disputes/Bordering; Land Occupation, and Social Issues.</p> <p><b>PT. Satu Sembilan Delapan</b> SOP No. 26 for resolution and land disputes, dated December 1<sup>st</sup>, 2013 describes Land Disputes/Bordering; Land Occupation, and Social Issues.</p>	√																		
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<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>																		
	<p><b>PT. Karya Makmur Abadi</b> Based on document Identification and Analysis of High Conservation Value (HCV) conducted by PT. Jump Consulting in 2010. There are identified HCV1.2, HCV1.3, and HCV4.1. area 136.86 hectares located in Riparian of Kawan Batu River, Riparian of Hai River and Riparian of Sapiri River. Than identified HCV3 and HCV4.2 area 15 hectares is located in Riparian of Kawan Batu River. There's no new planting after November 2005 in Primary forests and HCV.</p> <p><b>PT. Satu Sembilan Delapan</b> Base on document Identification and Analysis of HCV by PT. Jump Consulting in 2011. There's an identified HCV on PT. Satu Sembilan Delapan.</p>	√																		
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<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>																		
	<p><b>PT. Karya Makmur Abadi</b> The Company has conducted land compensation to the land owners previous from 2005 to 2014. Company also can indicated recording land compensations:</p> <ul style="list-style-type: none"> <li>- Land has compensations in 2012 areas 1,049 ha</li> <li>- Land has compensations in 2013 areas 4,363.13 ha</li> <li>- Land has compensations in 2014 areas 2,563.30 ha</li> </ul> <p><b>PT. Satu Sembilan Delapan</b> The Company has conducted land compensation to the land owners previous for 14 plots land by Notary Susilawati, SH which has lowered its status into land use title.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">No</th> <th style="width: 50%;">No. Certificate</th> <th style="width: 40%;">Area (M2)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>14</td> <td>19.999</td> </tr> <tr> <td>2.</td> <td>22</td> <td>6.583</td> </tr> <tr> <td>3.</td> <td>25</td> <td>20.000</td> </tr> <tr> <td>4.</td> <td>18</td> <td>14.898</td> </tr> <tr> <td>5.</td> <td>19</td> <td>20.000</td> </tr> </tbody> </table>	No	No. Certificate	Area (M2)	1.	14	19.999	2.	22	6.583	3.	25	20.000	4.	18	14.898	5.	19	20.000	√
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**3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**

**3.5.1 Identification of Findings, Corrective Actions and Observations at ST1 Assessment**

No.	Ref Std/ Indicator	Potential of Nonconformity	Grade	Area	Deadline	Request of Corrective Action	Observation and Date	Status	Date Closed
2013.01	<b>Major</b> 4.4.1 <b>Minor</b> 4.3.4	<b>Measurement of Peatland Surface Level (Subsidence)</b> There is no evidence which proving that the company has conducted measurement and monitoring over the peatland subsidence refer to to Government Regulation Number 150 Year 2000 in term of the Standard Criteria of Soil Damage for Biomass Production and Environment Ministry Regulation Number 7 year 2006 in term of Procedure of Standard Criteria Measurement over Soil Damage for Biomass Production.	NC Potential	Estate	Stage-2	Compay must show the evidence of peatland soil surface subsidence measurement and monitoring.	<b>June 19th 2013</b> Company has shown the evidence of peatland soil subsidence measurement and monitoring on June 2013 for 2 unit and 5 other poles is planned to be installed on July 2013.	Closed	June 19th 2013
2013.02	<b>Major</b> 5.1.2	<b>Data of Subsidence written on the Report of Environmental Management and Monitoring Plan</b> Document of Environmental Management and Monitoring Report has not contain the petland data and analysis of subsidence referring to the request of PT Adei P & I EIA document year 2006.	NC	Estate	Stage 2	Company must provide evidence that the result of subsidence measurement has been included on the document of Environmental Management and Monitoring Plan and it has been reported to the associated agency.	<b>June 19th 2013</b> Not enough evidence of the result of subsidence measurement on the document of Environmental Management and Monitoring Plan reported to the associated agency.  <b>Verification on July 19th 2013</b> Company shows the evidence of the attachement of subsidence measurement	Closed	July 19th 2013

