

***Roundtable on Sustainable Palm Oil Certification
RSPO***

[] Stage-1 [] Stage-2 [✓] Surveillance [] Re-Certification

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

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

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

Certificate Code : **MUTU-RSPO/039**

Date of certificate issue : **May 14th, 2014**

Date of expiry of certificate : **May 13th, 2019**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Review by	Approved by
ASA-01	16, 19 – 20 March 2015	Trismadi Nurbayuto (Lead Auditor), Sandra Purba, Warsito, Arif Faisal (trainee auditor)	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-01	May 29 th , 2015

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on March 12th, 2014 with registration number **RSPO-ACC-007**

TABLE OF CONTENT

FIGURE

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

1.0 SCOPE of the SURVEILLANCE ASSESSMENT

1.1 National Interpretation Used	1
1.2 Organization Information	1
1.3 Type of Assessment	1
1.4 Location of Plantations, Mill and Area Statement	1
1.5 Description of Supply Base	1
1.6 Dates of Plantings and Cycles	2
1.7 Tonnage Certified	3
1.8 Other Certifications	4
1.9 Time-Bound Plan for Other Management Units	4

2.0 ASSESSMENT PROCESS

2.1 Certification Body	8
2.2 Assessment Team	8
2.3 Assessment Methodology, Assessment Process and Locations of Assessment	8
2.4 Stakeholder Consultation and List of Stakeholders Contacted	12
2.5 Date of Next Surveillance Visit	12

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification	13
3.2 Summary of Assessment Report of Supply Chain Requirement	41
3.3 Conformity Checklist of Certificate and Logo Use	46
3.4 Summary of RSPO Partial Certification	47
3.5 Identification of Findings, Corrective Actions, Observations, Opportunity for Improvement and Noteworthy Positive Components	50
3.6 Summary of Arising Issues from Public, Management and Auditor Responses	55

4.0 CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Signing of Assessment Findings	63
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APPENDICES

1. List of Stakeholders Contacted in the RSPO Certification Process	64
2. Assessment Program	65
3. Glossary	67

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



Figure 2. Operational Map of PT. Adei Plantation&Industriy – Nilo 1 POM



1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	National Interpretation Used	National Interpretation, RSPO Principles and Criteria (P&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.	
1.2	Organization Information		
1.2.1	Company name	NILO 1 POM (PT ADEI PLANTATION & INDUSTRY – KUALA LUMPUR KEPONG Bhd	
1.2.2	Contact person	Tan Kei Yoong	
1.2.3	Company address and site address	<ul style="list-style-type: none">RSPO registered company: Wisma Taiko, No 1 Jalan SP Seenivasagam Ipoh/Perak Darul Ridzuan, Malaysia 30000Liaison Office: Kompleks Pertokoan Taman Anggrek Blok B2 – B5 Jl. Tuanku Tambusai, Pekanbaru, Riau	
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	www.klk.co.id	
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	
1.3	Type of Assessment		
1.3.1	Scope of Assessment	Nilo 1 POM, Kebun Nilo Barat 1 Estate and Kebun Nilo Barat 2 Estate	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	PT ADEI PLANTATION & INDUSTRY	
1.3.4	Number of management unit	1 POM and 2 Estates: Nilo 1 POM, Kebun Nilo Barat 1 Estate and Kebun Nilo Barat 2 Estate	
1.4	Locations of Mill, Plantations and Area Statement		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			LatitudeLongitude
	Nilo 1 POM	Telayap Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	00° 20' 53" N101° 58' 18" E
1.4.2	Location of Supply Base		

	Name of Supply Base	Location	Coordinate				
			Latitude	Longitude			
	Kebun Nilo Barat 1	Kemang Village, Sub District of Pangkalan Kuras, District of Pelalawan, Province of Riau, Indonesia	0°12' – 0°25' N	101°55'-102°10' E			
	Kebun Nilo Barat 2	Kemang Village, Sub District of Pangkalan Kuras, District of Pelalawan, Province of Riau, Indonesia	0°12' – 0°25' N	101°55'-102°10' 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 1)		TOTAL (Ha)			
		NILO BARAT 1 Estate (Ha)	NILO BARAT 2 Estate (Ha)				
	• Total area	2,950	3,334	6,284			
	• Mature area	2,832	3,000	5,832			
	• Immature area	-	124	124			
	• Mill	-	16,09	16.09			
	• Emplishment, Infrastructure and Bridge	79	98.91	177.91			
	• Nursery	-	-	-			
	• Occupation	-	-	-			
	• Others area	-	-	-			
	• HCV	39	95	134.00			
1.5	Description of Supply Base						
1.5.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO Out put (tonnes) Extraction (%)	Palm Kernel Out put (tonnes) Extraction (%)		
	Nilo 1	90	149,232.74	32,279.04 21.63	7,625.79	5,11	
	*Source Production Data on March 2014 to February 2015						
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 Barat 1	2.950	2.832	44,288.01	15.64	44,288.01	100
	Kebun Nilo Barat 2	3.334	3.124	49,006.17	15.69	47,103.03	96.12
	Total	6.284	5.956	93,284.18	15.66	91,391.04	97.96
	Source Production Data on March 2014 to February 2015						

1.5.3	Smallholders and other source				
	Name of sources	Members	Location	Supplied to Mill FFB (tonnes/year)	
	PT. Safari Riau (KLK Group)	Non Certified	Pelalawan	41,724.27	
	KKPA Telayap	Non Certified	Pelalawan	599.09	
	KKPA Batang Nilo Kecil	Non Certified	Pelalawan	5,633.78	
	KKPA PT. Safari Riau	Non Certified	Pelalawan	8,850.93	
	KKPA Sering	Non Certified	Pelalawan	972.04	
	KTA Safari	Non Certified	Pelalawan	61.59	
	Sub Total			57,841.70	
	* Source Production Data on March 2014 to February 2015				
1.5.4	Product categories		FFB / CPO / PK		
1.6	Year of Plantings and Cycles				
1.6.1	Age profile of planted palms*				
	Planting Year	Hectarage (Ha)			
		Nilo Barat 1	Nilo Barat 2	Total (Ha)	
	1992	108	-	108	
	1998	801	-	801	
	1999	1,224	879	2,103	
	2000	682	1,276	1,958	
	2001	-	633	633	
	2002	-	132	132	
	2003	17	80	97	
	2004	-	-	-	
	2015	-	124	124	
	TOTAL	2,832	3,124	5,956	
1.6.2	New Planting area after November 2007		- Ha		
1.6.3	Planting Cycle		1 st Cycle 25 Years		
1.7	Approximate Tonnage Certified				
1.7.1	Past Annual Claim Certified Product		Certificate Claim (tonnes/year)	Actual certified product (tonnes/year)	
	• FFB Production		126,000	93,234	
	• CPO Production		28,980	20,726.71	
	• Palm Kernel (PK) Production		6,615	4,664.71	
	** Certificate Claim period 14 th May 2014 – 13 th May 2015 ** Actual Claim periode May 2014 – 16 th March 2015				
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 Barat 1	2.950	2.832	47,378	16.73
Kebun Nilo Barat 2	3.334	3.124	52,452	16.79
TOTAL	6.284	5.956	99,830	16.76

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 1	90	99,830	22,461	22.50	5,191	5.20

1.8 Other Certifications

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

1.9 Time Bound Plan
1.9.1 Time Bound Plan for Other Management Units

MANAGEMENT UNIT		LOCATION	Coverage Area (Ha)	Time Bound	Status
P O M	Estate (Supply Base)				
INDONESIA					
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	Belitung, Bangka Belitung	3,990	2013	Certified
	Alam Karya Sejahtera	Belitung, Bangka Belitung	6,012	2013	Certified
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
PENINSULAR MALAYSIA						
	Batu Lintang POM	Pelam	Kulim, Kedah	2,526	2012	Certified
		Batu Lintang	Serdang, Kedah	2,355	2012	Certified
		Subur	Batu Kurau, Perak	1,290	2013	Certified
		Ghim Khoon	Kulim, Kedah	434	2012	Certified
	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 Pemas	Pemas, Negri Sembilan	923	2012	Certified
		Gunung Pertanian	Simpang Durian, Negri Sembilan	686	2012	Certified
		Sungai Kawang	Lanchang, Pahang	1,889	2012	Certified
		Renjok	Telepong, Pahang	1,578	2012	Certified
		Tuan	Telepong, Pahang	1,353	2012	Certified

	Tanjung Malim POM	Tanjung Malim	Tanjung Malim, Perak	1,544	2013	Certified
		Kerling	Kerling, Selangor	619	2013	Certified
		Sungai Gapi	Serendah, Selangor	603	2013	Certified
		Bukit Kato				Certified
		Kampar				Certified
	Tuan Mee POM	Tuan Mee	Sungai Buloh, Selangor	1,556	2012	Certified
	Kuala Pertang POM	Kerila	Tanah merah, Kelantan	2,191	2013	Certified
		Pasir Gajah	Kuala Krai, Kelantan	2,107	2013	Certified
		Sungai Sokor	Tanah Merah, Kelantan	1,603	2013	Certified
	Changkat Chermin POM	Lekir	Manjung, Perak	3,332	2012	Certified
		Changkat Chermin	Manjung, Perak	2,540	2012	Certified
		Raja Hitam	Manjung, Perak	1,497	2012	Certified
		Allagar	Trong, Perak	805	2013	Certified
		Glenealy	Parit, Perak	1,059	2013	Certified
		Serapoh	Parit, Perak	936	2013	Certified
		Kuala Kangsar	Padang Rengas, Perak	843	2013	Certified
	SABAH, MALAYSIA					
	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	Progress of Associated Smallholders and Outgrowers for Certifiable Standard
	The management unit is currently performing an internal audit to ensure that the outgrowers and smallholder compliance with the RSPO standard. In addition smallholders and outgrowers will be conducted in accordance with the RSPO standard assessment on ASA-03 (3 years after POM certified).

2.0	ASSESSMENT PROCESS
2.1	Certification Body
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: www.mutucertification.com Email : agri@mutucertification.com
2.2	Assessment Team
2.2.1	Lead Assessor and Assessment Team
ASA-01	<ol style="list-style-type: none"> Trismadi Nurbayuto (Lead auditor). 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. Sandra Purba (Auditor). 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. Arif Faisal Simatupang (Auditor Trainee). 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. Warsito (Auditor). 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.
2.3	Assessment Methodology, Assessment Process and Locations of Assessment
2.3.1	Figure of person days to implement assessment
ASA-01	Number of auditors : 4 auditors Number of days for ASA-1 at site : 3 days Number of working days for ASA-1 at site : 12 working days
2.3.2	Detail process of assessment
ASA-01	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT PT Adei Plantation & Industry – Nilo 1 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.</p> <p>Some opportunities for improvement of the results ASA-1 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	Locations of Assessment
ASA-01	Nilo Barat 1 Estate
Location 1.	Batang Nilo Kecil River. Division 1. Auditor verifies the HCV area management effort in riparian area. The palm oil plant stand within riparian area is no longer harvested. Furthermore, the hard wood tree enrichment of <i>Alstonia scholaris</i> (<i>Pulai</i>) is also conducted by the company. However, the tree cannot survive. Therefore, the company attempts to plant the riparian area with better plant.
Location 2.	Kepong Sialang Block 20. Division 1. Auditor verifies the HCV area. The area is well maintained. There are several long-tailed macaque (<i>Macaca fascicularis</i>) and <i>Apis dorsata</i> in Dipterocarpus.
Location 3.	Land Use Title (HGU) Pole of division 1 number: 114, 115, 116 a 117. Auditor verifies the boundary pole condition, most of the boundary pole condition are good but the boundary pole number 117 is a broken and the pole's number is not visible.
Location 4.	Oil warehouse, chemical warehouse, fertilizer warehouse, chemical mix and PPE storage of division 2. According to the field observation and interview with the officer in charge at the warehouse, the officer in charge is able to describe the work stages correctly. The PPE has also been provided and the environment has been well managed.
Location 5.	Landfill. According to the field observation to the landfill location, the location has met the environment sanitation standard.
Location 6.	Policlinic. According to the field observation and interview with the officer in charge at the clinic, the paramedic is able to describe the procedure of health service at the company. The medical waste storing has been well conducted. There is no expired drugs and the medical stuffs have been sterilized before it is reused by.
Location 7.	Daycare. According to the field observation and interview with the officer in charge, there are facilities to support daycare security and comfortability and there is also proper first aid kit.
Location 8.	Employee housing complex. According to the field observation and interview with the employees living in housing complex provided by the company, the domestic waste management has been well conducted, the waste is transported twice a week and the employee is able to describe the procedure to express the complaint.
Location 9.	Workshop. According to the field observation and interview with the workers at the workshop, the OHS has been well implemented, the PPE is properly available, the used oil has been well managed, the gas cylinder has been secured and the welding expert has been trained to achieve competence certificate.
Location 10.	Harvesting program, Division 1, Block B29. According to the field observation and interview with the harvester foreman and harvesters in term of the fulfilment of PPE, work equipments, health and work accident insurance, wage, premium and complaint handling, the company has provided complete PPE and work equipments referring the employee needs.
Location 11.	Weed spraying program, Division 1, Block 22. According to the observation and interview with the sprayer foreman and sprayers in term of the fulfilment of PPE, work equipments, health and work accident insurance, regular medical check up, sprayer training, first aid training, gender issue and complaint delivery, the company has provided complete PPE, work equipments and also has handled the manpower issue perfectly.
Location 12.	Manuring program, Division 1, Block 33. According to the observation and interview with the manuring foreman and manurer in term of the fulfillment of PPE, work equipments, health and work

accident insurance, wage, regular medical check up, first aid training, gender issue and complaint delivery, the company has provided PPE and work equipments and they also have handled the manpower issue perfectly.

Location 13. EFB application, Division 1, Block 99. According to the field observation and interview with the manager in term of the empty fruit bunch application, the company applies EFB as an attempt to implement zero waste, adding organic and nutrient with nutrient deficiency.

Location 14. Barn owl box, Division 1, Block 21. According to the observation on barn owl box in term of the box installation and monitoring, there are owlets at the box which indicates that the owl is well growing.

Nilo Barat 2 Estate

Location 1. Land Application, Division 3, Block 42/42. Auditor verifies the land application area and interview the officer in charge (Mr Harianto) in term of the flowing technique, period and effect on the plant growth.

Location 2. EFB application, Block 27. Auditor verifies the interviews the foreman (Mr Pernando) in term of empty fruit bunch application technique, quantity of EFB per plant, workers status, etc.

Location 3. Land Use Title (HGU) Pole of division 4 number: 144, 145, 146 and 147. Auditor verifies the boundary pole condition, most of the boundary pole condition are good.

