



**PT. MUTUAGUNG
LESTARI
LAPORAN PENILAIAN**

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

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

Name of Management Organisation : **Nilo POM 2 – PT Adei Plantation & Industry, subsidiary of Kuala Lumpur Kepong Bhd**
 Plantation Name : **Nilo Timur 1 Estate and Nilo Timur 2 Estate**
 Location : **Sungai Buluh Village, Sub District of Bunut, District of Pelalawan, Province of Riau, Indonesia**
 Certificate Code : **MUTU-RSPO/040**
 Date of Certificate Issue : **14 May 2014** Date of License Issue : **14 May 2017**
 Date of Certificate Expiry : **13 May 2019** Date of License Expiry : **13 May 2018**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-03	29 March, 01, 03 – 05 April 2017	Leonada (LA Witnessed), Sandra Purba (LA Witnessing), Brigitta Prita, Benli Manurung and Sahat Simarmata	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-2	08 June 2017

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

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FIGURE

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

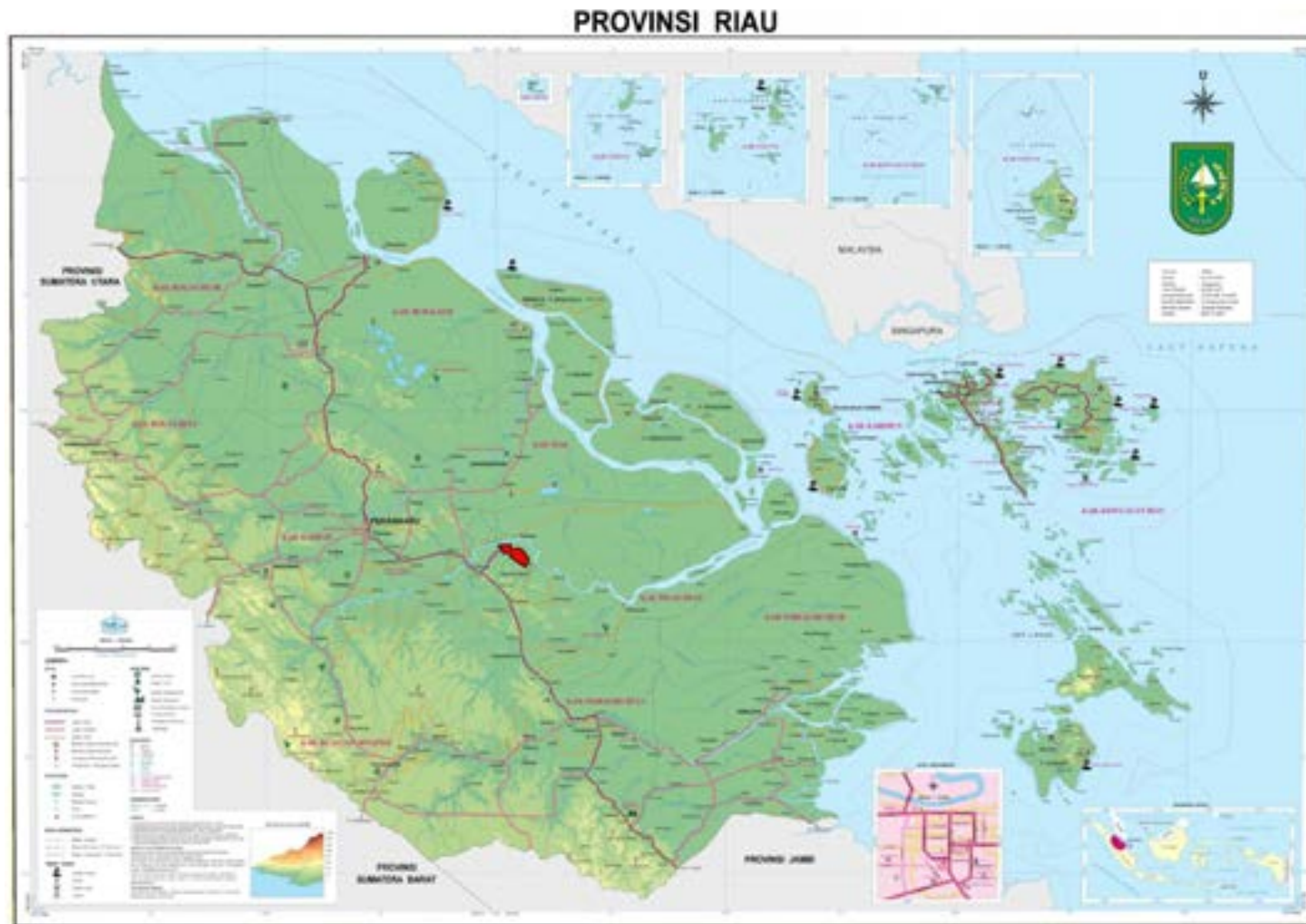
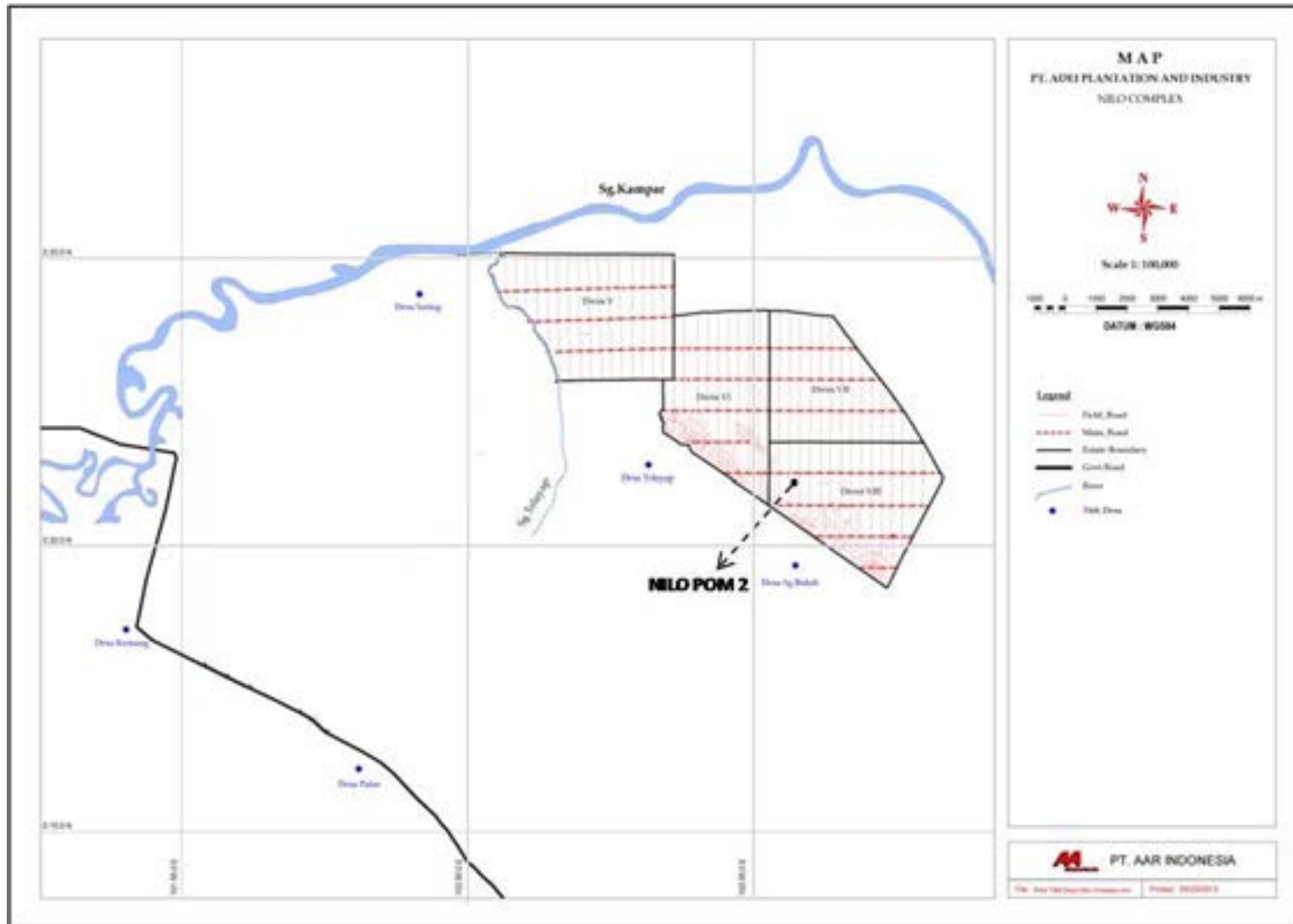