							result on the document of Environmental Management and Monitoring Plan reported to the Pelalawan District Environment Agency. Evidence of report delivery and the copy of the report of Environmental Management and Monitoring Plan including the result of subsidence measurement on July 12th 2013 is available.		
2013.03	Minor 5.3.1	<b>Reporting of Infectious Waste generated by Clinic</b> The infectious waste has not yet been attached on the log book of waste balance sheet reported to the local Environment Agency.	NC Potential	Estate	Stage 2	Company must attach the medical waste on the log book of waste balance sheet reported to local government.	<b>June 19th 2013</b> The infectious hazardous waste as much as 24.8 kg of has been recorded on the hazardous waste balance sheet log book and it has been reported to Pelalawan District Environment Agency on May 25th 2013.	<b>Closed</b>	<b>June 19th 2013</b>

**3.5.2 Identification of Findings, Corrective Actions and Observations at ST2 Assessment**

CAR No	Ref Std	Findings	Area	Grade	Deadline	Corrective Action	Observation	Status	Date Closed
2013.04	Major 5.1.2	<b>Data of Water Surface Quality Test written on the Report of Environmental Management and Monitoring Plan</b> Document of the Report of Environmental Management and Monitoring Plan Implementation has not yet attached data of the surface water quality test (Batang Nilo Kecil River and Telayap River) referring to the request of Environmental Management and Monitoring Plan.	NC	Estate	Before the Issuance of Certificate	Company must provide evidence that the report of surface water quality test (Batang Nilo Kecil and Telayap River) has been reported to the associated agency on the Report of Environmental Management and Monitoring Plan Implementation.	<b>July 19th 2013</b> Company has shown the evidence of river water quality test of the river flow within estate (Batang Nilo Kecil River and Telayap River) and evidence of its reporting (written on the Report of Environmental Management and Monitoring Plan) to the associated agency on July 12th 2013	Closed	July 19th 2013
2013.05	Minor 6.3.1	<b>Record of complaint and disgruntle handling</b> There is no enough evidence of the record of response over the community complaint (Kuala Tolan Village) which has been informed on March 2013 referring to the SOP 20 in term of procedure of complaint and disgruntle.	NC	Estate	Surveillance 1	Company must provide the evidence of response over the complaints from Kuala Tolan Village Community refer to the SOP 20 in term of procedure of complaint and disgruntle.	<b>June 21st 2013</b> Company has shown the response over the complaint expressed by Kuala Tolam Village Community in term of cannal sedimentation. The response was informed in official letter of estate manager on June 21st 2009.	Closed	June 21st 2013

**3.5.3 Identification of Findings, Corrective Actions and Observations at S1 Assessment**

No.	Ref Std	Nonconformity	Grade	Location	Deadline	Request of Corrective Action	Observation and Date	Status	Date Closed
-	-	When Surveillance 1, there are no non conformities.	-	-	-	-	-	-	-

**3.5.4 Opportunity for Improvement**

No	Ref Std	Descriptions
1	<b>Major 5.1.1. &amp; Major 6.1.1.</b>	Management unit has opportunity to conduct social and environment impact assessment for supporting replanting program participatively.
2	<b>Minor 4.7.7</b>	Company has opportunity to evaluate the result of first aid training that has been held.
3	<b>Major 5.2.1</b>	Company has opportunity to add latin term, and the status of flora and fauna protection refer to (CITES, IUCN, Government Regulation Number 7 Year 1990)
4	<b>Major 5.3.2</b>	Management unit of Nilo Timur 1 Estate must ensure that the placement of generator machine should not contaminate the environment and generators repairment should be finished by referring to the applied plan (April 2015).
5	<b>SCCS Clausul 3.1. Versi 2011</b>	Management unit has an opportunity to improve recording of the document maintaining.