Location 4. Telayap Riparian. Auditor verifies the HCV area management effort in riparian area. The palm oil plant stand within riparian area is no longer harvester. Signboard installation in form of prohibition to burn, poisons, hunt, spray and electrocute. Furthermore, the plant enrichment of *Alstonia scholaris* is also conducted by the company. However, the Indian devil tree cannot survive. Therefore, the company attempts to plant the riparian area with better plant.

Location 5. Oil warehouse, chemical warehouse, fertilizer warehouse, chemical mix and PPE storage of division 3. According to the field observation and interview with the officer in charge at the warehouse, the officer in charge is able to describes the work stages correctly. The PPE has also been provided and the environment has been well managed.

Location 6. Landfills. According to the field observation to the landfill location, the location has met the environment sanitation standard.

Location 7. Polyclinic. According to the field observation and interview with the officer in charge at the clinic, the paramedic is able to describes the procedure of health service at the company. The medical waste storing has been well conducted. There is no expire drugs and the medical stuffs have been sterilized before it is reused by.

Location 8. Daycare. According to the field observation and interview with the officer in charge, there are facilities to support daycare security and comfortability and there is also proper first aid kit.

Location 9. Employee Housing Complex. According to the field observation and interview with the employees living in housing complex provided by the company, the domestic waste management has been well conducted, the waste is transported twice a week and the employee is able to describe the procedure to express the complaint.

Location 10. Workshop. According to the field observation and interview with the workers at the workshop, the OHS has been well implemented, the PPE is properly available, the used oil has been well managed, the gas cylinder has been secured and the welding expert has been trained to achieve competence certificate.

Location 11. Harvesting program, Division 3, Block 36. According to the field observation and interview with the harvester foreman and harvesters in term of the fulfilment of PPE, work equipments, health and work accident insurance, wage, premium and complaint handling, the company has provided complete PPE and work equipments referring the employee needs.

Location 12.	Weed spraying program, Division 3, Block 99. According to the observation and interview with the sprayer foreman and sprayers in term of the fulfilment of PPE, work equipments, health and work accident insurance, regular medical check up, sprayer training, first aid training, gender issue and complaint delivery, the company has provided complete PPE, work equipments and also has handled the manpower issue perfectly.
Location 13.	Manuring program, Division 3, Block 35. According to the observation and interview with the manuring foreman and manurer in term of the fulfillment of PPE, work equipments, health and work accident insurance, wage, regular medical check up, first aid training, gender issue and complaint delivery, the company has provided PPE and work equipments and they also have handled the manpower issue perfectly.
Location 14.	EFB application, Division 3, Block 99. According to the field observation and interview with the manager in term of the empty fruit bunch application, the company applies EFB as an attempt to implement zero waste, adding organic and nutrient with nutrient deficiency.
Location 15.	Barn owl box, Division 3, Block 99. According to the observation on barn owl box in term of the box installation and monitoring, there are owlets at the box which indicates that the owl is well growing.
Location 16.	Peatland, Division 3, Block 98. According to the field observation and interview with the manager in term of peatland management in term of drainage, dam, water level and subsidence monitoring pole, the company has implemented drainage system, dam and water level monitoring as a strategy to manage peatland area.
Location 17.	Peatland subsidence pole, Division 3, Block 99. According to the field observation and interview with the manager in term of the subsidence pole and peatland subsidence measurement, the company has measured the peatland subsidence weekly. It is conducted by the sustainability team.
Location 18.	Fire monitoring tower, Division 3, Block 78. According to the field observation and interview with the patrol officer of the fire monitoring tower in term of the schedule and the number of the personnel, PPE and work equipments, the company has built the fire monitoring tower at the strategic location and they built it permanently for 12 meter high.
Location 19.	Land Clearing Location, Division 4, Block 60 and 64. Field observation and interview with the manager in term of the fire risk monitoring and control, program technique, water level monitoring in replanting program.
Nilo 1 POM	
Location 1.	Nilo 1 POM. Auditor observes and interviews several employees in term of SCCS implementation, OHS implementation and environment management conducted by the management unit.
Location 2.	Security Post. Auditor observes the security officer in term of the procedure to inspect the FFB and CPO transporting truck which is going in and out.
Location 3.	Weighbridge Station. Auditor observes the operator in term of FFB administration from the RSPO and non-RSPO certified. Furthermore, the CPO and PK administration which are delivered out of the POM are also observed.
Location 4.	Loading Ramp Station. Auditor interviews the loading ramp operator, to know the stages taken when the FFB which does not meet the criteria found. The FFB which does not meet the criteria will be processed if the FFB is sent from the nucleus estate. Meanwhile, the outgrower FFB which does not meet the criteria is shall be returned and cutted from the nett.
Location 5.	Boiler Station. Auditor interviews the boiler operator, according to the interview, the boiler operator has been certified (boiler certificate). Furthermore, the boiler operator has received specific medical check up referring the applied regulation.

Location 6.	Workshop. Auditor observes the environment sanitation of the workshop and interviews the welder. According to the interview, the welder has been certified (welding expert class II).
Location 7.	Hazardous waste storage. Auditor observes the hazardous waste stock referring the updated balance sheet and logbook. Furthermore, there are first aid kits and hazardous waste and MSDS signboards referring the applied regulations.
Location 8.	Chemicals warehouse. Auditor observes the chemicals stocks and hazardous waste and MSDS signboards referring the applied regulations.
Location 9.	Diesel fuel tank. Auditor observes the environment sanitation nearby diesel fuel tank. Furthermore, there is fire extinguishers to handle the fire.
Location 10.	Water Treatment Plan. Auditor observes the flow meter condition used to process FFB and to supply the domestic needs (employee housing complex). The flowmeter condition is well functioned.
Location 11.	Water Waste Treatment Plan (IPAL). Auditor observes the flow meter condition on the final ponds (before LA) and it is considered well functioned. Furthermore, there is no leakage found on WWTP pond.
Location 12.	Hydrant nearby Kernel Despatch Station. Fire simulation is conducted by the emergency response team to ensure the readiness of the equipments and the team.
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.
2.4	Stakeholder Consultation and List of Stakeholders Contacted
2.4.1	Summary of stakeholder consultation process.
	<p>A Public consultation has been carried out through the following methods:</p> <ol style="list-style-type: none"> 1. Public notification in Mutu Website on February 23rd, 2015. 2. Meeting with the board of village and community representatives of 4 villages around company. 3. Meeting with internal stakeholders are workers, worker union and committee gender. 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. 5. Correspondence emails with NGOs in scope Pelalawan and Riau as: WWF Riau, Jikalahari and Jaringan Gambut Riau. 6. Various input from the results of the public consultation was submitted to the PT. Adei P&I, as well have been clarified
2.4.2	List of stakeholder contacted
	Please find appendix 1
2.5	Determining Next Visiting
	The next visit ASA-2 will be determined one year after this ASA-1 (March-May 2016).

3.0. ASSESSMENT RESULT
3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of *Nilo 1 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 two (2) major nonconformance, no (0) minor 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 1 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 **Maintained**.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1 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.		
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 1 POM is coordinated by the head of mill administration. According to the result of document review and public consultation, all 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 refers 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.		
	Status: Complied	
1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
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 infomation 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 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.		
	Status: Complied	
PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS		

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

The company is having the permits as shown on the previous assessment (ST-2). There is evidence of the applied law and regulation compliance, especially in term of company legality and permits. For example:

Plantation Business Permit for Processing

- Plantation Business Registration Letter (SPUP) Hk number 350/12/dj.bun.5/1/2002 year 2002 for 12,860 hectar of Nilo Estate and Nilo 1 POM with capacity of 60 Ton of FFB/hour.
- The Plantation Business Registration Letter (SPUP) is updated by the plantation business permit – extension of POM capacity of Nilo 1 POM, PT. Adei Plantation & Industri, referring the decree of Pelalawan Regent number 525.2/DISBUN/VIII/2005/444 dated August 1st 2005 from 60 ton of FFB/hour to 120 ton of FFB/hour.
- There is Plantation Business Permit for Processing for PT Adei P & I for the Nilo POM 2 (new POM uni) referring the decree of Pelalawan Regent number 525.3/DISBUN/2012/390 dated July 16th 2012 with capacity of 70 ton of FFB/hour.

Effluent Utilization

- The approval to analyze the effluent utilization (660/BLH/2013/95 Nilo POM 2). The permit is issued by Pelalawan Regent. The company use the effluent to be applied to the estate. It is the effluent generated by POM with capacity of 60 ton of FFB/hour. It is applied to the effluent application block 19 and 20 of Division 8.
- Welding expert certificate processing letter on behalf of Yosli Hendra. It was issued by Province Manpower Agency.
- Permit of the Nilo 1 POM effluent utilization (KPTS.660/BLH/2011/326). It was issued by Pelalawan Regent. The company must utilize the effluent in blocks 35, 41, 42 and 43 for 100 ha.

Hazardous Waste Management. The hazardous waste storage of Nilo 1 POM and Nilo Barat Estate have been licensed with the proper specification of the storage width and coordinate.

The company shows the compliance over the reporting on the aspect of environment regularly to the associated agency. For example:

- Report of the implementation of the environmental management and monitoring plan of the estate and POM 1 in 2nd quarter of 2014 to the Pelalawan District Environment Agency on March 13th 2015.
- The result of the effluent test on February 2015 was reported to the Pelalawan District Environment Agency on March 11th 2015.
- Report of hazardous waste management in 4th quarter of 2014. It was reported to Pelalawan District Environment Agency on January 2nd 2015.

As for the reference, the company has as system to document the must-complied law requirements including the compliance status and implementation as written on the SOP number 2 in term of the compliance over the applied statutes and regulations and the SOP number 3 in term of the permits and reporting which regulates the procedure of the company must-complied permit and license processing.

In order to help the evaluation of the regulation compliance, the full list of the must-complied regulation and law including its compliance status for period of 2013 has been composed by the company.

The adjustment over the regulation changes has been conducted by the company. The company has shown the list of the updated regulation on March 2nd 2015. There are 6 new regulations in term of Health BPJS, land fire extinguishing equipments, soil and water conservation, peatland ecosystem protection and management, effluent quality threshold and environment sanitation.

Status: Complied

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

Company is able to show the evidence of land ownership refer to the applied government regulation. For example:

- Location permit refer to the decree number 45/I.L-I/1991 of Riau Province Governor through **BKPM** in term of location permit and land compensation over \pm 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. Attachement of location map of PT. Adei Crumb Rubber Estate.
- Land Use Title Document refer to letter number 23/HGU/1993 in term of provision of Land Use Title (HGU) on behalf of 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, refer to the letter number HK.350/E5.335/04.97 year 1997 as the government approval over conversion of estate commodity from ruber plant to palm oil plant.

The company has the 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, all poles are in good condition and well demarcated. The broken poles are 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 is shall be observed).

There are records of the land dispute resolution. For example:

Palas Village

- Palas Village claims 135 ha of the land. Only 71.55 ha of the land that has been compensated (growing plant compensation), the rest of the land hectarage is not yet compensated (growing plant compensation).
- There is official record of the agreement between both parties on October 19th 2013 as the land compensation by establishing village estate for 20 ha gradually (10 Ha in 2013/2014 and 10 Ha in 2014/2015). It was signed by the production director, chief of village and the witnesses.
- There was an agreement between both parties on October 24th 2013. The agreements was stating that the village estate establishment was funded by the company (the detail of the cost is attached). It was signed on the law seal by the production director, chief of village, chief hamlet, secretary of village, chief of customary and witnesses.
- The declaration letter on October 14th 2013. It states that all land in Palas Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU). Therefore, the rest of the land is considered as the state land referring the verification team. It was signed by customary figure, community figure, religious figure, youth figure and village apparatus.

Kemang Village

- The declaration letter on October 9th 2013. It states that all land in Kemang Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU). Therefore, the rest of the land is considered as the state land referring the verification team. It was signed by customary figure, community figure, religious figure, youth figure and village apparatus. Furthermore, the company gives compensation in form of mosque renovation.

Batang Nilo Kecil Village

The declaration letter on October 26th 2013. It states that all land in Batang Nilo Kecil Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU). Therefore, the rest of the land is considered as the state land referring the verification team. It was signed by customary figure, community figure, religious figure, youth figure

and village apparatus. Furthermore, the company also gives compensation in form of mosque renovation, PLN electricity grid installation, bridge construction, the locals are prioritized on the workers recruitment, village road maintenance routinely (twice a year), preserving the river referring the applied environment regulation and implementing CSR programs.

The management unit is still using SOP number 26 and SOP number 27 to solve the conflict as follow:

- SOP number 26 in term of the procedure of land dispute. It describes the procedure, task divisioning and documentation of land dispute by forum or by court.
- SOP number 27 in term of the procedure of land acquisition to plant palm oil plant. It describes the standard procedure to acquire land from the consultation with the government to its compensation process with the locals.

Major 2.2.2.	Status: Observation
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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.

According to the document of land acquisition legality and record of the compensation process with the locals, there is no customary land within PT Adei P & I area and the land compensation is conducted voluntarily.

There are records of the land dispute resolution. For example:

Palas Village

- Palas Village claims 135 ha of the land. Only 71.55 ha of the land that has been compensated (growing plant compensation), the rest of the land hectareage is not yet compensated (growing plant compensation).
- There is official record of the agreement between both parties on October 19th 2013 as the land compensation by establishing village estate for 20 ha gradually (10 Ha in 2013/2014 and 10 Ha in 2014/2015). It was signed by the production director, chief of village and the witnesses.
- There was an agreement between both parties on October 24th 2013. The agreements was stating that the village estate establishment was funded by the company (the detail of the cost is attached). It was signed on the law seal by the production director, chief of village, chief hamlet, secretary of village, chief of customary and witnesses.
- The declaration letter on October 14th 2013. It states that all land in Palas Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU). Therefore, the rest of the land is considered as the state land referring the verification team. It was signed by customary figure, community figure, religious figure, youth figure and village apparatus.

Kemang Village

- The declaration letter on October 9th 2013. It states that all land in Kemang Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU). Therefore, the rest of the land is considered as the state land referring the verification team. It was signed by customary figure, community figure, religious figure, youth figure and village apparatus. Furthermore, the company gives compensation in form of mosque renovation.

Batang Nilo Kecil Village

The declaration letter on October 26th 2013. It states that all land in Batang Nilo Kecil Village have been compensated. Furthermore, there is no customary land within Land Use Title (HGU). Therefore, the rest of the land is considered as the state land referring the verification team. It was signed by customary figure, community figure, religious figure, youth figure and village apparatus. Furthermore, the company also gives compensation in form of mosque renovation, PLN electricity grid installation, bridge construction, the locals are prioritized on the workers recruitment, village road maintenance routinely (twice a year), preserving the river referring the applied environment regulation and implementing CSR programs.

According to the document review, the company has the evidence of the land compensation process. It was conducted

voluntarily and it was then followed by the forum for the reaching the agreement of the land compensation.

Status: Complied

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.