Figure 2. Operational Map of PT Adei Plantation & Industry – Nilo POM 2



Glossary

BLH	:	<i>Badan Lingkungan Hidup</i> (Environment Bodies)
BPN	:	<i>Badan Pertanahan Nasional</i> (national Land Agency)
CPO	:	Crude Palm Oil
CSR	:	Coorporate Social Responsibility
EIA	:	Environmental Impact Analysis
FFB	:	Fresh Fruit Bunches
FPIC	:	Pree, Prior, Informed, Concern
GHG	:	Green House Gass
GPI	:	Gereja Pentakosta Indonesia
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> (Land Use Title)
KKPA	:	<i>Kredit Kepada Koperasi Untuk Anggotanya</i> (Cooperative Credit Scheme)
KNT	:	<i>Kebun Nilo Timur/ Nilo Timur Estate</i>
MCL	:	Mandau Centre Learning
MSDS	:	Material safety Data Sheet
OHS	:	Occupational Health and Safey
POM	:	Palm Oil Mill
PPE	:	Personal Protective Equipment
PK	:	Palm Kernel
RSPO	:	Rountable on Sustainable Palm Oil
RTE	:	Rare, Threatened and Endangered
SCCS	:	Supply Chain Certification System
SOP	:	Standart Operating System
WTP	:	Water Treatment Plant
WWTP	:	Waste Water Treatment Pond

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used		
	<ul style="list-style-type: none"> • <i>Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF, July 2016 (Endorsed by the RSPO Board of Governors meeting on 30th September 2016)</i> • RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill) 		
1.2	Organization Information		
1.2.1	Organization name listed in the certificate	PT Adei Plantation & Industry subsidiary of Kuala Lumpur Kepong Bhd	
1.2.2	Contact person	Tan Kei Yoong	
1.2.3	Organization address and site address	RSPO registered Company Wisma Taiko, No 1 Jalan SP Seenivasagam Ipoh/Perak Darul Ridzuan, Malaysia 30000 Liaison 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	Management Representative who completed the application for certification	Tan Kei Yoong	
1.2.9	Registered as RSPO member	18 October 2004 No. Registration 1-0014-04-000-00	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Nilo POM 2, Nilo Timur 1 Estate and Nilo Timur 2 Estate	
1.3.2	Type of certificate	Single	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Nilo POM 2	Sungai Buluh Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	N 00°21' 9" E 102° 5' 41"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Nilo Timur 1 Estate	Sungai Buluh Village, Sub District of Pelalawan and Kemang village, Sub	N 0°21' 40" E 102°05' 13"

	District Pangkalan Kuras, District of Pelalawan, Propince of Riau, Indonesia				
Nilo Timur 2 Estate	Sungai Buluh Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	N 0°20' 46"	E 102°06' 25"		
1.5	Description of Area Statement				
1.5.1	Tenure				
	• State	12,860	Ha		
	• Community	-	Ha		
1.5.2	Area Statement				
	• Total area	6,576	Ha		
	• Mature area	4,814	Ha		
	• Immature area	997	Ha		
	• Mill/Building/Housing	65	Ha		
	• Road / bridges / canal	163	Ha		
	• Effluent pond	6	Ha		
	• Occupation (Plasma Pelalawan)	352	Ha		
	• Mill reservoir	8	Ha		
	• Nursery	13	Ha		
	• HCV	158	Ha		
1.6	Planting Year and Cycles				
1.6.1	Age profile of planting year				
	Planting Year	Hectare (Ha)			
		KNT 1 Estate	KNT 2 Estate	Total	
	2000	656	0	656	
	2001	636	386	1022	
	2002	0	366	366	
	2003	461	2252	2713	
	2004	57	0	57	
	2015	150	0	150	
	2016	566	0	566	
	2017	281	0	281	
	TOTAL	2,807	3,004	5,811	
1.6.2	New Planting area after January 2010	-	Ha		
1.6.3	Planting Cycle	2 nd Cycle			
1.7	Description of Mill and Supply Base				
1.7.1	Description of Mill				
	Name of Mill	Capacity	FFB Processed	CPO	Palm Kernel

	(ton/ hour)	(ton/year)	Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
NILO POM 2	60	131,348	28,127	21.41	6,435	4.90
<i>*Production data source from 12 months before assessment (April 2016 to March 2017)</i>						
1.7.2	Description of Certification Scope of Supply Base					
Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
					FFB (tonnes/year)	%
KNT1 Estate	3,466	2,807	25,233	9	25,233	100
KNT2 Estate	3,110	3,004	56,389	19	56,389	100
TOTAL	6,576	5,811	81,622	14	81,622	100
<i>*Production data source from 12 months before assessment (April 2016 to March 2017)</i>						
1.7.3	FFB description from other source					
Name of sources	Organisation	Location	Supplied to Mill			
			FFB (tonnes/year)			
KNB 1 Estate	PT Adei P&I-Nilo Complex (certified)	Telayap Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	738			
KNB 2 Estate	PT Adei P&I-Nilo Complex (Certified)	Telayap Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	8,045			
KKPA Kuala Tolam SP 1 - Noncertified (194 Ha, 97 smallholders)	PT Steelindo Wahana Perkasa (Independend Smallholder)	Sungai Buluh Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	2,678			
KKPA Kuala Tolam SP 2 - Noncertified (206 Ha, 104 smallholders)	PT Steelindo Wahana Perkasa (Independend Smallholder)	Sungai Buluh Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	2,837			
KKPA Sungai Buluh - Noncertified (1200 Ha, 646 smallholders)	PT Steelindo Wahana Perkasa (Independend Smallholder)	Sungai Buluh Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	17,975			
Ladang Mutiara - Noncertified (1363.53 Ha)	PT Steelindo Wahana Perkasa (Associated Outgrower)	Sungai Buluh Village, Sub District of Pelalawan, District of Pelalawan, Province of Riau, Indonesia	17,454			
TOTAL			49,727			
<i>*SourceProduction Data on 12 months before assessment (April 2016 to March 2017)</i>						
1.7.4	Product categories		FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product					
1.8.1	Past Annual Claim Certified Product		Previous Certificate	Actual certified product		