**3.5.5 Noteworthy Positive Components**

No	Ref Std	Descriptions
1		Company has achieved RSPO Certificate on 2014
2		Company has implemented Renewable Fuel Standart (RFS) refer to the United States Environment Protection Agency (USEPA)
3		Company has established scheme smallholders as the effort to improve nearby community welfare.
4		Company's commitment to implement Sustainable Palm Oil Principles.
5		Company has achieved ISCC Certificate on 2014.

**3.6 Summary of Arising Issues from Public, Management and Auditor Response**

Issues from Public	Management Response	Auditor Response
<p><b>(1) Chief of Kuala Tolam Village (Zukri):</b></p> <ul style="list-style-type: none"> <li>There is no company response in term of request letter for cleaning the trench passing Kuala Tolam Village (March 2013).</li> <li>There is no response of the company in term of village event assistance request like assistance for supporting sport event.</li> </ul>	<ul style="list-style-type: none"> <li>Trench cleaning has been decided to be conducted (total of cleaning cost was calculated. Response letter to the Chief of Kuala Tolam has been sent on June 20th 2013.</li> <li>There was no assistance request during period of 2013 (1st semester). Company shall always support.</li> </ul>	<p>Company needs to improve performance of communication by ensuring the recording of response and providing response over the assistance request by referring to the applied procedure.</p>
<p><b>(2) Chief of Palas Village (Samsari AS.):</b></p> <ul style="list-style-type: none"> <li>Land Use Title Area of PT ADEI have not yet been compensated entirely. There are still 51 uncompensated area located in Palas Village.</li> <li>The operational area of PT ADEI is suspected exceeding the owned Land Use Title. It is based on the received information from the Village that the area of PT ADEI is 14,000 Ha while the hectarage of Land Use Title is only 12,860.</li> <li>CSR program of PT ADEI has not yet fulfill community expectation.</li> </ul>	<ul style="list-style-type: none"> <li>Compensation is based on the data proposed by Data Collecting Team of Village on 1991. According to the agreement, the land cultivated by community was 71.55 Ha (the supporting data is attached).</li> <li>Hectarage of the operational area has complied the data written on the Land Use Title certificate for 12,860 Ha. According to the information derived from internat, the total area of PT ADEI is the combined area of PT. Adei P &amp; I and hectarage of PT. SWP Ladang Mutiara for 1,700 ha. (the supporting data is attached)</li> <li>CSR Program is conducted based on the community request and needs. (the supporting data is attached).</li> </ul>	<p>Company has had complete legal evidence of the land acquisition legalized by Pelalawan Government. The process of compensation has been conducted completely at the beginning of the estate establishment.</p> <p>The process to overcome the land dispute issue has been facilitated by the regional government.</p> <p>According to the field visit, there is no estate of PT. ADEI P &amp; I located beyond Land Use Title area.</p> <p>In order to ensure fair benefit sharing, company needs to improve performance of social communication and consistency of social impact monitoring.</p>
<p><b>(3) Chief of Kemang Village (Charles)</b></p> <ul style="list-style-type: none"> <li>There is no CSR in aspect of education (scholarship) needed by community most.</li> </ul>	<ul style="list-style-type: none"> <li>CSR Program in aspect of education is conducted in form of assistance of teacher honorarium for IDR 700,000 / month and the ongoing CSR is the construction of Kindergarten fence for IDR 17,192,055 and the ongoing construction of</li> </ul>	<p>Company shows the evidence of local contractor involmnet and absorption of significant local workforce. However, company needs to improve the performance of social communication and consistency of social impact monitoring to ensure positive and</p>