The company has document of plant and finance projection for period of five years (2014/2015 – 2018/2019). The document is available for Nilo Barat 1 and 2 Estate. It covers:

- Mature area: the changes of hectareage caused by replanting program annually.
- FFB: trend of production increase is based on the production trend for the last three years.
- FFB/ha: the increase is based on the production trend for the last three years. The average projection of FFB/ha for period of 2014/2015 is 20 ton/ha, it is projected to be increased up to 24 ton/ha on 2018/2019.
- CPO/ha: the OER is predicted to increase on 2014/2015 therefore the production of CPO/ha is also increasing.
- Production cost / ton of FFB: increase for 2% annually.
- Production cost /ha: the production cost increases for 4 % - 5 % annually.

The company has planted replanting program for the next 5 years. According to the SOP 4 in term of replanting, the replanting is shall be conducted once the plants reach their limits such as the plant age is 25 years, the plant height is 18 meter, the FFB production is below 14 ton/ha/year, the plant density is < 70 plant/ha and the price of CPO support the replanting program.

The company is now on the progress of replanting in Nilo Barat 2 Estate, division 4, block 00E3 and 00E4 for 120 ha in period of 2014/2015. The plants which are planted on Block 00E3 and 00E4 are the 15 years old plant. However, the FFB potential is very low (yield for period of 2014 was 12.37 ton/ha/year and 11.85 ton/ha/year). The low production rate was caused by the high ganoderma attack.

Data of the replanting program for the next five years for Nilo Barat Estate is can be seen on the table below:

Period	Nilo Barat 1	Nilo Barat 2	Total
2014/2015	0	120	120
2015/2016	381	288	669
2016/2017	0	503	503
2017/2018	0	506	506
2018/2019	294	262	556
Total	675	1,679	2,354

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 the cultivation is available on the technical guidance of the palm oil plantation of PT KLK Agriservindo (Number: GP/AGRIC/OP) dated November 25th 2004. The procedure covers the SOP of replanting, nursery, block identification, road construction and drainage construction, land maintenance/weed control, manuring, planting on mineral soil, planting on peat soil, IPM, soil and water conservation, erosion control, HCV and FFB harvesting.

The procedure of FFB processing is written on the SOP for Mill Operation in form of the standard procedure for Nilo 1 POM. The procedure was legalized on December 1st 2011. The procedure covers the SOP for the weighbridge station, loading ramp

station, boiling station, tippler and thresher station, digester station, press station, oil room, depericarper, nut cracker, kernel silo, boiler house, power plant and EFB mulching station, FFB receipt (SOP for Weighbridge Station), palm oil processing written on the SOP in each station (loading ramp station; sterilisation station, hoist and threshing station, digester station, press station, depericarper station, nut cracker station, kernel silo, boiler house, power station and CPO despatch).

The company inspects and monitor the estate and mill operational at the programs as follow:

- Internal audit for the estate operational (each semester).
- Work inspection which is conducted by the manager routinely (monthly).
- Performance assessment referring the SOP for the operator. It is assessed by the manager and assistant through the training assessment result.
- The company has the summary of the result of RSPO internal audit. The RSPO internal audit was conducted on March 2nd 2015. The assessment was verifying all the principles and criterias, document and estate and mill readiness. There is list of the findings, management reviews, finding status and realization target.
- The result of the internal audit to assess Nilo Barat 1 Estate covers the report of audit and manager's comment such as the outstanding debt, difference of recording, labour social assurance, etc. the internal audit was conducted on December 2014.

Record of the result of the estate operational is written on the progress of estate report. It describes the area statement, organization structure, personnel and settlers (organization structure, statistic and workers distribution, housing complex, facilities and infrastructure, rainfall rate), plant maintenance (recapitulation of maintenance, maintenance per planting year, pest and disease control).

Record of the result of mill operational is available on the progress of POM respot. It describes the production statistic, mill capacity and utilization, production quality, production loss over the processed FFB (percentage of CPO loss over the processed FFB and percentage of the kernel loss over the processed FFB), total of the mill cost, mill processing cost, mill station is analyzed by cost category (reception, fruit handling, sterilisation, threshing, pressing, clarification, depericarping, kernel recovery station, boiler station, power generation, product storage and despatch, laboratory, oil recovery, water treatment plant effluent, treatment plant, work shop and maintenance, EFB disposal), mill fixed cost, selling expence CPO and PK, running account engine water – evit detail, report of engine room operational. There are monthly reports 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.

The company through AARI (Applied Agricultural Resources Indonesia) analyses the soil and leaf annually as the reference of manuring recommendation. The latest analysis was conducted on 2014 in Nilo Barat 1 Estate, division 1 and Nilo Barat 2 Estate, division 3. It was conducted by AARI (Applied Agricultural Resources Indonesia). The result of the analysis is written on the document of manuring recommendation for period of 2015 which covers:

- Soil Analysis
Soil nutrient analysis is conducted to recognize the availability of soil nutrient as the reference on the compilation of manuring recommendation. The tested parameters are: texture, acidity (pH), substance C, N, P, K, Mg, Ca, Na, BS, CEC, Al and H. example of the result of analysis in Nilo Barat 1 Estate, Division 1, Block 1999C1 on the soil depth between 15 - 45 cm: C organic 7.84 % ; N 0.27 % ; P total 281 ppm ; KTK K 0.1 m.e.% ; KTK Ca 0.35 m.e.% ; and KTK Mg 0.23 m.e.%

- Leaf Analysis

The leaf analysis is conducted annually. The result of the leaf analysis is considered as the reference for compiling manuring recommendation.

Example of the result of leaf analysis in Nilo Barat 1 Estate, Division 1, Block 1998A1 : substance N 2.31 % ; P 0.134 % ; K 1.46 % ; Ca 0.54 % ; Mg 0.18 % ; B -.

Example of the result of leaf analysis in Nilo Barat 2 Estate, Division 3, Block 1999A2 : substance N 2.47 % ; P 0.149 % ; K 1.16 % ; Mg 0.16 % ; Ca 0.53 % ; B 14.7 %.

- Visual Analysis

The company is also conducting visual monitoring to monitor the FFB potential, symptoms of soil nutrient deficiency, canopy width and pest and disease attack potential.

The company has conducted manuring, EFB application and effluent application (land application) to the land. It is proven by the records of manuring, EFB application and land application. For example:

- Nilo Barat 1 Estate, Division 1 :

- Manuring program in field 19992A1. The recommended dosage for the 1st semester of 2015 is MOP (17:28) 2.25 kg/plant ; KS 2.00 kg/plant ; Fertibor 0.1 kg/ plant; RP 2.5 kg/ plant. The recommended dosage for the 2nd semester of 2014 was MOP 17:28 2.5 kg/ plant and MOP 17:28 2.0 kg/ plant. According to the result of field visit to block 33, the KS manuring has been conducted by referring the recommended dosage (2 kg/ plant).

- Nilo Barat 2 Estate, Division 3 :

- Manuring program in field 1999A1a The recommended dosage for the 1st semester of 2015 is RP 2.5kg/ plant; MOP (17:28) 2.0 kg/ plant; KS 2.00 kg/ plant; MOP 1.0 kg/ plant. The recommended dosage for the 2nd semester of 2014 was MOP 17:28 2.0 kg/ plant. According to the result of field visit to block 33, the KS manuring has been conducted by referring the recommended dosage (2 kg/ plant).
- The EFB application for period of 2014/2015 is issued by AARI on 4 fields which are 98A1, 98D2, 99A1, 99A3 with the total of hectareage for 4,151.1 ha.

Status: Complied

4.3

Practices minimize and control erosion and degradation of soils.

The company has Soil Map for Nilo Barat and Nilo Timur Estate area in scale 1: 100,000. There are 8 types of the soils identified within the company operational area. The map describes the type of soil, slope, main substance, soil depth, drainage condition, structure, consistency, texture, notes, ha and percentage of each soil type. According to the map, the soil condition in Nilo Barat 1 Estate, division 1 and Nilo Barat 2 Estate, division 3 is dominated with sandy soil, wavy ropography with slope between 3% -16% including the boundary factor of the low fertility level. However, there are 1,060 Ha of the peatland area with depth for < 2 meter in Nilo Barat 2 Estate, Division 3. According to the map, the soil classified as marginal soil is the peatland area with the boundary factor of the low soil fertility, peatland depth and drainage.

The company also has Slope Map for area of Nilo Barat and Nilo Timur Estate in scale 1:80,000. According to the map, there are several slope class 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 %).

According to the result of field visit to Nilo Barat 1 Estate, division 1, block 21, the strategies to manage the land at the slope area are conducted by creating individual terrace, frond arrangement to minimize erosion, prohibit the *Neprolepis* spray in the edge of the terrace, creating siltpit at the edge of the road. The company is also applying EFB on the terrace to add organic substance on the soil due to the terrace surface is not top soil.

The company has programs and realization of road repairmen for period of 2014/2015 for Nilo Barat 1 and Nilo Barat 2 Estate. For example, road grid, routine maintenance by using road grader and compactor, sewer installation and maintenance, gravel application. According to the field observation, the road at the Nilo Barat Estate is well maintained. The road grader is functioned based on the road condition priority.

Status : Complied

4.4

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

The company has programs to protect the riparian area refer to the recommendation of the final report of Aksenta Consultant. Several attempts to protect the environment are:

- Determining the riparian area 50 of the left and right of the Telayap and Batang Nilo Kecil River as HCV area. The palm oil plant at the riparian area is shall not be harvested and the *Alstonia scholaris* (Pulai) enrichment is also conducted. The auditor was visiting the block 3 or Batang Nilo Kecil River.
- Plant enrichment in Batang Nilo Kecil and Telayap River. The plant enrichment of bamboo, Pulai and *Albizia saman* nearby riparian area. Most of the plants are dead due to the annual flood. During the period of 2014 there were 1,170 Pulai tree planted on the area. During the period of 2015, there are 60 Pulai that are planted so far.
- Managing water on the peatland area (water gate maintenance/water pump maintenance, water level monitoring).
- Installing the signboards to inform the prohibition to not to burn, spray, manuring and poisoning fish.
- Testing the Telayap River water quality routinely (each quarter) and testing the Batang Nilo Kecil water quality routinely (each semester). The river water quality is tested by internal laboratory. The result of the test is can be shown.
- Testing the water quality of housing complex, reservoir, drainage of the housing complex. The result of the water quality is available (division 1 and 3).

Mill effluent quality is routinely (monthly) tested by the reliable laboratory of Pekanbaru. The test parameters cover pH, **BOD₅**, **COD**, Oil & Fat, Pb, Cu, Cd, Zn, N, Ammonia, TSS, TS. The samples are taken from 5 ponds before the effluent application. According to the result of the test, the BOD has complied the quality threshold determined by the government (below 5,000 mg/liter). The level of BOD in period of December 2014 was 241 mg/liter and in period of November 2014 was 231.89 mg/liter.

The mill monitors the water usage for the FFB processing and records it on the daily document. The average of water usage for processing the FFB during period of 2014 was 1.92 m³/ton of the FFB. Meanwhile, the average of water usage for period of January to February 2015 was 1.90 m³/ton of FFB. The water usage for mill's need is will be evaluated routinely (monthly).

Status: Complied

4.5

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

The company has SOP and program of IPM conducted by the company. The stages of IPM cover the pest detection, census to identify the type of the species and pest population, pest control by using chemicals to handle the attack exceeding the threshold and biology culture in order to keep the ecosystem balance. The IPM's program that the company has are the bagworm census (each semester) and monthly bagworm census if the bagworm attack is found; rat census (each semester); ganoderma census (annually); planting and maintenance of the beneficial plants such as *Turnera subullata*; barn owl box monitoring (each semester); IPM training for the employees (annually).

According to the document review and field visit, the pest and disease attack is still below the threshold. In order to anticipate the palm oil leaf eater attack, the company is planting and maintaining the *Turnera subulata* especially at the main road. The company also monitors the existence of the barn owl each semester to anticipate the outbreak of the rat. According to the observation in Nilo Barat 1 Estate (Division 1, Block B21) and Nilo Barat 2 Estate (Division 3, Block 4), there are owl feces and rat bones underneath the barn owl box. It shows that the owl has been living at the box. According to the result of rat

census on February 26th 2015 in Nilo Barat 2 Estate (Division 3, Block 34), there were attacks on 29 plants of 1012 plants (which are censused). Therefore, the percentage of rate attack was 2.8 %. Hence, the action to control the pest by using chemicals was no longer needed.

The company has held several IPM trainings such as Early Warning System in Nilo Barat 1 Estate on April 8th 2014 for the employees and foreman and the training of Early Warning System in Nilo Barat 2 Estate on February 27th 2014 for the employees and foreman.

The company has Costing Book in each division which informs the active substance used by the company, the applied area, and the usage quantity per hectare to control the weed. For example, circle and harvesting path spraying in Nilo Barat 1 Estate, Divisi 1, Block B21 on October 2014 : it was using 24 liter of Starlon for 65 ha area, dosage per hectare was 0.36 liter/ha , active substance usage was 4.1 kg, active substance per hectare was 0.06 kg/ha. Selective spraying in Nilo Barat 2 Estate, Division 3, Block 9A3 on February 2014: it was using 7 liter of paraquat for m 16 ha area, dosage per hectare was 0.43 liter/ha, active substance usage was 1.9 kg, active substance per hectare was 0.11 kg/ha.

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.

The company has had the list of pesticide used by the company based on the book of agriculture and forestry pesticide on 2011. It was issued by the directorat of fertilizer and pesticide of directorate general of agriculture infastructures of the agriculture ministry on 2011. According to the document review and warehouse observation, there are 14 type of the agency-registered and agency-allowed pesticides.

The company has Costing Book and Map of Spraying Application in each division which is compiled and analyzed by the assistant routinely (monthly). The document informs the active substance used by the company, the applied area, quantity of the usage per hectare. For example, the circle and harvesting path spraying in Nilo Barat 1 Estate, division 1 during period fo February 2015. The company used 459 liter of paraquat with spraying area for 756.6 ha and dosage per hectare for 0.60 liter/ha, the usage of active substance for 116 liter, active substance per hectare for 0.15 liter. the circle and harvesting path spraying in Nilo Barat 2 Estate, Division 8, Block 01A2 on February 2nd 2014: the company used 7 liter of paraquat with the hecтарage of spraying area for 16 ha and dosage per hectare for 0.43 liter/ha, the usage of active substance is 1.9 liter, the active substance per hectare was 0.11 liter.

The company has MSDS (Material Safety Data Sheet) for pesticide and fertilizer. It describes the trademark, active substance, dangers identification, first aid action, fire handle, action over the leakage and spillage, material storing and handling, prevention over the exposure, action to handle fire and explosion, storing, specific requirements to store the materials, exposure and PPE handling (glass, respirator, apron, gloves, boots, long sleeve and long pants outfit), chemical and physical property, reactivity and stability, toxicology information.