		Claim 14 May 2016 to 13 May 2017 (tonnes/year)	14 May 2016 to 31 March 2017 (tonnes/year)				
	• FFB Production	123,844.6	77.153,64				
	• CPO Production	27,366.36	17.883,00				
	• Palm Kernel (PK) Production	7,552.3	4.120,09				
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	KNT1 Estate	3,466	2,807	25,738	9		
	KNT2 Estate	3,110	3,004	57,517	19		
	TOTAL	6,576	5,811	83,255	14		
	<i>*Projected FFB production for 12 months of certificate</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	NILO POM 2	60	83,255	18,316	22	4,163	5
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>						
1.9	Other Certifications						
	ISCC	Certificate No. EU-ISCC-Cert-De105-83155902, April 30, 2015					
	Others	-					
1.10	Time Bound Plan						
1.10.1	Time Bound Plan for Other Management Units						
	ManagementUnit		Estate(Supply Base)	Time Bound Plan	Location	Status	
	MILL	Time Bound Plan					
	INDONESIA						
	BerauPOM PTHutanHijau Mas	2017	SungaiMelemah(PT MP)	2017	Berau,Kalimantan Timur	Preparation for certification	
			SungaiAtap(PTMP)	2017			
			SungaiSegah(PT HHM)	2017			
			SungaiPura(PT HHM)	2017			
			Sumbarata(PTSSD)	2017			
	JabontaraPOM PTJabontaraEka Karsa	2017	SungaiRaya	2017	Berau,Kalimantan Timur	Initial Assesmen tplanon March2017	
			SungaiJantui	2017			
	MAPPOM	2017	MentengJayaSawit Perdana	2017	MentayaHilirUtara, KalimantanTengah		

PTMuliaAgro Permai		MAPBarat(PTMAP)	2017	Baamang,Kalimantan Tengah	Preparation for certification
		MAPTimur(PTMAP)	2017		
KMAPOM PTKaryaMakmur Abadi	2017	KMAUtara	2017	MentayaHulu, KalimantanTengah	Preparation for certification
		KMATengah	2017		
		KMASelatan	2017		
SWPPOM PTSteelindo WahanaPerkasa	2012	Barat	2012	Belitung, Bangka Belitung	Certified 2014
		Utara	2012		Certified 2014
		Timur	2012		Certified 2014
		Selatan	2012		Certified 2014
ParitSembada POM PTParitSembada	2013	ParitSembada	2013	Belitung, Bangka Belitung	Certified 2016
		AlamKaryaSejahtera	2013		Certified 2016
MandauPOM PTADEI	2012	Kebun Mandau Selatan1	2012	Bengkalis,Riau	Certified 2012
		Kebun Mandau Selatan2	2012		Certified 2012
		Kebun Mandau Selatan3	2012		Certified 2012
		Kebun Mandau Selatan4	2012		Certified 2012
		Kebun Mandau Utara 5	2012		Certified 2012
		Kebun Mandau Utara 6	2012		Certified 2012
		Kebun Mandau Utara 7	2012		Certified 2012
NiloPOM1 PTADEI	2012	NiloBarat1	2012	Pelalawan,Riau	Certified 2014
		NiloBarat2	2012		Certified 2014
		KopPetaniSejahtera (KKPA)	2017		Preparation for certification
		KopKaryaMitra (KKPA)	2017		Preparation for certification
		KopTaniHarapan Maju(KKPA)	2017		Preparation for certification
		PTSafariRiau	2017		NotasKLK subsidiaries