<ul style="list-style-type: none"> <li>• The involvement of local contractor as part of economy empowerment is still below the expectation.</li> <li>• The absorption of local workforce is considered less significant.</li> <li>• The temporary daily workers are not promoted.</li> <li>• Company communication with the village apparatus is considered less significant.</li> <li>• Community demands scheme smallholders program for Kemang Village.</li> </ul>	<p>Kindergarten Restroom. (the supporting data is attached).</p> <ul style="list-style-type: none"> <li>• Company provides contract workers for building house to the local contractor (the supporting data is attached; copy of Cooperative Agreement Letter).</li> <li>• Local workforce absorption has complied the quota. The ratio for today is 1:11 ha while the target of quota is 1: 18 ha</li> <li>• According to the terms and agreement of manpower, temporary daily workers are recruited for treating estate. Meanwhile the temporary daily workers at production station shall be promoted gradually. (the supporting document is attached).</li> <li>• Employees must comply the statute of manpower in term of normative rights. The non-normative rights in form of facility is valid for local and non-local. Communication with the chief of village has been conducted as written on the attached data. Communication and socialization to the villages are conducted each semester.</li> <li>• The program of scheme smallholder has been discussed by company with the Chief of Kemang Village (Mr Idris) since 2001. However, no village land left for establishing scheme smallholders. Therefore, for the compensation, mosque and office of chief of village were constructed. However, company is willing to establish scheme smallholders on the land provided by village. (the supporting document is attached).</li> <li>• Socialization to the community and Chief of Village was conducted on February 20th 2013. The material os socialization were             <ol style="list-style-type: none"> <li>a. CSR Program.</li> <li>b. Environment.</li> </ol> </li> <li>• Assistance for maintaining road maintenance and others are including the heavy equipment such as Grader and Backhoe</li> </ul>	<p>negative impacts have been well mainaged.</p>
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<ul style="list-style-type: none"> <li>• Land compensation system implemented in past was not fair due to it was just calculating community's plant.</li> <li>• There is no socialization conducted by company to Kemang Village Community.</li> <li>• There is no response over assistance request such as establishment of cooperative unit and heavy equipment request.</li> </ul>	<p>Loader (owned by company) usage. (the supporting document is attached).</p>	
<p><b>(4) Head of Village Consultation Institution (Nasron)</b></p> <ul style="list-style-type: none"> <li>• There is no request over the assistance request letter for maintaining road which has been sent on March 2013. Meanwhile, according to the reached agreement, company shall conduct routine road maintenance 3 times a year.</li> <li>• There is no response from company in term of request for preserving Telayap River.</li> </ul>	<ul style="list-style-type: none"> <li>• Road maintenance in Telayap Village is only conducted by PT. Adei P &amp; I refer to the road condition and company equipment readiness. During period of 2013 (1st semester), road maintenance was conducted 3 times on January, March, and April (the supporting document is attached).</li> <li>• Preservation of Telayap riparian and river has been continuously conducted by company on November 12th, January 13th, February 13th, April – May 13th. (the supporting document is attached).</li> <li>• Telayap riparian has been returned to its function referring to the regulation since 2005. (the supporting document is attached).</li> <li>• Assistance request has been seriously responded and specific assistance associated with public events has been</li> </ul>	<p>Company needs to improve communication by ensuring recording and response provision over the assistance request refer to the applied procedure.</p> <p>Riparian area management has been well conducted by company by conducting: Plant enrichment, free chemicals zone in riparian area, installation of prohibition signboard to hunt and destruct riparian area, socialization, etc. The stages for protecting the riparian area has been properly conducted.</p> <p>In order to ensure the fair benefit sharing, company needs to improve social communication and consistency over social impact refer to environmental management and monitoring plan to ensure the positive and negative impacts have been well managed and</p>