The company has held training of the limited pesticide usage on December 22nd 2012. The training was taught by Commission of Pesticide and Fertilizer Monitoring of Riau Province. It was attended by 187 participants. The employees have achieved certificates. For example, Misniati (certificate number 978/ Set-KP3/1/2013), Meliana (certificate number 994/ Set-KP3/1/2013), Ririn (certificate number 1040/ Set-KP3/1/2013), Wariani (certificate number 1041/ Set-KP3/1/2013). The company also holds routine training which is held by the company internal. For example, thhe training of hazardous waste storing for the hazardous waste officer on March 3rd 2015. According to the field visit to Nilo Barat 1 Estate (Division 1 Blok

33) and Nilo Barat 2 Estate (Division 3 Block 99D), the technical of spraying has been well conducted and the type of the pesticide has been used properly referring the weed target. The sprayers protect themselves by using proper PPE.

According to the field observation to hazardous waste storage and document review (SOP 17 in term of hazardous waste management), the agrochemicals waste including the ex-pesticide containers have been managed by referring the applied regulation (Government Regulation number 18 year 1999). It requires that the hazardous waste to be stored at the licensed hazardous waste storage. The collected hazardous waste is transported by PT Primando which has the permit to store, collect and transport the hazardous waste (used oil, dirty grease, used battery, sludge and all the contaminated packages, etc).

The company has had policy to reduce the chemicals categorized on the list of WHO 1A and 1 B. The company is able to show the internal memo of the Nilo Estate President Director to all estate managers on April 23rd 2013 in term of the paraquat usage monitoring. According to the document, the paraquat is shall be reduced for 2% on 2012/2013 and it will be multiplied twice on period of 2013/2014 (4% reduction), 2014/2015 (6% reduction), 2015/2016 (8% reduction) and after October 2016 (10%). According to the document review on the report of paraquat usage monitoring for period of the last 3 years, the company has implemented the policy of paraquat usage that is still below the usage target. For example, in 2014, 17,367.4 liter of paraquat was used, it was smaller than the determined usage target (6% reduction of the paraquate usage on 2013).

Sprayer medical check up has been routinely held (annually). The medical check up was cooperating with laboratory of dr. Heppy. S pada on November 21st and December 3rd in Nilo Barat 2 Estate. According to the medical check up, 77 sprayers were considered healthy. Nilo Barat 1 Estate was also holding medical check up by cooperating with laboratory of Indah clinic on June 18th 2014. According to the medical check up, 37 sprayers were considered healthy. The company has conducted socialization in term of the result of the medical check up to the sprayers. It has been confirmed during the field visit and interview with the sprayers in block 22 of division 1 of Nilo Barat 1 Estate and in block 99D of division 3 of Nilo Barat 2 Estate.

Minor 4.6.3
Status : Opportunity for Improvement
4.7
An occupational health and safety plan is documented, effectively communicated and implemented..

The company has had policy of OHS program. The policy was legalized by Group Plantations Director on January 10th 2005. There are several things determined on the policy. For example:

- Complying all statutes and regulations in term of workers occupational health and safety.
- Ensuring the stages of the procedure of occupational health and safety to be implemented and updated.
- Holding comprehensive and informative training in term of OHS aspects guidance.
- Ensuring the workers to recognize the responsables to work safely in order to avoid the work accident.

The company has determined the SOP to implement the OHS policy on the Sustainability Standard Operating Prosedure. It was determined by the General Manager on 2014.

The company has formed the OHS Guiding Committee which responsible to monitor the OHS program. The company is able to show the decree of the head of Pelalawan District Manpower Agency number KPTS.566/DTKT-WAS/2014/39 which legalizes the structure of OHS Guiding Committee of PT Adei Plantation & Industry (Nilo Complex Estate) dated February 19th 2014, the OHS Guiding Committee secretary on behalf of Adria has been certified as OHS expert in certificate number 13676/PK3/AJ/14/2013/P1 and the decree number P.6719/M/DJPPK/VI/2014. It was legalized on June 9th 2014. The legalization is valid for 3 years.

The OHS Guiding Committee has held routine assembly per division (monthly). The company is able to show the minutes of meeting of the assembly for period of February 2015 for POM 1, POM 2, NB 1 Estate, NB 2 Estate and NT 1 dan 2 Estate.

- The assembly of POM 1 was held on February 11th 2015. It was attended by 13 participants. It was discussing the

occurred work accidents.

- The assembly of OHS Guiding Committee of NB 2 Estate was held on February 18th 2015. It was attended by 19 participants.

The company has sent OHS Guiding Committee report routinely (each quarter) to the associated agency. For example, the report on the 4th quarter of 2014 was sent on January 2015 through the covering letter number AD-KN/EKT/2015.3.05 to Pelalawan District Manpower Agency.

PT Adei Plantation has committed to register all the employees to the program of labour social assurance (jamsostek) and Health BPJS. The company is able to show the evidence of the labour social assurance (jamsostek) payment which is routinely conducted (monthly). For example, the payment for period of February 2015 for 524 NB 1 Estate permanent daily workers, the labour social assurance (jamsostek) payment for 349 NB 2 Estate permanent daily workers, permanent monthly workers, and OJT and for 122 NPOM 1 employees. The labour social assurance (jamsostek) payment for the temporary daily workers is paid centralized for 649 workers of PT Adei Plantation on March 9th 2015. According to the field visit and interview with the sprayers in block 22 of division 1 of NB1 Estate and block 99D of division 3 of NB 2 Estate and harvesting program in block 36 of division 3 of NB 2 Estate, all employees have been registered on the labour social assurance (jamsostek) program.

The medical check up held for the high risk workers are Cholinesterase, urinate, physical and auditometri. Sprayer medical check up has been routinely held (annually). The medical check up was cooperating with laboratory of dr. Heppy. S pada on November 21st and December 3rd in Nilo Barat 2 Estate. According to the medical check up, 77 sprayers were considered healthy. Nilo Barat 1 Estate was also holding medical check up by cooperating with laboratory of Indah clinic on June 18th 2014. According to the medical check up, 37 sprayers were considered healthy. For example, the worker on behalf of Minahati (manurer), the result of CHE was 4831 kU/L and Arina (sprayer) the result of CHE was 4733 kU/L.

NPOM1 shows the report of auditometri function check up. There were 16 workers whom were examined on June 12th 2014 by cooperating with Indah Clinic. According to the document review, there were 7 employees whom experience auditometri threshold increase. The company has evaluated the result of the auditometri check up. According to the result of the evaluation, there were 6 workers whom experience light increase of auditometri threshold. Those workers are shall be stationed on the same station by considering the PPE usage. There was 1 woker whom are mutated to the compound station due to the heavy increase of the auditometri threshold on August 27th 2014.

According to the result of the field visit and interview with the sprayers in block 22 of division 1 of NB 1 Estate and block 99D of division 3 of NB 2 Estate, the employees have aware of the result of the medical check up and no complaint in term of the health.

The company has compiled the document of risk analysis in form of the identification of the OHS dangers source related to the estate and mill operationals. According to the interview with the harvesters in block 29 of division 1 of NB 1 Estate and block 99D of division 3 of NB 2 Estate, all employees have aware of the work risk.

The company has ensured all the employees to aware of the OHS aspect and the risk might occurred on each position through regular and routine training. The company is able to show the evidence of the training in form of the report, attendance list and event photographs. The held training was the fire extinguishing training on June 25th 2014 in NPOM1 and socialization of SOP of chemicals storing at the warehouse for the workers at the warehouse on March 19th 2014 for the NB Estate. According to the interview with the chemicals warehouse workers and chemicals mixing wokers in NB 1 and 2 Estate area, the workers are able to describes the work risk and its control and the proper PPE for the kind of job.

The company has had SOP number 28 in term of the land fire emergency response, fire-risk are mapping, fire team forming,

fire extinguishing equipments, fire siren, socialization and monitoring. The company also has formed the proper emergency response structure and the proper emergency response equipments.

The company has fulfill the OHS equipments such as first aid kit and PPE for all the employees. According to the field visit, there are first aid kit in the workplace such as in workshop, infant education center. According to the field visit to block 22 of division 1 of NB 1 Estate and block 99D of division 3 of NB 2 Estate for the spraying program and in block 33 of NB 1 Estate and block 35 of NB 2 Estate for the manuring program, the first aid kits have been properly provided. According to the field visit, all employees have used proper PPE referring the work risk. For example, in workshop of NB 1 Estate, there are helmet, safety boots, welding suit, welding glasses and welding gloves. The same procedure is also implemented on the spraying and manuring program in block 99D of division 3 of NB 2 Estate (spraying program) and in block 33 of NB 1 Estate and block 35 of NB 2 Estate (manuring program).

The company has trained the workers whom work at estate and mill to conduct first aid action. The training was taught by dr. Heldina S Manik (the company doctor) on July 8th 2014. The company is able to show the training materials, attendance list and event photographs. The training was attended by 71 workers. There is also certificate for the training participants. For example, the certificate on behalf of Teguh (certificate number 01/P3K/AD-KN/2014). According to the interview with the first aid officer in workshop of NB 1 Estate and the officer in NB 2 Estate daycare, the officer in charge of the first aid is must be able to describes the actions that must be taken when the accident occurred.

The company has conducted routine work accident monitoring occurred within estate and mill operational are. For example:

- Division 1 of NB 1 Estate: there were 4 light accidents
- Division 3 of NB 2 Estate: there were 3 light accidents

There are reports of full investigation including its evaluation which are composed by OHS Guiding Committee. For example, the work accident on behalf of Marinus Hulu (harvester). The chronology of the accident including the first aid action that is taken including the preventive action are described on the report.

Major 4.7.1 Minor 4.7.3	Status: Opportunity for Improvement Opportunity for Improvement	
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4.8

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

The company is able to show the training programs held to improve the employees competence for period of 2015. **NPOM 1** has 8 type of trainings, **KNB 1** has 5 type of trainings and **KNB 2** has 8 type of trainings which are planned on 2015.

Records of the training which have been conducted based on the training programs for period of 2014/2015 are:

- Training of the welding basic which was held on October 9th 2014 by cooperating with CV Okta Karya Engineering. It was attended by 7 participants. The certificate is available.
- Training and socialization of SOP of chemicals storing for the warehouse workers. It was held on March 19th 2014. The training was attended by 4 participants.
- Training of FFB loader which was held on May 23rd 2014. It was attended by 18 participants.
- Training of paraquat usage which was held on February 27th 2015. It was attended by 41 participants.
- Training of hazardous waste storing which was held on March 3rd 2015. It was attended by 2 participants. The materials was about the SOP of hazardous waste management.
- Training of IPM which was held on January 16th 2015. It was attended by 5 participants.

The requirements of the contractor is written on the cooperative agreement letter with the contractor in term of the provision of the well trained workers as written on clause 5. According to the clause 5, the contractor must have well trained workers and the equipments to support the work are provided by the contractor. The company is able to show the example of the

contractor company profile. For example, the contractor on behalf of PT Logoh Mitra Mandiri. According to the document of the contractor company profile, the contractor specification, permits, legal standing and contractor 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.

The aspects of the estate and mill management which cause the environment impacts have been identified. The document review is described on several documents. For example:

- There is document of EIA, environmental management and monitoring plan of estate and mill of PT Adei Plantation & Industry in Pangkalan Kuras and Bunut Sub-District, Pelalawan District. It was approved by the Director General of phpa/Head of EIA central commission of the Department of Forestry and Plantation number 84/DJ-VI/AMDAL/1999 dated July 6th 1999. It is for the study area for 12,860 ha and mill with capacity of 80 ton FFB/hour.
- Revision of EIA document and environmental management and monitoring plan in Pelalawan District. The document was approved by Pelalawan District Regional Environment Impact Control Agency in document number 660/Bapedalda/2006/1328 dated October 17th 2006. The revision was conducted to improve the mill capacity from 80 ton of FFB/hour to 120 ton of FFB/hour and also the implementation of KKPA system and the study area for 12,860 ha.
- Environment document (environmental management and monitoring effort) for the establishment of Nilo 1 POM with capacity of 70 ton of FFB/hour. The company is able to show the document of plantation business permit for processing (decree 525.3/disbun/2012/390) dated July 16th 2013.

The company has reported the implementation of environmental management and monitoring plan in 2nd semester of 2014 to Pelalawan District Environment Agency. It attaches the data and analysis of peatland subsidence and data of surface water quality test (Batang Nilo Kecil and Telayap River) and the peatland subsidence analysis. It was conducted by Laboratory of Chemical Oceanography of Riau University referring the request of EIA document of PT Adei P & I on 2006.

The company is not able to show the document of replanting program impacts for the replanting program that will be started on 2015 yet. The document is expected to reduce or prevent negative impacts and encourage the positive impacts. **It becomes NCR 2015.01.**

Root Cause:

The company ignorance to conduct replanting impact analysis.

Corrective Action:

The social and environment impact assessment caused by replanting program has been conducted.

Preventive Action:

Incorporating the result of replanting impact assessment on the checklist of the periodic report.

Observation on May 13th 2015

The management unit shows the document of social and environment impact assessment on the replanting program. It was composed on May 2015. There are several impact. For example:

- Reduction of air quality
- Increase of land fire and smoke potential

- Increase of sedimentation and soil erosion
- Reduction of surface water quality
- The disturbance of water biodiversity and wildlife
- More job opportunity and the locals perception.

All the impacts are managed and monitored during the replanting program.

The impact assessment has been held participatively. There was a public consultation on May 5th 2015. It was attended by 28 participants from the Telayap and Sei Buluh Village (attendance list, photographs and minutes of meeting are attached).

Auditor Conclusion:

According to the corrective action conducted by the company, the nonconformity is now closed.

Major 5.1.1	Status: Not Complied	
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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.

The company has had document of HCV identification. It was conducted by PT Aksenta. The total hectareage of the HCV area is 112.41 Ha. The animals within Land Use Title (HGU) area as the result of HCV identification are *beruk* (*Macaca nemestria*), *lutung* (*Trachypitcheus cristatus*), and long-tailed macaque (*Macaca fascicularis*). *Beruk* and long-tailed macaque are found in the border of the company estate and the rubber plantation of the locals or the bushes. Another animal species which frequently visit the trench is the *Amblonyx cinereus* or beaver (VU, Appendix, unprotected). Meanwhile, the animal which has better adaptation with the estate is the *Prionailurus bengalensis* or marbled cat (protected).

The company has conducted monitoring of the animals within and nearby estate. According to the result of the monitoring during period of January 2014 to February 2015, there are still animals found. Those animals are *Beruk* (*Macaca nemestria*), *lutung* (*Trachypitcheus cristatus*), long-tailed macaque (*Macaca fascicularis*), beaver, black cat, turtle, *Elanus caeruleus*, barn owl, white-throated kingfisher, brown-throated sunbird, malayan soft-shell turtle, sunda pangolin, etc. According to the document of the identification result monitoring, the company has opportunity to attach the species status referring the status of IUCN and the latin name for each specis (**Observation**).