		KKPAPTSafariRiau	2017		NotasKLK subsidiaries
		KTASafari	2017		NotasKLK subsidiaries
NiloPOM2 PTADEI	2012	NiloTimur1	2012	Pelalawan,Riau	Certified 2014
		NiloTimur2	2012		Certified 2014
		Kebun MitraKuala TolamSP1 (PTSWP)	2017		Preparation for certification
		Kebun MitraKuala TolamSP2 (PTSWP)	2017		Preparation for certification
		KKPASungaiBuluh (PTSWP)	2017		Preparation for certification
		Ladang Mutiara(PT SWP)	2017		Preparation for certification
TapungKanan POM PTSekarbumi Alamlestari	2012	TapungKanan1	2012	Kampar,Riau	Certified 2013
		TapungKanan2	2012		Certified 2013
		Tapung Kanan3	2012		Certified 2013
		KKPA (Kopni Sahabat Lestari)	2019		-
StabatPOM PTLangkat NusantaraKepong	2014	Basilam	2017	Langkat,Sumatera Utara	ST-2
		GohorLama	2017		ST-2
		Tanjung Keliling	2017		ST-2
		Maryke	2017		ST-2
		Bekiun	2017		ST-2
		Padang Brahrang	2017		ST-2
		BukitLawang	2017		ST-2
		Tanjung Beringin	2017		-
PadangBrahrang POM PTLangkat NusantaraKepong	2014	Nolonger inoperation			
PENINSULARMALAYSIA					
BatuLintangPOM	2013	Pelam	2013	Kulim, Kedah	Certified
		BatuLintang	2013	Serdang,Kedah	Certified
		Subur	2013	BatuKurau,Perak	Certified
		GhimKhoon	2013	Kulim, Kedah	Certified
KekayaanPOM	2011	Kekayaan	2011	Paloh,Johor	Certified
		Landak	2011	Paloh,Johor	Certified
		Voules	2011	Tenang,johor	Certified

		Bandar Tenggara	2011	Bandar Tenggara, Johor	Certified
		NewPogoh	2011	Tenang,johor	Certified
		Fraser	2011	Kulai,Johor	Certified
		Paloh	2011	Paloh,Johor	Certified
		SungaiBekok	2011	Bekok,Johor	Certified
		BanHeng	2011	Pagoh,Muar,Johor	Certified
		SeeSun	2011	Renggam,Johor	Certified
PalohPOM	-	OutsideCrop	-	Paloh,Johor	-
JerangPadam POM	2012	AyerHitam	2012	Bahau,NegriSembilan	Certified
		BatangJelai	2012	Rompin,Negri Sembilan	Certified
		JeramPadang	2012	Bahau,NegriSembilan	Certified
		Kombok	2012	Rantau,NegriSembilan	Certified
		UluPedas	2012	Pedas,NegriSembilan	Certified
		GunungPertanian	2012	Simpang Durian,Negri Sembilan	Certified
		SungaiKawang	2012	Lanchang,Pahang	Certified
		Renjok	2012	Telemong,Pahang	Certified
		Tuan	2012	Telemong, Pahang	Certified
Tanjung Malim POM	2013	Tanjung Malim	2013	Tanjung Malim, Perak	Certified
		Kerling	2013	Kerling, Selangor	Certified
		Sungai Gapi	2013	Serendah, Selangor	Certified
		Bukit Kato	2013	-	Certified
		Kampar	2013	-	Certified
TuanMeePOM	2013	Tuan Mee	2013	Sungai Buloh, Selangor	Certified
KualaPertang POM	2013	Kerila	2013	Tanah merah, Kelantan	Certified
		Pasir Gajah	2013	Kuala Krai, Kelantan	Certified
		Sungai Sokor	2013	Tanah Merah, Kelantan	Certified
ChangkatChermin POM	2013	Lekir	2013	Batu 12, 32020 Sitiawan, Perak	Certified
		Changkat Chermin	2013	Batu 13 ½, 32400, Ayer Tawar, Perak	Certified
		Raja Hitam	2013	Bt 18, Kg Jering, 32400 AyerTawar, Perak	Certified
		Allagar	2013	Ladang Allagar, 34800 Trong, Perak.	Certified
		Glenealy	2013	Jalan Si Putih– Batu Hampar, 32800 Parit, Perak	Certified
		Serapoh	2013	Ladang Serapoh, 32800 Parit, Perak	Certified
		Kuala Kangsar	2013	Ladang Kuala Kangsar, 33700 Padang Rengas, Perak	Certified
		Pinji	2013	Ladang Pinji, P.O.Box 1027, 30820 Ipoh, Perak	Certified