<ul style="list-style-type: none"> <li>• Company conducts planting in riparian area.</li> <li>• Response over the CSR is not properly responded.</li> <li>• Program of CSR of PT. ADEI has not yet meet the community expectation.</li> <li>• Company is displacing several graves within Land Use Title Area within Talayap Village Area.</li> </ul>	<p>given.</p> <ul style="list-style-type: none"> <li>• Establishment of KKPA estate for 1,002 hectare with credit fund is supported by company. construction of office of chief of village, mosque, police post, and other assistance are considered as proper CSR programs (the supporting document is attached).</li> <li>• Company did not displace the graves. The cemetery is considered as company HCV area. (refer to HCV document).</li> </ul>	<p>the aspiration for CSR program is well accomodated.</p>
<p><b>(5) Chief of Batang Nilo Kecil Village (Suryanto)</b></p> <ul style="list-style-type: none"> <li>• Company contribution over community welfare through CSR program is considered not significant.</li> <li>• There is no CSR program which is oriented to improve economy productivity such as program of Guided-Village.</li> <li>• There is still uncompensated area in Batang Nilo Kecil Village due to the process of compensation is only considering the planted area.</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance request has been seriously responded by company and specific assistance associated with social / public events has been given.</li> <li>• Program of scheme smallholders using KKPA system is purposed to improve village community economy.</li> <li>• Compensation is conducted by referring to the data recommended by data collecting team by involving village to calculate the hectarage of land and the planted plant (the supporting data is attached).</li> <li>• Road maintenance is conducted by company refer to the need of road maintenance. The latest road maintenance was conducted on June 13th. (evidence is attached).</li> <li>• Receiving FFB from outside of nucleus estate is be based on the mill condition and economy factor. The FFB receipt is refer to the quality.</li> </ul>	<p>Company needs to improve communication by ensuring recording and response provision over the assistance request refer to the applied procedure.</p> <p>Company has evidence of complete and legitimate compensation legalized by Pelalawan District Government. According to the exist documentation, the compensation process for the community of Batang Nilo Kecil has been completely conducted at the beginning of the estate establishment for entire impacted-area.</p> <p>The dispute over the land claim is being facilitated by regional government.</p> <p>In order to ensure the fair benefit sharing, company needs to improve social communication and consistency over social impact refer to environmental management and monitoring plan to ensure</p>

<ul style="list-style-type: none"> <li>• There is no response over the request of road maintenance in Batang Nilo Kecil Village yet.</li> <li>• Quantity of the FFB received by POM is not significant (1 truck 1 day). Community expects more significant economy contribution by purchasing local FFB more.</li> </ul>		<p>the positive and negative impacts have been well managed and the aspiration for CSR program is well accomodated.</p>
<p><b>(6) Chief of Terentang Manok Village (Bakri)</b></p> <ul style="list-style-type: none"> <li>• Inadequate CSR program specifically in aspect of education.</li> <li>• Cooperation with the local contractor as part of economy empowerment is not significant yet.</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance for education and other social aspects has been conducted properly.</li> <li>• Cooperation with the local contractor has been maintained in PT. SAFARI RIAU, due to the location of Teraantang Manuk Village is located within PT. SAFARI RIAU operational area.</li> </ul>	<p>In order to ensure the fair benefit sharing, company needs to improve social communication and consistency over social impact monitoring refer to Environmental Management and Monitoring Plan to ensure that positive and negative impacts are well managed and the aspiration for CSR program is able to be accomodated.</p>
<p><b>(7) Settler of Housing Complex of Division 1</b></p> <ul style="list-style-type: none"> <li>• Inadequate clean water facility. Source of water from reservoir of division 1 is considered dirty and contains sedimentated-material and no processing action conducted to process the water.</li> </ul>	<ul style="list-style-type: none"> <li>• Water management in division 1 was planned to be updated since October 2013 and the budget for managing water has been determined for IDR 355,000,000. (Evidence is attached)</li> </ul>	<p>Company has prepared the proper follow-up in form of clean water repairment program in each division.</p>
<p><b>(8) Plantation and Forestry Agency</b></p> <ul style="list-style-type: none"> <li>• Process of mediation facilitated by regional government in 5 villages (Telayap Villages, Batang Nilo Kecil Villages, Palas Village, and Kemang Village) is still on progress.</li> <li>• Mediation process is trying to overcome the land claim issue of the community nearby.</li> </ul>	<ul style="list-style-type: none"> <li>• KKPA system of scheme smallholders has been established by exceeding the regulation for Sering Village, Telayap Village, and Batang Nilo Kecil Village. Kemang Village does not has proper unmaintained land. Palas Village does not has unmaintained village and membership of 25 of Family Head in PT SAFARI RIAU has been accomodated.</li> <li>• Mediation is conducted by Pelalawan District Government.</li> <li>• Training was conducted by Riau Province Pesticide Commision on December 2012 and June 2013. (the</li> </ul>	<p>The process of land claim, the process of resolution is facilitated by regional government as the third party.</p> <p>Company has shown the evidence of paraquat usage assisted by Province Plantation Agency.</p> <p>Riparian area management is well-handled by company by implementing several actions such as: Plant enrichment, no chemicals in riparian area, installation of signboard of prohibition to hunt and destruct riparian area, etc. Those are good actions to preserve riparian area.</p>