The company has programs and realization of of HCV management and monitoring referring the recommendation of Aksenta final report. Several attempts to protect and manage HCV area are:

- Determining the riparian area 50 of the left and right of the Telayap and Batang Nilo Kecil River as HCV area. The palm oil plant at the riparian area is shall not be harvested and the hardwood plant enrichment is also conducted. The auditor was visiting the block 3 or Batang Nilo Kecil River.
- Plant enrichment in Batang Nilo Kecil and Telayap River. The plant enrichment of bamboo, *Pulai* and Shorea nearby riparian area. Most of the plants are dead due to the annual flood. During the period of 2014 there were 1,170 tree planted on the area. During the period of 2015, there are 60 *Pulai* trees that are planted so far.
- Managing water on the peatland area (water gate maintenance/water pump maintenance, water level monitoring).
- Installing the signboards to inform the prohibition not to burn, spray, manure and poisons the fish.
- Conducting socialization in term of the endanger/threatened/protected animals to the locals.
- Creating the signboard to inform the prohibition to hunt the animals. The location of HCV signboards installation are in employee housing complex of division 1, 2, 3 and HCV area.

There is well trained coordinator to monitor the plan and realization of HCV management by referring the result of the HCV identification. The appointed officer has aware of the stages of planning, implementation and evaluation of HCV management.

He is Mr. Adria (Senior Assistant and FG). The position of staff was legalized by GM on October 1st 2012. The officer is able to describe the conservation area determined based on HCV identification.

Status: Complied

5.3

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

There are documents of the waste and contamination source identification in mill and estate. It has been updated on March 10th 2015. The waste are generated from vehicle, engine, building, workshop, clinic, mill processing operation and spraying operation. The waste are managed in several methods. For example:

- The used oil, used battery, bulb, rag, medical waste are managed by the licensed third party.
- The pesticide container waste is reused after being washed for 3 times.
- Domestic waste is managed in landfill.
- The metal crap is sold to the metal crap collector.
- The effluent is managed in the effluent ponds before the effluent flowed to the estate.
- The EFB is used as organic fertilizer.
- The black smoke generated by the boiler is monitored.
- The dust is generated by the kernel plant boiler chimney. The chimney shall be inspected.
- Fiber and shell are used as boiler fuel.
- The domestic waste are disposed at the landfill.
- The waste water generated by housing complex is flowed to the pond.
- The paper and newspaper are burned.

The company has plan of waste management referring the result of identification to reduce and prevent the pollution. For example:

- **Hazardous Waste**
The used oil, used battery, bulb, rag, medical waste are managed by the licensed third party. The permit for the mill waste of Nilo 1 and 2 and the permit of waste storage are still valid till 2016. The company is cooperating with PT Prinmanru Jaya to transport all the hazardous waste in contract number 03/PMJP-MOU/III/2015 dated March 9th 2015. The number of the latest transported hazardous waste is referring the document of hazardous waste transport on February 5th 2015. For example: used oil (1,400 liter), TL lamp (2 kg), rag (2 kg), filter (112 kg), and the used battery (6 units).
- **Effluent**
The effluent must be processed at the WWTP pond to comply the BOD standard (< 5,000 ppm) before the effluent flowed to the estate. The effluent is utilized for 100 Ha of estate at blocks 35, 41, 42 and 43. The monitoring conducted by the company are the effluent monitoring, underground water monitoring in the application land and control land, test of the soil quality at the application block (between siltpit) and control land. The result of the monitoring is reported to the Regent, Governor and Minister of Environment.
- **EFB**
The EFB is applied to the estate.
- **Dust**
The dust is generated by the chimney. The chimney is shall be inspected routinely (each semester).
- **Fiber and Shell**
The fiber and shell are used as boiler fuel
- **The Chemicals Container Waste**
The chemicals containers are able to be reused after being washed for 3 times.

The company has permits of the hazardous waste storing, SOP of hazardous waste management, effluent management,

domestic waste management, estate and mill waste management. The company has cooperated with PT Prinanru Jaya to transport the hazardous waste. It was signed on March 9th 2015 in contract number 03/PMJP-MOU/III/2015 in term of contract of hazardous waste handover.

There are records of hazardous waste handover for period of 2015. For example:

- Official record of NB 2 Estate hazardous waste handover to PT Prinanru Jaya for TL lamp, used battery, used filter and the contaminated containers on February 5th 2015.
- Official record of Nilo POM 1 hazardous waste handover to PT Prinanru Jaya for TL lamp, used battery, used filter and used oil on February 5th 2015.
- There is hazardous waste balance sheet of PT Adei Plantation and Industry POM 1 for 1,140 kg of used oil, 5 units of used battery and 2 kg of used bulb. It was reported to Pelalawan District Environment Agency, Riau Province Environment Agency and Environment Ministry on January 29th 2015.
- There is hazardous waste balance sheet of PT Adei Plantation and Industry Nilo Barat 2 Estate for 1,605 kg of used oil, 8 units of used batteries, 114.5 kg of used filter, 30 kg of the contaminated containers, 5.5 kg of used bulb and 6.5 kg of the medical waste. It was reported to the head of Pelalawan District Environment Agency on January 2nd 2015.

Status: Complied

5.4

Efficiency of energy use and use of renewable energy is maximized.

The company has utilized the renewable energy usage (shell and fiber) as the boiler fuel. During period of January – December 2014, the company was utilizing shell and fiber and it was generating \pm 60% energy of the total of operational needs.

There is a record of diesel fuel usage for Nilo 1 POM operationals. The company has used 306,045 liter of diesel fuel during period of January – December 2014. The average energy generated by diesel fuel usage during period of 2014 was 60%. Those energy was used to fulfil operationals and domestic needs.

Status: Complied

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.

According to the SOP, the replanting is should be conducted mechanically (zero burning). According to the SOP of land fire emergency response (SOP 29), the fire preventive action, fire curative action, and fire administration have been described. Example of the preventive action is by mapping the fire potential area, conducting routine patrol referring the level of the fire potential area, holding training, etc. according the field observation, there is no fire or land burning indication.

The company has identified the fire-potential area, also has created the map of fire potential area, map of the housing complex and public facilities to support the fire extinguishing when fire occurred, and also has created the structure of fire team organization. The identified fire-potential area are the employees and executive housing complex, generator station, diesel fuel tank, engine room, chemicals warehouse, landfill, peatland and replanting area. The company also holds training for the fire team member to the executive member. For example, the fire extinguishing simulation which was attended by 88 participants on April 5th 2014.

The company has conducted data collecting of the land fire extinguishing facilities and equipments. According to the observation at the workshop of Nilo Barat 2 Estate, the land fire extinguishing equipments are well maintained and ready to use. There is evidence of the result of fire extinguishing equipments inventory and the result of inspection of fire extinguishing equipments condition.

The company has determined the fire team organization structure in Nilo Barat 1 and 2 Estate. It consisted of 1 leader, 1 field coordinator, 4 team commanders, 13 main fire team members (operator of water pump, gun/nozzle man, fire house, 5 fire extinguishing team), 5 field patrol members and fire monitoring tower guards. The strategy to dam the trench on the peatland is not only to keep the water level but also to provide the water supply when the fire occurred.

Nilo Barat 2 Estate is now conducting replanting program in division 4 of block 00E4 for 60 ha and block 00E3 for 60 ha. According to the cooperative agreement letter number ADEI-KNB2/SPPB/119/2015 between the company and contractor, the contractor must conduct the project mechanically (zero burning) as written on clause 3. According to the clause 5, there are 10 descriptions of the work procedure associated with RSPO and ISCC. For example, in aspect of OHS/PPE, waste handling (used oil), workers insurance, prohibition to employ/empower the underage workers. According to the field observation, there are fire-prohibition signboards and there is no indication of burning action.

The company has also built 12 meter fire monitoring tower in Nilo Barat 2 Estate, division 4. During the observation, the fire monitoring tower is built at the strategic location. The patrol is conducted 24/7 and the patrol officers are equipped with binocular.

Status: Complied

5.6

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

Mill's pollution source and plan to reduce pollution, (updated on January 12th 2015), with methane gas (project of CDM – biogas capture), EFB (it is processed in KCP to be used as boiler fuel), black smoke (monitoring of black smoke emission and the solid particle referring the requirements of Environment Ministry, noise supervisor), dust (chimney inspection), Fiber and shell (as boiler fuel), boiler ash (it is applied to the estate).

The emission and pollution source quality are monitored. It covers the monitoring of the non-moving emission, ambient air and noise of PT Adei Nilo POM per semester during period of 2009 – 2013. It is monitored by Baristand Industry of Padang with parameters (referring the environment ministry regulation number 7 year 2007) of attachment I of Particulate, Sulphur Dioxide, Nitrogen Oxide, Hydrogen Chloride, Chlorine Gas, Ammonia, Hydrogen Fluoride, Opacity.

- Ambient air monitoring with the test parameters of Sulphur Dioxide, Nitrogen Oxide, Carbon Monoxide, Hydrocarbon, TSP and noise. Monitoring is conducted in 3 sample points (in front of the mill, housing complex and loading ramp). According to the result of the first monitoring in 2013, the parameter of the ambient air quality has complied the national ambient air quality threshold (Government Regulation number 41 year 1999). The noise parameter is also below the noise quality threshold.
- Emission air quality of boiler 1 and 2 with the tested parameters of particulate, Sulphur Dioxide, Nitrogen Oxide, Hydrogen Chloride, Chlorine Gas, Ammonia, Hydrogen Fluoride, Opacity and flow chart. Several of the tested parameters have complied the emission quality threshold (Environment Ministry Regulation number 7 year 2007). Another parameters are the undetected chlorine gas, ammonia and hydrogen fluoride.
- Air monitoring of the 2 generator with the tested parameters of particulate, Sulphur Dioxide, Nitrogen Oxide, Carbon Monoxide and flow chart. All the tested parameters have complied the Environment Ministry Regulation number 13 year 2009.

Attempts and plan to reduce mill pollution and emission are adjusted with the result of identification in each pollution and emission sources.

- Generator: changing the engine oil including the filter each 250 hours and conducting maintenance which is authorized to PT Altarak 1978.
- Boiler: conducting daily cleaning in form of gauge crust, ash and inspection on water level alarm and blowdown water

gauge column. Monthly maintenance : oli/lubricant, belting fan, chemical injection pump, peashe cleaning on the boiler wall and furnace, ash hooper on the dust collector and impeller ID fan inspection. **Monthly Maintenance:** inspection on boiler water and feed water, air ventilation and instruments pipes cleaning, lower drum ash cleaning. Each emester maintenance: emission test, corrotion check on the drum and header, furnace stone and wall concrete check, instruments inspection, air pipe inspection and ducting inspection. **Annual:** total boiler engine inspection.

- Steam power plant/boiler house. Actions to reduce the black smoke by blowing off the chimney each semester and fill the tank automatically.
- Power plants are using steam turbine and generator. The actions to reduce the aid pollution and noise by testing the boiler and generator, ordering the employees to use ear plug and holding auditometry test.
 - Emission air monitoring in boiler 1 and 2.
 - Air monitoring in 2 generators.
 - Ambient air monitoring.
 - Providing ear plug for the employees who work at mill.
 - Holding auditometry test for 16 employees working at mill in Laboratory of Thamrin Clinic on June 12th 2014.

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 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 the 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.

The company is conducting replanting program for 124 hectare of the land which are located in Nilo Barat 2 Estate, division 6, block 24, 25, 26 and 27 on 2015. The company does not have document of social and environment impact assessment which involves the participation of the locals on its compilation yet. **It becomes nonconformity, see NCR 2015.02.**

Root Cause:

The company ignorance to conduct replanting impact analysis.

Corrective Action:

The social and environment impact assessment caused by replanting program has been conducted.

Preventive Action:

Incorporating the result of replanting impact assessment on the checklist of the periodic report.

Observation on May 13th 2015

The management unit shows the document of social and environment impact assessment on the replanting program. It was composed on May 2015. There are several impact. For example:

- Reduction of air quality
- Increase of land fire and smoke potential
- Increase of sedimentation and soil erosion
- Reduction of surface water quality
- The disturbance of water biodiversity and wildlife
- More job opportunity and the locals perception.

All the impacts are managed and monitored during the replanting program.

The impact assessment has been held participatively. There was a public consultation on May 5th 2015. It was attended by 28 participants from the Telayap and Sei Buluh Village (attendance list, photographs and minutes of meeting are attached).

Auditor Conclusion:

According to the corrective action conducted by the company, the nonconformity is now closed.

There is no KKPA area additions during Surveillance-1. The 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, 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.

Major 6.1.1	Status: Not Complied
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6.2

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

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, it 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, it describes the task divisioning, detail of procedure, and the documentation.

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

- 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 is 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.
- The company also has 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 (Harapan Maju Smallholders Cooperative Unit) which was signed by the representative of PT. Adei P&I, community, and KKPA and it 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 uncomplied community right (94 head of families) over KKPA as the demand, 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. Refer to the agreement, community whom is now at POM of PT. Adei is willing to disband and return to village.

Company sent letter number 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 suggest 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. 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, company is planning that 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 need 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 has not yet been conducted over the plant of community of Village of Palas, Batang Nilo Kecil and Telayap. (has been compensated by company including CSR realization).
- Complaint of portal installation at the road to estate and Batang Nilo Kecil Village. (has been solved by company).
- Complaint in term of debt payment system of Telayap Village Cooperative Unit. (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 was in form of assistance for lending 1 unit of excavator to repair the road and to 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 disturbance over company operational.
- The acquired land is shall be managed to be estate land and it is supported with the supporting document.
- The future-acquired land is the land which administratively has been handed over 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.

The 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 number 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 voluntareely 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 number 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 occured (it was compensated by company), claim from community (on behalf of 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 the company on May 19th 2014 (Official Record of Compensation is attached).

According to the document observation, the 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, the 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 which the land are massively given or evidence of land payment which is handed over individually in form of receipt, photographs, and declaration letter.

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.

The 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 now is still be based on the province sectoral minimum wage standard for period of 2014 due to the unissued new regulation for period of 2015. The company is able to show the the list of the employees for period of February 2015 for the temporary and permanent workers. For example, the temporary workers wage of Nilo Barat 2 Estate with workers code 000E203256 is IDR 1,635,160,- with number of workday for 20 days. According to the document review, the company has determined and paid the employees wage referring the government standard. According to the interview with the employees, the wage they received is referring the government standard for period of 2014.

There is a 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 referring 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 the decree is valid from 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. The 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 a 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.