		Batu Dua	2013	Ladang Batu Dua, P.O.Box 1027, 30820 Ipoh, Perak	Certified
		Menglembu	2013	Ladang Menglembu d/k No. 1, Hala Kledang 4, Taman Kledang, 31450 Menglembu, Perak	Certified
		Kampar	2013	Peti Surat 20, 31907, Kampar, Perak.	Certified
		Subur	2013	34520, Batu Kurau, Perak	Certified
		Bukit Kartho	2013	Ladang Bukit Katho, 35500 Bidor, Perak.	Certified
SABAH,MALAYSIA					
Mill 1	2009	Jatika	2009	Tawau,Sabah	Certified
		Sigalong	2009		Certified
		Pangeran	2009		Certified
		Sri Kunak	2009		Certified
		PangBurong	2009		Certified
Mill 1	-	Outside crop	-	-	-
Pinang	2009	Pinang	2009	Tawau,Sabah	Certified
		Tundong	2009		Certified
		Ringlet	2009		Certified
Lungmanis	2010	Lungmanis	2010	Lahad Datu,Sabah	Certified
		Sungai Silabukan	2010		Certified
Rimmer	2010	Rimmer	2010	Lahad Datu,Sabah	Certified
		Tungku	2010		Certified
		Bukit Tabin	2010		Certified
Bornion	2010	Bornion	2010	Kinabatangan,Sabah	Certified
		Segar Usaha	2010		Certified
<p>The company's justifications for revision the TBP have been reported to CB and considered opinion on the matter And recommendation accepted. Time bound plan for uncertified unit:</p> <ol style="list-style-type: none"> 1. PT Hutan Hijau Mas (Berau POM), PT Mulia Agro Permai (MAPPOM), PT Karya Makmur Abadi (KMA POM) changed the TBP to 2017 area waiting of compensation mechanism approval from RSPO. 2. PT Langkat Nusantara Kepong (Tanjung Beringin Estate), still on progress for accomplish the requirement for 2.1(land permit). 					
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard				
<p>Based on data of FFB received since RSPO certificate issued for Nilo POM 2, dated on 14 March 2014, known there were other sources of FFB supplied to Nilo POM 2 in 3 consecutive years. As an example of FFB from PT. Steelindo Wahana Perkasa and KKPA Sungai Buluh. At surveillance 3, these sources have not been shown the evidence meets the RSPO standard. It has been nonconformity No. 2017.2</p>					

ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-3	<ol style="list-style-type: none"> 1. Leonada (Lead Auditor witnessed). Bachelor of Agricultural Cultivation Department of Agriculture, Faculty of Agriculture, Department of Plant Breeding and Seed Technology, Bogor Agricultural University. Having experience of more than five years working as a plantation operations staff and Sustainability in the private Indonesian oil palm plantations company and is currently working on independent certification bodies as auditor. Training have been followed are: Auditor Training Indonesian Sustainable Palm Oil (ISPO), Training of RSPO lead auditor, ISO 17021; 2011, ISO 17065; 2012, ISO 19011; 2011, Lead Auditor ISO 9001; 2008, ISO 14001; 2005, Training Management Development Program Agronomy, training analysis base solution for operation, training integrated Pest Management (IPM), training Use of limited Pesticides, Training Management of Waste Pesticides and Fertilizers, training mediation and conflict resolution, general safety specialist training and Health and safety management system (SMK3) Auditor. In this audit He was assessing on legal, SCCS, health and safety aspect. 2. Sandra Purba (Lead Auditor witnesser). Bachelor of Forestry, majored in Forest Product Technology. Have experience working in industrial forest company, coal mining and oil palm plantations company for 6 (six) years as EHS and Sustainability Assistant. Have certified as General OHS Expert, attend and passed the several trainings of management system (OHS, environment and quality management), training of waste management, GHG vericator and validator training, conflict resolution and mapping training. Have been successfully passed the Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, RSPO lead auditor training course and auditor of RSPO Next. Involve in many audit activities of similar scheme (ISPO) since April 2013 covering the Legal Aspect, Environmental aspect, Social Aspect, Health and Safety Aspect, conservation and Worker Welfare. In this audit she's assessing land dispute and social aspect. 3. Brigitta Prita (Auditor). Citizen of Indonesia. Bachelor of Forestry, Department of Forest Resources Conservation and Ecotourism. She had attended Training ISPO by Commission ISPO on June 2013, Training ISO 9001:2008 Quality Management System on January 2014, In House Training 17021 and 17065 management system and Product Quality, Training High Conservation Value by IPB on September 2015, In House Training HCV on August 2016, In House Training Roundtable Sustainable Palm Oil on January 2014; In House Training ISO 14000:2004 Environmental Management System. She has been audit experience ISPO & RSPO since April 2013 in the environmental, conservation, waste management and GHG aspects. In this audit she's assessing environment aspect, waste management, HCV and GHG. 4. Benli Manurung (Auditor trainee). Citizen of Indonesia, Bachelor of Agriculture, Soil Science Department. He has a working experience more than four years as a staff operational plantation in the private oil palm plantation company in Indonesia. Training have been followed are: ISPO, Lead auditor ISO 9001: 2015 and In House Training of Best Management Practice. Has been involved in several of similar scheme audit activities since 2016 covering of Best Management Practice and Worker Welfare. During the audit he verified worker welfare and Transparancy. 5. Sahat Simarmata (Auditor). Bachelor of Science in Agriculture (Plant Protection) obtained from the Faculty of Agriculture, Universitas Sumatera Utara - Medan and Master of Science (Environmental Science and Management) obtained from University of the Philippines Los Banos (UPLB), Philippines. Worked at the Directorate General of Estate Crops, Ministry of Agriculture for 32 years and actively involved in undertaking Field Test of RSPO P&C Draft, actively involved in formulating and undertaking Field Test of ISPO P&C Draft, and socialized Regulation of Minister of Agriculture No.19/2011 on ISPO Guidance. Currently he is working on the independent Certification Body. The training attended, are Auditor ISPO, In house Training – Awareness RSPO Certification, and Training of Lead Auditor, ISO 9001 (In House Training). He has been conducting several audit related sustainable palm oil certification system as auditor trainee and auditor. In this audit he assessed the Best management Practices aspect.
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment

ASA-3	<p>Number of auditors for ASA-3: 5 Auditor Number of days for ASA-3 at site: 5 days Number of working days for ASA-3 at site: 25 Working days</p>
2.2.2 Assessment Process	
ASA-3	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Adei Plantation & Industry with RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E 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) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ASA-3 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-4).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ASA-3 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-3.</p> <p>The assessment program please find Appendix 2</p>
2.2.3 Location of Assessment	
ASA-3	<p>Sampling locations are determined by using the formula $0.8\sqrt{y}$ of total supplier estates and consider the issues arising from the assessment documents and stakeholder consultation of fundamental and crucial. At the time of this assessment, the location of the sample is Nilo POM 2, Nilo Timur Estate 1 and Nilo Timur Estate 2.</p> <p>The locations visited are presented in the following:</p> <p>Nilo Timur Estate 1</p> <ul style="list-style-type: none"> - Spraying activity block 17 division 5. Observation and interview regarding Implementation of SOP, OHS and worker welfare - Manuring activity blocks 50 and 51 division 6. Observation and interview regarding Implementation of SOP, OHS and worker welfare - Harvesting activity blocks 50 and 51 division 5. Observation and interview regarding Implementation of SOP, OHS and worker welfare - Subsidency benchmark number 16 block 8 division 6. Observation of peat subsidency - Boundaries Block B41, Division 5, KNT 1. Observe the boundaries between smallholders area (KKPA Pelalawan) and plantation area (KNT 1 Estate) - Block PR16B, Dvision 5, KNT 1. Observation to riparian area of Telayap river - Chemical Warehouse. Field observation and interview with officers regarding management in chemical warehouse. - Oil Warehouse. Observation and interview on environmental aspect, OHS implementation, management of oil and understanding of working procedure. - Chemical Mixing area. Observation and interview regarding management of hazardous waste (pesticide). - Washing area and PPE spray storage. Observation and interview regarding of hazardous waste (pesticide) and PPE Spray storage. - Personal Protective Equipment (PPE) storage area of fertilizer. Observation regarding management of PPE fertilizer storage. - Storage area of Fire extinguishers. Observation and interview regarding emergency response. - Hazardous waste Storage. Observation regarding management of hazardous waste. - Health post. Observation on first aid mechanism, medical waste management and work accident record

monitoring.

- **Daycare.** Observation and interview regarding condition of daycare and worker welfare of Employee or officer.
- **Housing Division 8 KNT 2.** Observation and interview regarding management of domestic waste, quality and feasibility of employee welfare facilities and infrastructure such as water source, electricity, and others.
- **Housing Division 5 KNT 1.** Observation and interview regarding management of domestic waste, quality and feasibility of employee welfare facilities and infrastructure such as water source, electricity, and others.
- **Landfill Block 36 Division 8 KNT 2.** Observation regarding management of domestic waste.
- **Spraying activity block CR49 division 5.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Manuring activity blocks 51 and 52 division 5.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **EFB application activity block 16 division 5.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Block PR16 division 5.** Observation IPM
- **Harvesting activity block C43, C46 division 5.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Block 4 division 6.** Observation Piezometer
- **KNT 1 Division 6 Block 4 PR 16 D.** Observation on Peat Land, replanted in 2016, planting on October 2016, hectarage 236 ha.