<ul style="list-style-type: none"> <li>• Pesticide used is an active substance of paraquat, meanwhile, company has not yet hold limited pesticide usage training.</li> <li>• Company conducts planting in area along the riparian area in order to protect the area.</li> </ul>	<p>supporting data is attached).</p> <ul style="list-style-type: none"> <li>• Land Use Title of PT. Adei P&amp; I is an ex land for wood exploitation of PT. Rimba Mutiara and INHUTANI IV dimana pada saat mulai dikelola oleh PT. Adei, riparian area is used to be a bushes planted with palm oil plant to avoid illegal cultivation. Hard-Rod plants planting has been conducted since 2005.</li> </ul>	<p>In order to improve performance, company needs to ensure reporting of riparian area management written on the Environmental Management and Monitoring Plan.</p>
<p><b>(9) National Land Agency</b></p> <ul style="list-style-type: none"> <li>• Company has had the legality over the land and proven by the Land Use Title issued by National Land Agency for 12,860 Ha for establishment of estate and palm oil mill.</li> <li>• According to the issue of the land compensation demanded by the community nearby, PT. ADEI, National Land Agency along with other agencies of the regional government hold medication to overcome the issue.</li> <li>• Legally, area of Batang Nilo Village (for 565 ha) is located outside of Land Use Title area.</li> </ul>	<ul style="list-style-type: none"> <li>• Land Use Title of PT. Adei P &amp; I is 12,860 hectare and it has been managed by referring to its permits and purposes.</li> <li>• Company participates the mediation held by government and has given document and answers over the issue (the chronological stages is attached)</li> <li>• Fair Point.</li> </ul>	<p>Company has had evidence of the legal ownership over the land and it has been legalized by Pelalawan District Government. The process of compensation has been conducted at the beginning of the estate establishment.</p> <p>Resolution process over the land dispute is now in progress. The process is facilitated by the regional government.</p>

4.0	<b>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</b>		
4.1	<b>Formal Sign-off of Assessment Findings</b>		
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p style="text-align: center;">Signed on behalf of:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center; vertical-align: top;"> <p>PT Adei Plantation and Industry Bhd. Management Representative</p>  <p><b><u>Tan Kai Yoong</u></b> Monday, April 17<sup>th</sup>, 2015</p> </td> <td style="width: 50%; text-align: center; vertical-align: top;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><b><u>Trismadi Nurbayuto</u></b> Monday, April 17<sup>th</sup>, 2015</p> </td> </tr> </table>	<p>PT Adei Plantation and Industry Bhd. Management Representative</p>  <p><b><u>Tan Kai Yoong</u></b> Monday, April 17<sup>th</sup>, 2015</p>	<p>Mutuagung Lestari Lead Auditor</p>  <p><b><u>Trismadi Nurbayuto</u></b> Monday, April 17<sup>th</sup>, 2015</p>
<p>PT Adei Plantation and Industry Bhd. Management Representative</p>  <p><b><u>Tan Kai Yoong</u></b> Monday, April 17<sup>th</sup>, 2015</p>	<p>Mutuagung Lestari Lead Auditor</p>  <p><b><u>Trismadi Nurbayuto</u></b> Monday, April 17<sup>th</sup>, 2015</p>		