There is document of estate and mill public facilities. The document describes the number and location of the housing complex and the public facilities. According to the field visit to the employee housing complex in division 2 of Nilo Barat 1 Estate and division 3 of Nilo Barat 2 Estate, the facilities have been provided by the company properly. There is G1 housing complex for one family. The company has provided artesian well for the clean water source for the employees. The company also ensures the hygiene of the water by testing the water referring the Health Ministry Regulation number 416/Menkes/Perr/IX/1990. The test is conducted by cooperating with technical assistant of Public Work Agency on May 14th 2014. According to the result of the test, all parameters have complied the quality threshold. According to the test of the reservoir water used by the employees for their domestic needs in Mandau Central Laboratory on August 26th 2014 referring the Government Regulation number 82 year 2001, all the tested parameters have complied the quality threshold.

The 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.

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 unite. The policy was legalized by Regional Director on October 1st 2011. The policy ensure the freedom to unit of workers referring the applied statute.

There are 3 labour unions recognized 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. The meeting was attended by 18 participants, the meeting was discussing the process of employees house repairment, clean water issue, lighting issue, employees pick and drop 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 PT Adei P & I has 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. The company has implemented minimum age requirements for the workers. According to the document review and the field visit to block 22 of division 1 of Nilo Barat 1 Estate and block 99D of division 3 of Nilo Barat 2 Estate on spraying program, block 33 of Nilo Barat 1 Estate and block 35 of Nilo Barat 2 Estate on manuring program, the company does not hire the underage workers.

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. The policy was legalized by Regional Director on October 1st 2011. It was stating that company shall always give equall opportunity and treatment regardless race, tribes, caste, nationality, religion, gener, sexual orientation, and labour union membership. The company is able to show the list of employees which informs the origin of employees, address, tribe, and gender. According to the document review on the list of employee and field visit to block 22 of division 1 of Nilo Barat 1 Estate and block 99D of division 3 of Nilo Barat 2 Estate on spraying program block 33 of Nilo Barat 1 Estate and block 35 of Nilo Barat 2 Estate on manuring program, the company has implemented policy of equal treatment and opportunity regardless gender, religion, tribes and origins.

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 harassment and violation. The policy was legalized by Regional Director on October 1st 2011. The policy describes:

- There is no tolerancy for the sexual harassment and violation over women at workplace.
- Sexual harassment and violation is a fatal mistake and company shall punish the suspect.
- The management unit must responsible to prevent sexual harassment 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 is shall be given 90 days off (45 days before childbirth and 45 days after childbirth) referring the medical information.

Nilo Barat Estate and POM are able to show the record of sexual harassment implementation by forming gender committee as organization to accommodate the complaint and resolution in term of sexual harassment case. The formed committee is routinely discussing the crucial information especially in term of sexual harassment case within estate. The work programs of Nilo Barat 2 Estate gender committee for period of 2015 are: socialization in term of the programmed family on March and April 2015, the implementation of maternal and baby clinic program on October 2015 and socialization in term of women workers rights and obligations on December 2015.

There is SOP 22 in term of Medical Facility. It was determined on June 1st 2013 and it was legalized by Assistant of Mill Adviser. The SOP describes 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 are shall be mutated to other division away from chemicals.

According to the interview and field visit to block 22 of division 1 of Nilo Barat 1 Estate and block 99D of division 3 of Nilo Barat 2 Estate on spraying program and block 33 of Nilo Barat 1 Estate and block 35 of Nilo Barat 2 on manuring program, there is no pregnant nor breastfeeding women workers who works with chemicals.

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 General Manager on March 1st 2014. The SOP describes:

- Reporting of sexual harassment through Gender Committee.
- The 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.

The 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 the price offered by government). According to the result of interview with CV. Limbersa Plasma, PT. Adei Plantation purchase FFB referring the price determined by government. The supplier shall be phone call when there is a price change.

According to the SOP number 28 dated April 1st 2013 in term of the FFB pricing procedure, the standard formula to determine the CPO price is as follow:

$\{((\text{CPO/PK Price} - \text{minus of transport cost}) \times \text{OER/KER}) - \text{minus processing cost}\}$.

There are 5 suppliers (PT. Sinar Haska Lestari, Limbersa Plasma, CDP and BMJ). The example of the trade agreement is as follow:

- Trade Agreement number ADEI-NLO/074/TBS/XII/2014 dated December 23rd 2014 between CV Sejahtera Jaya (Kab. Bengkalis, Riau) with PT. Adei P&I (Nilo 1 POM) until December 31st 2015. The contract attaches the agreement of FFB specification, pricing (twice a week referring the calculation procedure), payment (weekly every Thursday), responsibility, period of contract (1 year), fine, grading, etc. the contract has been agreed transparently and legal.
- Trade Agreement number ADEI-NLO/073/TBS/XII/2014 dated September 23rd 2014 between PT. Sinar Haskarlestari (Pekanbaru, Riau) with PT. Adei P&I (Nilo 1 POM) until March 31st 2015. The contract attaches the agreement of FFB specification, pricing (twice a week referring the calculation procedure), payment (weekly every Thursday), responsibility, period of contract (1 year), fine, grading, etc. the contract has been agreed transparently and legal.

Management unit has records of SPPB payment record. For example:

- FFB payment to the supplier (CV. CDP Sejahtera Jaya) for period of January 14th – 20th 2015. It was paid on January 30th 2015 via bank transfer (Bank of RiauKepri).
- FFB payment to the supplier (PT. Sinar Haskalestari) for period of February 11th – 15th 2015. It was paid on February 28th 2015 via bank transfer (Bank of RiauKepri).

According to the result of interview with FFB supplier (CV Limbersa Plasma), all the clauses and points written on the agreement are complied by both parties. Otherwise, contractor payment always made on time.

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:

- 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.
- Cooperative agreement letter number ADEI-KNB1/SPPB/056/14 dated July 1st 2014 between PT. Adei P&I with Sujarwo to renovate the mosque of Batang Nilo Kecil Village till August 30th 2014.
- Property tax payment evidence for 128,600,000 m² and for a building for 82,826 m². It was paid on October 23rd 2014 via bank transfer (Bank of RiauKepri).
- Evidence of income tax 21 payment on February 2015. It was paid on March 9th 2015 via bank transfer (Bank of Permata).
- Evidence of the water retribution payment for period of 2014 to the Regional Income Agency of Riau Province. It was paid on March 6th 2015 via bank transfer (Bank of RiauKepri).

Examples of the contract between the company and the local contractor:

- Contract agreement letter number ADEI-KNB1/SPPB/053/2014 dated May 10th 2014 between PT. Adei P&I (NB 1 Estate) with CV. Kurnia Jaya Abadi for constructing employees housing complex type G2 of Division 1 (5 bloks), Division 2 (4 bloks) until August 30th 2014.
- Evidence of housing complex construction in NB 1 Estate, division 1. It is authorized to CV. Kurnia Jaya Abadi in detail: stage 1 (30%) on June 10th 2014, stage 2 (35%) on July 15th 2014 and stage 3 (35%) on September 10th 2014.
- Contract agreement letter number ADEI-KNB2/SPPB/118/2015 dated February 2nd 2015 between PT. Adei P&I (NB 2 Estate) with CV. Kurnia Jaya Abadi to clean the trench, compacting the road, loading/unloading of soil, maintaining activity of sungai Jiat in Division 4 and transporting FFB from division 4 to POM 1.
- Evidence of the FFB transport work payment in NB 2 Estate, division 4, muat tanah, trench cleaning, culvert box installation, road maintenance, sewer installation conducted by CV. Kurnia Jaya Abadi on March 13th 2015.

Status: Complied

PRINCIPLE #7 Responsible development of new plantings

7.1

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

There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.

Status: Complied

7.2

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

There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.

Status: Complied

7.3

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

There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.

Status: Complied

7.4

Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.

There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.

Status: Complied

7.5

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

There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.		
	Status: Complied	
7.6 Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.		
There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.		
	Status: Complied	
7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.		
There is no new estate development within PT Adei Plantation & Industry area. According to the area statement of Nilo Barat 1 and Nilo Barat 2 estate, the youngest plant within PT Adei Plantation & Industry Land Use Title (HGU) area was planted on 2003.		
	Status: Complied	
PRINCIPLE #8 Commitment to continuous improvement in key areas of activity		
8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.		
<ul style="list-style-type: none"> The company has composed plan to reduce paraquat usage on the document of paraquat dichloride usage monitoring for 5 years. It was legalized by General Manager. Plan of estate boundary improvement by cooperating with Pelalawan District National Land Agency. There is a report of the result of RSPO assessment. The assessment was conducted by Sustainability Department on March 12th 2013 to March 15th 2013. According to the result of the assessment, there were nonconformities and the nonconformities have been followed up by each work unit. The company has shown the evidence of the river water quality test passing through the estate, specifically Batang Nilo Kecil and Telayap River including the evidence of its reporting written on the report of environmental management and monitoring plan implementation to the associated agencies on July 12th 2013. 		
	Status: Complied	

3.2. Summary of Assessment Report of Supply Chain

Clause	(Module E) CPO Mills - Mass Balance Requirements
1	Prosedur terdokumentasi
1.1	<p>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> <ol style="list-style-type: none"> Complete and up to date procedures covering the implementation of all the elements in these requirements. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard. <p>Nilo 1 Palm Oil Mill has had procedure of Supply Chain which describes:</p> <ol style="list-style-type: none"> Origin of the FFB 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. 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. Responsibility of management (Mill Manager) and Internal Audit to assess the implementation of RSPO requirements and sustainable management system on the certified POM.
	Status: Complied
1.2	<p>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"> Internal and External FFB are weighted and recorded to the computer data. Computer is automatically record the daily report continuously to show the quantity of the internal and external FFB. Production record (Production records) Providing record attachment to calculate the daily-produced certified and non-certified CPO/PK.
	Status: Complied
2	Purchasing and goods in
2.1	<p>The facility shall verify and document the volumes of certified and non-certified FFBs received.</p> <p>The procedure determined by NILO 1 POM to separate the certified product with the non-certified one is maintained on the computerized system. According to the system, the weighbridge ticket is printed. It is then attached on the certified FFB and the non-certified one. The separation type is divided into three systems:</p> <ul style="list-style-type: none"> Group of FFB own 1 (Nilo Barat 1 and Nilo Barat 2 Estate)

- Group of FFB own 2 (KKPA under PT Adei)
- Group of Outsider (smallholders)

Observation

According to the result of field visit to weighbridge station, during the period of May 2014 until the surveillance program, the company was only receiving the FFB from the supplier mentioned previously. As for the example of weighbridge ticket on March 16th 2015:

Source of FFB	Weighbridge Ticker Number	Driver	Vehicle Police Number	Nett (Kg)	Note
Division 1 of KNB 1	A 503616	Adi Nurianto	NBIV52	6,070	Certified
Division 3 of KNB 2	A 503619	Perdana	NB2V70	4,830	Certified
KKPA of Batang Nilo	A 503626	Ibeng	BM 8239 CI	5,860	Non Certified
CV. Limbersia Plasma	A 503275	Reza	BM 9367 AJ	7,490	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 the CB if the CSPO production exceed the production projection written on RSPO certificate.

During the Surveillance 1 assessment, the management unit has data of actual production from May 2014 to March 16th 2015. For example:

- FFB of KNB 1: 44,228 MT
- FFB of KNB 2: 49,006 MT
- CPO: 20,726.71 MT
- PK: 4,664.71 MT

Attachment of Claim of Stage-2 certificate:

- FFB of KNB 1: 68,500 MT
- FFB of KNB 2: 67,500 MT
- CPO: 28,980 MT
- PK: 6,615 MT

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.

According to the procedure owned by the company in term of RSPO SCCS, it describes that:

- Document maintenance: record of the identification and traceability is maintained for at least 10 years referring the law requirements.
- The produced product is referring the procedure of identification and traceability.
- Document control: The missing, damaged or the revised documents are shall be coordinated to the management representatives and approved by the top management.

According to the result of observation to the document maintenance room (weighbridge formulir and travel document), the documents are maintained based on month in each place for the last 3 years in mill office warehouse. Meanwhile, for the documents maintained for more than 3 years, it will be maintained outside (away from mill office).

OFI: the management unit has opportunity to improve document maintaining system in the specific room for administration.

Minor 3.1.1 | **Status: Opportunity for Improvement**

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 maintenance room (weighbridge formulir and travel document), the documents are maintained based on month in each place for the last 3 years in mill office warehouse. Meanwhile, for the documents maintained for more than 3 years, it will be maintained outside (away from mill office).

OFI: the management unit has opportunity to improve document maintaining system in the specific room for administration.

Status: Complied

3.3

- The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.
- All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.

Nilo 1 POM records all the RSPO-certified FFB receipt and RSPO-certified PK in each quarter. For example:

Month	FFB Certified (Ton)	CSPO (Ton)	CS PK (Ton)	CSPO Balance (Ton)	Sale CS PK (Ton)	CSPK Balance (Ton)
November'14	-	14,197.42	12,34	14,197.42	460,910	1,424.84
December'14	8,434.33	1,819.88	413.80	16,017.29	330.26	1,508.38
January'15	8,623.79	1,882.89	426.38	17,900.19	820.50	1,114.26
February'15	7,405.18	1,663.80	382.88	19,563.99	696.23	800.91

According to the result of field visit to Nilo 1 POM, there was a dispatch on March 17th 2015 with weighbridge ticket number A117850. Stock during the verification is as follows:

Non CSPO 260,930 Kg, Stock of CSPO 1,042,255 Kg.

Non CSPK 67,720 Kg, Stock of CSPK 162,964 Kg.

Status: Complied

3.4

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.

The management unit did not claim CPO as the certified product for the last 1 year. The management unit only claims the RSPO-certified Palm Kernel (PK).

For example:

1. Palm Kernel (PK)

PK is sent from Nilo 1 POM to Mandau KCP (PT. Adei Plantation&Industry), for example, the dispatch order (DO) of PK

to Mandau KCP according to the Memorandum from Marketing Division in Ipoh Malaysia on November 25th 2014 for 500 ton (NL1/PK-MB/1214-2).

2. CPO

Name and Address of the Buyer: PT Kreasijaya Adhikarya Jl. Datuk Laksamana, Komplek Pelindo Dumai 28800

Date: March 2nd 2015

Description of the product: it does not claimed as certified-CPO

Quantity of the product: 100 MT

Reference of transportation document: there are travel document, weighbridge ticket and DO. CPO is transported gradually. For example, the CPO transport on February 9th 2015, the total quantity was 25,520 Kg (FFA: 5.0%; Moisture: 0.5%).

Status: Complied

3.5

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.

Nilo 1 Palm Oil Mill sells PK to PT Adei Plantation & Industry only. It is still under one holding from Kuala Lumpur Kepong Berhad (Indonesia).