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Contact	Date of Contact
1	Head of Kuala Tolam Village	Village of Kuala Tonam, Subdistrict of Pangkalan Kuras, District Of Pelalawan, Province of Riau	-	Focus Discussion Group	June, 17 2013
2	Head of Palas Village	Village of Palas, Kecamatan Pangkalan Kuras, Kabupaten Pelalawan, Propinsi Riau	-	Focus Discussion Group	June, 17 2013
3	Head of Kemang Village	Village of Kemang, , Subdistrict of Pangkalan Kuras, District Of Pelalawan, Province of Riau	-	Focus Discussion Group	June, 17 2013
4	Head of BPD Telayap	Village of Telayap, Subdistrict of Pelalawan, District Of Pelalawan, Province of Riau	085265489152	Focus Discussion Group	June, 17 2013
5	Head of Batang Nilo Kecil Village	Desa Batang Nilo Kecil, Subdistrict of Pelalawan, District Of Pelalawan, Province of Riau	085307610101	Focus Discussion Group	June, 17 2013
6	Head Of Terentang Village	Village of Terentang, Subdistrict of Pelalawan, District Of Pelalawan, Province of Riau	-	Focus Discussion Group	June, 17 2013
7	Forestry and Plantation Agency	Komplek Perkantoran Bhakti Praja, Jl. Karya Praja, Pangkalan Kerinci	Telp. (0761) 493728, Fax.( 761) 95017	Focus Discussion Group	June, 17 2013
8	National Land Agency	Komplek Perkantoran Bhakti Praja, Jl. Karya Praja, Pangkalan Kerinci	Telp.( 0761) 494321 kab-pelalawan@bpn.go.id	Focus Discussion Group	June, 17 2013
9	Labor and Transmigration Agency	Komplek Perkantoran Bhakti Praja, Jl. Karya Praja, Pangkalan Kerinci	Telp. (0761) 494834	Focus Discussion Group	June, 17 2013
10	Enviromental Agency	Komplek Perkantoran Bhakti Praja, Jl. Karya Praja, Pangkalan Kerinci	-	Focus Discussion Group	June, 17 2013
11	JIKALAHARI (Jaringan Kerja Penyelamat Hutan Riau)	Pekanbaru	Email : sekretariat@jiklahari.org	Kuesioner by email	June, 14 2013
12	Jaringan Masyarakat Gambut Riau	Pekanbaru	Email : anaknegeri.andalas@gmail.com	Kuesioner by email	June, 14 2013
13	WWF	Pekanbaru	Email : suhandri@wwf.or.id	Kuesioner via email	June, 14 2013