Status: NA

4

Sales and goods out

4.1

The facility shall ensure that all sales invoices issued for RSPO palm oil delivered include the following information:

- (a) The name and address of the buyer
- (b) The date on which the invoice was issued
- (c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)
- (d) The quantity of the product delivered
- (a) Reference to related transport documentation

The management unit did not claim CPO as the certified product for the last 1 year. The management unit only claims the certified Palm Kernel (PK).

1. Palm Kernel (PK)

PK is sent from Nilo 1 POM to Mandau KCP (PT. Adei Plantation&Industry), for example, the dispatch order (DO) of PK to Mandau KCP according to the Memorandum from Marketing Division in Ipoh Malaysia on November 25th 2014 for 500 ton (NL1/PK-MB/1214-2).

2. CPO

Name and Address of the Buyer: PT Kreasijaya Adhikarya Jl. Datuk Laksamana, Komplek Pelindo Dumai 28800

Date: March 2nd 2015

Description of the product: it does not claimed as certified-CPO

Quantity of the product: 100 MT

Reference of transportation document: there are travel document, weighbridge ticket and DO. CPO is transported gradually. For example, the CPO transport on February 9th 2015, the total quantity was 25,520 Kg (FFA: 5.0%; Moisture: 0.5%).

	Status: Complied
5	Training
5.1 The facility shall specifies and provides the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	
The management unit has conducted socialization in term of RSPO SCCS to the transporter, staf, and FFB Supplier. For example: <ul style="list-style-type: none"> - Socialization to transporter which was attended by 5 participants on January 14th 2015. - Socialization to supplier which was attended by 6 participants on February 10th 2015. According to the result of field visit and interview with the key personnel (weighbridge operator), the SCCS training has been held for the last one year. However, they are still do not understand. OFI: The company has opportunity to improve SCCS socialization to be more intense to all key personnels.	
	Status: Opportunity for Improvement
6	Claims
6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	
Nilo 1 POM is now able to show the claim usage to support the RSPO certified CPO referring the RSPO Guidelines for Communication and Claims written on whether Sales Contract, Delivery Order, Sales Invoice and Invoice (NILO 1 POM is now claiming the MB-Certified Palm Kernel only).	
	Status: Complied

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
ASA-01	NILO.1 POM PT Adei Plantation & Industry has had approval / permit to use the certificate with the number MUTU-RSPO/039 and Confirmation Letter "Sertifikat RSPO dan Aturan Penggunaan Logo".	√
	Status: Complied	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-01	During the Surveillance Nilo-1 POM and its supply base does not use the logo on-product and off-product.	√
	Status: Complied	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-01	During the Surveillance Nilo-1 POM and its supply base does not use the logo on-product and off-product.	√
	Status: Complied	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-01	During the Surveillance Nilo-1 POM and its supply base does not use the logo on-product and off-product.	√
	Status: Complied	

3.4. Summary of RSPO Partial Certification.

Total companies observed: Total management unit observed ($0.8\sqrt{Y}$), where Y is the total units in the management of listed companies that have not been RSPO Certified. 1. PT. Karya Makmur Abadi, Sub District of Mentaya Hulu, District of East Kotawaringin, Province of Central Kalimantan, Indonesia. 2. PT. Satu Sembilan Delapan, Sub District of Gunung Tabur, District of Berau, Province of East Kalimantan, Indonesia. Observation date: February 27 th , 2015		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	PT. Karya Makmur Abadi East Kotawaringin Regent Decree No. 188.45/265/Huk-Ek.SDA/2014 dated July 21 st , 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. PT. Satu Sembilan Delapan Berau Regent Decree No. 23 of 2006 dated January 24 th , 2006 about Business Plantation Permit (For Estate) on behalf of PT. Satu Sembilan Delapan. Berau Regent Decree No. 550 of 2007 dated December 6 th , 2007 about Business Plantation Permit (For Estate) on behalf of PT. Satu Sembilan Delapan. Berau Regent Decree No. 663 of 2008 dated December 30 th , 2008 about Business Plantation Permit (For Mill) on behalf of PT. Satu Sembilan Delapan.	√
	Status: Compliance	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	PT. Karya Makmur Abadi Cadastral measurements carried out by the National Land Agency of Republic Indonesia – Sub Directorate (<i>Batas Bidang Tanah Direktorat Penetapan Batas Bidang Tanah dan Ruang Deputi Bidang Hak Tanah dan Pendaftaran Tanah</i>) of 2006 dated November 2 nd , 2006. The results of Cadastral measurements that's: <ul style="list-style-type: none"> - Results of circumference measurement are 14,778.076 ha. - Results of circumference measurement (netto) worth roads and overlap locations with PT. Minera Bumi Reksa Perdana are 13,236.500 ha. PT. Satu Sembilan Delapan Head of National Land Agency RI Decree No. 16-HGU-BPN RI-2009 dated January 22 nd , 2009. That is based on the results of the measurement by (<i>Panitia B East Kamimantan Province</i>) and the status of land requested by PT. SSD is State Land, and wholly within the Non Forest Cultivation Areas according to RTRWP East Kalimantan (Synchronization of 1999) and land with area 27 hectares of which is through payment of compensation. Land Use Title area 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.	√
	Status: Compliance	
6.3	There is a mutually agreed and documented system for dealing with complaints and	X or√

	grievances, which is implemented and accepted by all parties.	
	PT. Karya Makmur Abadi SOP No. 1 about information request and response on December 1 st , 2013. It's described regarding request for information/complaints about environment, social and legal issues. PT. Satu Sembilan Delapan SOP No. 1 about information request and response on December 1 st , 2013. It's described regarding request for information/complaints about environment, social and legal issues.	√
	Status: Compliance	
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.	X or√
	PT. Karya Makmur Abadi SOP No. 26 for resolution and land disputes, dated December 1 st , 2013 is described Land Disputes/Bordering; Land Occupation, and Social Issues. PT. Satu Sembilan Delapan SOP No. 26 for resolution and land disputes, dated December 1 st , 2013 is described Land Disputes/Bordering; Land Occupation, and Social Issues.	√
	Status: Compliance	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or√
	PT. Karya Makmur Abadi 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. PT. Satu Sembilan Delapan Base on document Identification and Analysis of HCV by PT. Jump Consulting in 2011. There's un identified HCV on PT. Satu Sembilan Delapan.	√
	Status: Compliance	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	PT. Karya Makmur Abadi The Company has conducted land compensation to the land owners previous from 2005 to 2014. Company also can indicated recording land compensations: <ul style="list-style-type: none"> - Land has compensations in 2012 areas 1,049 ha - Land has compensations in 2013 areas 4,363.13 ha - Land has compensations in 2014 areas 2,563.30 ha PT. Satu Sembilan Delapan The Company has conducted land compensation to the land owners previous for 14 plots land by	√

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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 ST-02

No.	Ref Std	Nonconformity	Area	Grade	Time Limits	Corrective Action	Observation and Date	Status	Closed Date
2015.01.01 3.04	Major 5.1.2	Data of Surface Water Quality Measurement in of RKL / RPL Report Documents of Implementation RKL / RPL did not load data surface water quality test results of Batang Nilo Kecil river and Telayap river accordance to RKL / RPL request.	Estate	MAJOR	Before certificate issued	The company must show evidence of data surface water quality test results of Batang Nilo Kecil river and Telayap river has been reported to the relevant agencies.	19 July 2013. The company showed evidence of data surface water quality test results of Batang Nilo Kecil river and Telayap river and delivery receipt of RKL-RPL report dated 12 July 2013	Closed	19 July 2013

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-01

No.	Ref Std	Nonconformity	Grade	Area	Time Limits	Corrective Action	Observation and Date	Status	Closed Date
2015.02	Major 5.1.1	Documentation of Impact Assessment There is no document of social and environment impact assessment of the conducted and planned replanting program.	Major	Estate	April 29 th 2015	The company has to show the document of social and environment impact assessment caused by replanting program.	<p>Root Cause: The company ignorance to conduct replanting impact analysis.</p> <p>Corrective Action: The social and environment impact assessment caused by replanting program has been conducted.</p> <p>Preventive Action: Incorporating the result of replanting impact assessment on the checklist of the periodic report.</p> <p>Observation on May 13th 2015 The management unit shows the document of social and environment impact assessment on the replanting program. It was composed on May 2015. There are several impact. For example:</p> <ul style="list-style-type: none"> - Reduction of air quality - Increase of land fire and smoke potential - Increase of sedimentation and soil erosion - Reduction of surface water quality - The disturbance of water biodiversity and wildlife - More job opportunity and the locals perception. <p>All the impacts are managed and monitored during the replanting program.</p> <p>The impact assessment has been held participatively. There was a public consultation on</p>	Closed	May 13 th 2015

No.	Ref Std	Nonconformity	Grade	Area	Time Limits	Corrective Action	Observation and Date	Status	Closed Date
							<p>May 5th 2015. It was attended by 28 participants from the Telayap and Sei Buluh Village (attendance list, photographs and minutes of meeting are attached).</p> <p>Auditor Conclusion: According to the corrective action conducted by the company, the nonconformity is now closed.</p>		
2015.03	Major 6.1.1.	<p>Documentation of social and environment impact assessment which covers the positive and negative impacts caused by estate and mill operationals and the documentation of the impacted-party and the locals participation</p> <p>There is no analysis of social and environment impacts which covers the positive and negative impacts caused by replanting program participatively yet.</p>	Major	Estate	April 29 th 2015	The company has to show the document of social and environment impact assessment caused by replanting program.	<p>Root Cause: The company ignorance to analyze the replanting impacts.</p> <p>Corrective Action: The social and environment impact analysis caused by replanting program has been conducted.</p> <p>Preventive Action: Incorporating the result of replanting impact assessment on the checklist of the periodic report.</p> <p>Observation on May 13th 2015 The management unit shows the document of social and environment impact assessment on the replanting program. It was composed on May 2015. There are several impact. For example:</p> <ul style="list-style-type: none"> - Reduction of air quality - Increase of land fire and smoke potential - Increase of sedimentation and soil erosion - Reduction of surface water quality - The disturbance of water biodiversity and wildlife 	Closed	May 13 th 2015

No.	Ref Std	Nonconformity	Grade	Area	Time Limits	Corrective Action	Observation and Date	Status	Closed Date
							<p>- More job opportunity and the locals perception.</p> <p>All the impacts are managed and monitored during the replanting program.</p> <p>The impact assessment has been held participatively. There was a public consultation on May 5th 2015. It was attended by 28 participants from the Telayap and Sei Buluh Village (attendance list, photographs and minutes of meeting are attached).</p> <p>There are several perceptions of the locals. For example: Replanting program did not put an impact on the Telayap River. Replanting program gives job opportunity for example, the contractual work to fill the polybag and palm oil plant planting. The replanting program has potential to cause land fire.</p> <p>Auditor Conclusion: According to the corrective action conducted by the company, the nonconformity is now closed.</p>		

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	Minor 3.1.1	The company has an opportunity to add the detail of the replanting-planned blocks on the annual replanting plan.
2	Minor 4.6.3	The company has an opportunity to evaluate the pregnancy detection for the women workers who work with chemicals in order to mutate the women workers away from chemicals immediately.
3	Major 4.7.1	The company has an opportunity to improve the performance by adding proper OHS signboards in chemicals, fertilizer and hazardous waste storage.
4	Minor 4.7.3	The company has an opportunity to add the analysis of noise risk in boiler station and snake bite risk analysis on manual maintenance program.
5	SCCS 3.1. Version 2011	Management unit has an opportunity to improve document maintenance recording.
6	SCCS 5.1. Version 2011	The management unit has an opportunity to evaluate the result of socialization to the key employees.

3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1		The company has achieved RSPO Certificate on 2014
2		The company has implemented Renewable Fuel Standart (RFS) referring the United States Environment Protection Agency (USEPA)
3		The company has established scheme smallholders as an attempt to improve the welfare of the locals.
4		The company has commitment to implement sustainable palm oil management principles.
5		The company has achieved Blue Proper achievement on 2013/2014
6		The company has achieved ISCC Certificate on 2014

3.6 Summary of the issues from public, management and auditor responses

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
Pelalawan District Environment Agency (March 16th 2015) Positive Issues: <ol style="list-style-type: none"> 1. The company has had permit of environment document required by the government. 2. Reporting of environment document (RKL/RPL) has been conducted by the company routinely. 3. The reporting of environmental management and monitoring plan is better be composed completely including the fire monitoring (facilities, fire team, etc). 4. The Environment Agency appreciate the construction of several small water reservoir spread in several locations of PT Adei Plantation estate. 	<ol style="list-style-type: none"> 1. Confirmed. The company commits to comply the applied law and regulation. 2. The performance is will be improved. 3. The company has completed the report of environment report including the report for period of July – December 2014 and it will be reported on the next period. 4. Gratitude. The company shall always adopt the best practices on the estate cultivation. 	<ol style="list-style-type: none"> 1. The company has had environment document. 2. The company is able to keep the consistency on the environment management and is also reporting the environmental management and monitoring routinely referring the applied regulations.
Pelalawan District Manpower Agency (March 16th 2015) Positive Issues: <ol style="list-style-type: none"> 1. According to the received information, the company is still not registering the temporary daily labour to the labour social assurance program (jamsostek) as well as the workers who work overtime. 2. The collective labour agreement for period of 2015 is still on progress of compilation and legalization on the Manpower Agency due to the internal problem within labour union. 3. The company has reported the OHS Guiding Committee Report routinely (each quarter) to the associated agency. 	<ol style="list-style-type: none"> 1. All the temporary and permanent employees have been registered on the manpower BPJS program. The workers who work overtime are forced by themselves and not by the company. The letter of recommendation in term of the workhour anomaly sent by Manpower Agency in number 560/DISNAKERTRANSDUK-PK/160 and in number 560/DISNAKERTRANSDUK-PK/161 has been sent on March 9th 2015. 2. Confirmed. The company is now verifying the list of the labour union member. The collective labour agreement progress is targeted to be finished on April 2015. 	<ol style="list-style-type: none"> 1. The auditor has verified the recommendation letter of the workhour anomaly sent by Manpower Agency in letter number 560/DISNAKERTRANSDUK-PK/160 and in letter number 560/DISNAKERTRANSDUK-PK/161 on March 9th 2015. 2. The company is able to finish the new collective labour agreement referring the target. 3. The company is able to keep the consistency of OHS Guiding Committee reporting.

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
Negative Issue: 1. There is no respond over the recommendation letter sent by Manpower Agency in term of overtime and labour social assurance in Nilo 1 POM.	3. The company commits to comply the law and regulations. 1. There are recommendation letters sent by Manpower Agency in term of overtime work in letter number 560/DISNAKERTRANSDUK-PK/160 for nilo POM 1 and in letter number 560/DISNAKERTRANSDUK-PK/161 for Nilo POM 2	1. The auditor has verified the recommendation letter of workhour anomaly sent by Manpower Agency in letter number 560/DISNAKERTRANSDUK-PK/160 and in letter number 560/DISNAKERTRANSDUK-PK/161 on March 9 th 2015.
Pelalawan District Plantation and Forestry Agency (March 16th 2015) Positive Issues: 1. The company has composed the regular report routinely. For example, report of plantation business development. 2. The company has reported the replanting plan that will be conducted on 2015. Suggestion The content of the report of plantation business development is expected to provide proper information. Therefore, the Plantation Agency is able to know the problem earlier in order to assist the company by giving solutions.	The company commits to report the report of plantation business development regularly. The suggestion and advices are will be accommodated and concerned for the next reporting.	The company is able to improve the relevant information on the report of plantation business development in each semester. The company is also able to keep the consistency of the plantation business development reporting.
Former Chief of Sungai Buluh Village & The Head of Sumber Rezeki Cooperative Unit (March 17th 2015) Positive Issues: 1. More job opportunity. There are 60% of the locals recruited to be employees. Furthermore, the locals are given opportunity to be contractor on several project at estate such as trench	1. Confirmed, the company shall always assist the locals on the economy improvement program.	The company is expected to maintain good relation with the locals and is expected to manage the environment by referring the applied

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
<p>cleaning.</p> <ol style="list-style-type: none"> The company has realized several CSR program in aspects of infrastructure (road repairment, renovation of maternal and baby clinic & construction of hall foundation); aspect of religiousity (mosque renovation) during period of 2014. There was no issue of environment contamination caused by estate and mill operationals during period of 2014. There was no issue of land dispute between the company and the locals during period of 2014. The company has well trained officers to communicate and consult with the locals. 	<ol style="list-style-type: none"> The company has a commitment to give CSR on the future. The company has a commitment to keep the environment good. The company has commitment to maintain the communication with the locals. Confirmed, there are personnels for the joa b (communication and consultation with the locals). 	<p>regulation.</p>
<p>Chief of Kemang Village (March 17th 2015) Positive Issues:</p> <ol style="list-style-type: none"> The company has realized CSR program in aspect of sport (soccer tournament), aspect of religiousity (mosque renovation) and education (school renovation) during the period of 2014. The company gives opportunity for the locals to work at the company. There are 30% of the total of the locals who work as employee in the company. Furthermore, the locals is also allowed to be the contractor for several company projects such as EFB transport. There was a land dispute between the company and the locals. However, it has been solved on May 2014 by involving the government. There was no issue of land dispute between the company and the locals during period of 2014. The company has well trained officer to communicate and consult with the locals. Furthermore, the company also conducts interview with questionnaire method to recognize the locals perception. 	<ol style="list-style-type: none"> The company commits to realize the CSR program for Kemang Village. The company shall concern the economy development of the locals. Confirmed and it has been solved and the company shall always communicate with the locals. The company has a commitment to keep the environment good. The company has had personnel for the kind of task. 	<p>The company is expected to maintain good relation with the locals and is expected to manage the environment by referring the applied regulation.</p>



Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
Expectations 6. The company is able to realize the CSR assistance in aspect of health. 7. The company is able to improve the CSR assistance on the aspect of education. 8. The company is able to improve job opportunity for the locals.	1. The company has a plan to donate 1 unit of ambulance to the village. 2. The company has programmed several programs to assist the school facilities. 3. The job opportunity shall be prioritized for the locals.	The company is able to realize the CSR program in health aspect and education aspect. Furthermore, the company also has improved the empowerment of the locals.
Representatives of Palas Village Apparatus (March 17th 2015) 1. The company has realized CSR program in aspect of religiosity (mosque renovation), infrastructure (road repairmen) and education (construction of secondary school foundation) during period of 2014. 2. The company gives opportunity for the locals to work at the company. There are 30% of the total of the locals who work as employee in the company. 3. There was no issue of environment contamination caused by estate and mill operationals during period of 2014. 4. There was no issue of land dispute between the company and the locals during period of 2014. 5. The company has well trained officer to communicate and consult with the locals. Furthermore, the company also conducts interview with questionnaire method to recognize the locals perception.	1. The company also has established 20 Ha village estate. 2. The company shall concern on the economy development of the locals. 3. The company has a commitment to keep the environment. 4. The company has solved the land dispute with the Palas Village and they shall keep maintaining the future communication. 5. The company has had personnel for the kind of task.	The company is expected to maintain good relation with the locals and is expected to manage the environment by referring the applied regulation.
Interim of the Head of Batang Nilo Kecil Village (March 17th 2015) 1. The company has realized CSR program in aspect of religiosity (mosque renovation), aspect of infrastructure (PLN electrical grid installation) and aspect of education (school renovation) during period of 2014.	1. The company shall keep giving CSR to Batang Nilo Kecil Village.	The company is expected to maintain good relation with the locals and is expected to manage the environment by referring the applied regulation.

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
<ol style="list-style-type: none"> 2. The company opens job opportunity. There are 70% of the locals who are working on the company. 3. There was a land dispute between the company and the locals. However, it has been solved on May 2014 by involving the government. 4. There was no environment issue during period of 2014. 5. There was a complaint in term of the installation of the portal of the road to the estate. However, it has been solved in condition that the security who guard the portal is should be a representatives of the locals. 6. The company has well trained officer to communicate and consult with the locals. Furthermore, the company also conducts interview with questionnaire method to recognize the locals perception. 	<ol style="list-style-type: none"> 2. The company shall concern on the economy development of the locals. 3. The land dispute with Batang Nilo Kecil Village has been solved and the company shall maintain the communication for the future. 4. The company commits to protect the environment. 5. It has been conducted and it will be monitored for the future. 6. The company has had personnel for the kind of task. 	
<p><u>Local Contractor Representatives</u></p> <ul style="list-style-type: none"> - CPO Transporter (CV Mandiri Jaya Abadi) - FFB Supplier (PT Sinar Hasta Lestari dan CV Limersa Plasma) <ul style="list-style-type: none"> • In general, the company has good will to prioritize the local contractor to work on company's project and the company also prioritizes the local supplier to supply FFB to NPOM1. • The company has composed agreement contract and MoU as form of cooperation with the contractor and supplier. The compilation of contract is involving both parties. • The contract value and procedure and payment period determination have been agreed through negotiation. • The outgrower's FFB has been paid referring the price determined by the government. The company has informed the price changes via sms and telephone. • CV Limersa Plasma confirms that there are FFB price differences between NPOM1 and other mills. However, the 	<p>The company is always prioritizing the local supplier and transporter refer to the applied regulations.</p> <ul style="list-style-type: none"> • The company has conducted payment referring the 	<p>Empowerment of the local business can be increased.</p>

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
<p>differences are not significant due to the grading standard criteria determined by the company on the SOP to ensure the NPOM1 CPO quality.</p> <ul style="list-style-type: none"> The implementation of grading and grading criteria is recognized by the FFB supplier, the company shall invite and informs the suppliers if the FFB does not meet the criteria, the tonnage cut is conducted as penalty (it has been agreed by both parties). 	<p>government regulation.</p> <ul style="list-style-type: none"> The company has had regulations to be complied. Grading is conducted transparently between the mill and the FFB supplier. 	<p>The company has to determine the FFB price referring the price determined by the government.</p>
<p><u>Labour Union</u></p> <ul style="list-style-type: none"> The Head of Labour Union The Head of Labour Union 1992 The labour union is expecting the negotiation of the new collective labour agreement to be held immediately. There are 4 labour unions within PT Adei Plantation, those are SBSI 92, SBSI Hukatan, SPSI and FKUI and the coalition for 3 labour unions (SBSI 92, SBSI Hukatan and SPSI) with the membership number reaches for 70% of the total workers has been conducted. It has complied the term on the manpower regulation that the labour union authorized to conduct negotiation must have membership for 50%+1. The allied organization has sent the letter in number 4/SPSI/SBSI92/HUKATAN/2015 dated March 4th 2015 which states the unification of the labour unions. The letter has been responded by the associated agency in letter number 560/DTKT/2015/142 which states that the negotiation is can be held on March 5th 2015. The allied labour union has composed the draft in term of 	<ul style="list-style-type: none"> The company shall continue the negotiation with the allied labour union by involving the employees on one labour and the employee who do not join the labour union refer the applied government regulation. 	<p>The company is able to solve the new collective labour agreement referring the target.</p>

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
<p>collective labour agreement by adding several changes and additions including the premium, career path, overtime and medical reimbursement.</p> <ul style="list-style-type: none"> The labour union request the bipartite negotiation in term of the medical service at the clinic. However, it is not responded yet. 	<ul style="list-style-type: none"> The company shall negotiate the term on April 2015. The company shall hold bipartite negotiation on April 2015. 	
<p>Gender Committee</p> <ul style="list-style-type: none"> - Elvarita (The Head of Nilo Barat Estate) - Endang (The Head of Nilo Barat 1 Estate) - Suprihatin (The Head of Nilo Barat 2 Estate) <ul style="list-style-type: none"> The management unit is generally supporting the programs of the gender committee, listening the suggestion and complaint expressed by and realizing the things associated with gender issues. The company gives equal career opportunity for the women workers who are placed on specific position such as foreman, clerk and other positions which normally hold by men. Gender committee is actively giving the socialization to the employee formally and non formally in term of the procedue of complaint delivery. The employees communicates actively with the gender committee if the problems occurred. The challenges faced now is the socialization to the employees from several regions such as Nias who encourage the men to have many children which is considered that it will trigger social problems. Therefore, the concern and support from the management are expected to be given more intense. <p>Expectations:</p>	<ul style="list-style-type: none"> Confirmed, The company shall comply all law and regulation requirements that have to do with the women reproduction rights. The company shall give equal opportunity for the women and men workers referring the competence. The company shall assist the gender committee to conduct gender committee tasks. The company shall assist the gender committee to socialize the policy to the workers from Nias tribe. 	<p>The company is able to improve the implementation of law and regulation requirements have to do with women reproduction rights.</p> <p>The company is able to improve equal right opportunity on the operationals.</p> <p>The company is able to improve the socialization in term of the programmed family to all employees.</p>

Issues from Public (Agency/ NGO / Community)	Management Response	Auditor Response
<ul style="list-style-type: none"> • The management unit gives mandat letter for the Head of Gender Committee in term of the authorization to solve the problems. • Nilo Barat Estate management unit has listened to the existed complaints. However, they are relatively realizing the needs slowly. For example, the realization on bathroom construction on the daycare of SWP. 	<ul style="list-style-type: none"> • The company shall facilitate the problem resolution in workplace. • The company shall realize the bathroom on the daycare. It will be realized on April 2015. 	

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	<p>Formal Sign-off of Assessment Findings</p> <p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>PT Adei Plantation and Industry Bhd. Management Representative</p>  <p><u>Tan Kei Yoong</u> Friday, May 29th, 2015</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Trismadi Nurbayuto</u> Friday, May 29th, 2015</p> </div> </div>

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

	Institution/NGO/Community	Address	Phone/Email	Form of Contact	Date of Contact
1	Head of Sungai Buluh Village	Village of Sungai Buluh, 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	Village of Batang Nilo Kecil, Subdistrict of Pelalawan, District Of Pelalawan, Province of Riau	085307610101	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	Environmental Agency	Komplek Perkantoran Bhakti Praja, Jl. Karya Praja, Pangkalan Kerinci	-	Focus Discussion Group	June, 17 2013
11	JKALAHARI (Jaringan Kerja Penyelamat Hutan Riau)	Pekanbaru	Email : sekretariat@jklahari.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 /		16, 19 – 21 March 2015	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 16 March 2015			
06.00 – 08.00		JAKARTA → PEKANBARU PEKANBARU → SITE PEKANBARU → Pelalawan District Government Stakeholders consultation to Related Government Institution	• TN / SP / AF / WST
08.00 – 11.00			• TN / SP / AF
11.00 – 12.00		Opening Meeting	• WST
12.00 – 14.00		BREAK	• TN / SP / AF
14.00 – 17.00		• Document Review and Review of Previous Visit Non-conformance (Stage-2)	• TN / SP / AF / WST
Thursday, 19 March 2015			
08.00 – 12.00		Field Observation KEBUN NILO BARAT 1 <ul style="list-style-type: none"> • 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. Field Observation NILO 1 POM : WWTP (IPAL), Operational, K3 (OHS), Supply Chain, Hazardous Waste Material (B3) management	• AF
08.00 – 12.00			• WST
12.00 – 14.00		BREAK	• SP
14.00 – 17.00		• Clarification of Public Consultation and Field Observation • Document Review and Review of Previous Visit Non-conformance (Stage-2)	• TN
Friday, 20 March 2015			
08.00 – 11.30		Field Observation KEBUN NILO BARAT 2 <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • Interview with FFB&CPO Transporter Contractor; Interview with Union Labour, and Interview with Gender Commite 	• AF
08.00 – 11.30			• WST
11.30 – 14.00		BREAK	• SP
			• TN
			• TN / SP / AF / WST

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

Appendix 3. Glossary

ASA-01	: Annual Surveillance Assessment - 01
EIA	: Environmental Impact Analysis
PPE	: Personal Protective Equipment
B3	: Bahan Berbahaya dan Beracun (<i>Hazardous Waste</i>)
BOD	: Biological Oxygen Demand
BPN	: Badan Pertanahan Nasional (<i>National Land Agency</i>)
CITES	: Convention On International Trade Endanger Species
COD	: Chemical Oxygen Demand
CPO	: Crude Palm Oil
CSR/CD	: Corporate Social Responsibility/ Community Development
FFB	: Fresh Fruit Bunches
P3K	: Pertolongan Pertama Pada Kecelakaan (<i>First Aid</i>)
HCV	: High Conservation Value
HGU	: Hak Guna Usaha (<i>Land Exploitation Rights</i>)
HIRAC	: Hazard Identification Risk Assessment Control
IPM	: Integrated Pest Management
JAMSOSTEK	: Jaminan Sosial Tenaga Kerja (<i>Social Security Plan for Workers</i>)
OHS	: Occupational Health & Safety
KLK	: Kuala Lumpur Kepong Bhd.
KMS	: Kebun Mandau Selatan (<i>Estate Name</i>)
KMU	: Kebun Mandau Mandau (<i>Estate Name</i>)
NGO	: Non-Governmental Organization
P2K3	: Panitia Pembina Keselamatan dan Kesehatan Kerja (<i>Committee for Occupational Health and Safety Development</i>)
PK	: Palm Kernel
POM	: Palm Oil Mill
POME	: Palm Oil Mill Effluent
RKL	: Rencana Kelola Lingkungan (<i>Environmental Management Plan</i>)
RPL	: Rencana Pantau Lingkungan (<i>Environmental Monitoring Plan</i>)
S1	: Surveillance 1
SOP	: Standard Operating Procedures
ST1	: Stage 1
ST2	: Stage 2 (Main Assessment)
UMR	: Upah Minimum Nasional (<i>Regional Minimum Wage</i>)
UU	: Undang-Undang (<i>Act</i>)