**Appendix 2. Assessment Program**

DATE / TANGGAL		16, 19 – 21 March 2015	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
<b>Monday/Senin, 16 March 2015</b>			
06.00 – 08.00		<b>JAKARTA → PEKANBARU</b>	• TN / SP / AF / WST
08.00 – 11.00		<b>PEKANBARU → SITE</b>	• TN / SP / AF
		<b>PEKANBARU → Pelalawan District Government Stakeholders consultation to Related Government Institution</b>	• WST
11.00 – 12.00		<b>Opening Meeting</b>	• TN / SP / AF
12.00 – 14.00		<b>BREAK</b>	• TN / SP / AF
14.00 – 17.00		• <b>Document Review and Review of Previous Visit Non-conformance (Stage-2)</b>	• TN / SP / AF / WST
<b>Thursday/Kamis, 19 March 2015</b>			
08.00 – 12.00		<b>Field Observation KEBUN NILO TIMUR 1</b> • Manuring, Spraying, Harvesting, best agricultural practices and Worker Welfare (payments, complaint mechanism) • Legal operational, Conservation Area, and Water Management at Peat Area • Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.	• AF  • WST  • SP
08.00 – 12.00		<b>Field Observation NILO 2 POM :</b> WWTP (IPAL), Operational, K3 (OHS), Supply Chain, Hazardous Waste Material (B3) management	• TN
12.00 – 14.00		<b>BREAK</b>	• TN / SP / AF / WST
14.00 – 17.00		• <b>Clarification of Public Consultation and Field Observation</b> • <b>Document Review and Review of Previous Visit Non-conformance (Stage-2)</b>	• TN / SP / AF / WST
<b>Friday/Jumat, 20 March 2015</b>			
08.00 – 11.30		<b>Field Observation KEBUN NILO TIMUR 2</b> • Manuring, Spraying, Harvesting, best agricultural practices and Worker Welfare (payments, complaint mechanism) • Legal operational, Conservation Area, and Water Management at Peat Area • Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.	• AF  • WST  • SP
08.00 – 11.30		• Interview with FFB&CPO Transporter Contractor; Interview with Union Labour, and Interview with Gender Commite	• TN
11.30 – 14.00		<b>BREAK</b>	• TN / SP / AF / WST



DATE / TANGGAL		16, 19 – 21 March 2015	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
14.00 – 16.00		<ul style="list-style-type: none"> <li>• Clarification of Public Consultation and Field Observation</li> <li>• Document Review and Review of Previous Visit Non-conformance (Stage-2)</li> </ul>	• TN / SP / AF / WST
16.00 – 18.00		<ul style="list-style-type: none"> <li>• Prepare for Closing Meeting</li> </ul>	• TN / SP / AF / WST
19.00 – 20.00		Closing Meeting	• TN / SP / AF / WST
<b>Saturday/Sabtu, 21 March 2015</b>			
08.00 – 11.00 13.00 – 14.45		SITE → PEKANBARU PEKANBARU → JAKARTA	• TN / SP / AF / WST

**Appendix 3. Glossary**

<b>EIA</b>	: Environmental Impact Analysis
<b>PPE</b>	: Personal Protective Equipment
<b>B3</b>	: Hazardous Waste
<b>BOD</b>	: Biological Oxygen Demand
<b>BPN</b>	: National Land Agency
<b>CITES</b>	: Convention On International Trade Endanger Species
<b>COD</b>	: Chemical Oxygen Demand
<b>CPO</b>	: Crude Palm Oil
<b>CSR/CD</b>	: Corporate Social Responsibility/ Community Development
<b>FFB</b>	: Fresh Fruit Bunches
<b>FIRST AID</b>	: First Aid
<b>HCV</b>	: High Conservation Value
<b>HGU</b>	: Land Exploitation Rights
<b>HIRAC</b>	: Hazard Identification Risk Assessment Control
<b>IPM</b>	: Integrated Pest Management
<b>JAMSOSTEK</b>	: Jaminan Sosial Tenaga Kerja (Social Security Plan for Workers)
<b>OHS</b>	: Occupational Health & Safety
<b>KMS</b>	: Kebun Mandau Selatan (Estate Name)
<b>KMU</b>	: Kebun Mandau Mandau (Estate Name)
<b>NGO</b>	: Non-Governmental Organization
<b>P2K3</b>	: Committee for Occupational Health and Safety Development
<b>PK</b>	: Palm Kernel
<b>POM</b>	: Palm Oil Mill
<b>POME</b>	: Palm Oil Mill Effluent
<b>RKL</b>	: Environmental Management Plan
<b>RPL</b>	: Environmental Monitoring Plan
<b>S1</b>	: Surveillance 1
<b>SOP</b>	: Standard Operating Procedures
<b>ST1</b>	: Stage 1
<b>ST2</b>	: Stage 2 (Main Assessment)
<b>UMR</b>	: Regional Minimum Wage
<b>UU</b>	: Laws