Nilo Timur Estate 2

- **Spraying activity block 30 division 8.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Harvesting activity block 38 division 8.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Manuring activity blocks 17 division 8.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Subsidity benchmark block 4 division 8.** Observation of peat subsidity
- **Water Intake (Reservoir) Block 16 Division 2.** Field observation on water source management for water treatment and processing for housing.
- **Land application Block 21 Division 8.** Field observations and interviews with officer regarding waste water management.
- **Monitor well (Control land set up) Block 21 Division 8.** Field observations and interviews with officers on monitoring well management.
- **Block 37 division 8.** Observation EFB application
- **Block 18 division 8.** Observation IPM
- **Subsidity benchmark block 4 division 8.** Observation of peat subsidity
- **HGU Poles No. 5, 6 & 7 block 38 - 40.** Observation of border area

Nilo POM 2

- **Water Treatment Plant.** Field observations and interviews with WTP operators on management in WTP area.
- **Temporary storage Hazardous waste.** Field observations and interviews with officer regarding hazardous waste management.
- **Workshop.** Field observations and interviews with workers regarding employment, job descriptions, OHS aspects and others.
- **Chemical Warehouse.** Field observation and interview with officers regarding management in chemical warehouse.
- **WWTP.** Field observations and interviews with WWTP operators regarding waste water management.
- **Hydrant.** Field observation of hydrant function.
- **Shelter Empty Fruit bunch.** Field observation regarding solid waste management.

- **Grading station.** Observation and interview regarding Implementation of SOP, OHS and worker welfare
- **Security pos.** Observation worker welfare, emergency and supply chain procedures
- **Weightbridge station.** Observation and interview supply chain procedures
- **Loading ramp station.** Observation Processing procedure and safety aspect.
- **Sterilizer station.** Observation Processing procedure and safety aspect.
- **Boiler station.** Observation Processing procedure and safety aspect.
- **Engine room station.** Observation Processing procedure and safety aspect.

Stakeholders

- **Telayap Village.** Auditor conducted an interview with the head of the village, Community Figure and Youth Figure. related with the impact of plantation management.
- **Batang Nilo Kecil.** Auditor conducted an interview with the head of the village, Community Figure and Youth Figure. related with the impact of plantation management.
- **Sungai Buluh Village.** Auditor conducted an interview with the head of the village, Community Figure and Youth Figure. related with the impact of plantation management.
- **KKPA Sungai Buluh.** Interview regarding FFB supply to Nilo POM 2 and FFB payment.
- **Contractor.** Auditor conducted interviews with the building contractor
- **Worker Unions.** Auditor conducted an interview with the head of unions related worker welfare, and OHS
- **Gender committees.** Auditor conducted an interview with the head of committees related worker welfare, and OHS, woman's right

2.3 Stakeholder Consultation and Stakeholders Contacted	
2.3.1	Summary of stakeholder consultation process.
ASA-3	<p>Public consultation with Stkaholder to PT Adei Plantation & Industry done through:</p> <ol style="list-style-type: none"> 1. Public Announcement on the website of Mutuagung Lestari on 8 March 2017. 2. Send quetionaire by email to NGOs on 23 March 2017 3. Pubic consultation with local stakeholder by visit to nearby village (Telayap village, Batang Nilo Kecil village, Sungai Buluh village) 3 April 2017 and local contractor, workers union and gender committees on 1 April 2017. 4. Public consultation with government agency District of Pelalawan (Environment Bodies, Plantation and Forestry Agency, Labour Agency and National Land Agency on 29 March 2017. <p>Numbers of input from stakeholders were clarified by PT Adei Plantation and Industry.</p>
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4 Determining Next Assessment	
	The next visit ASA-4 will be determined one year after this ASA-3 (March -2018).

3.0 ASSESSMENT FINDINGS.

3.1 Summary of Assessment Report of the RSPO Certification.

MUTUAGUNG LESTARI has conducted an assessment of Nilo POM 2 – 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 one (1) Nonconformity were assigned against Major Compliance Indicators, one (1) Nonconformity were assigned against Minor Compliance Indicators 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. The company has already prepared and implemented the corrective action that had been reviewed and accepted by Auditors in form of documentation evidences e.g. (document record/photographic/etc). Those corrective action taken that consist of one (1)Major non-conformity had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Nilo POM 2 – PT Adei Plantation & Industry, Kuala Lumpur Kepong Bhd complied with the requirements of Indonesian National Interpretation - NITF – September 2016; RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill) and RSPO Certification System 2007, Revised Oct 2011.

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
1.1.1 Certificate holder has provided a list of information that is accessible to the relevant public that has been updated on April 14, 2017. As for the types of information that can be accessed by the public at PT Adei P & I are: Internal audit of RSPO, External audit of RSPO, Report of water sampling analysis, cultivation Rights, Permits, of gender, Investigate work accident, OHS programs and policies, SIA Report, Legal and regulatory documents etc. Based on the results of consultation with the Village Head of Telayap, Batang Nilo Kecil and Buluh River carried out on March 30, 2017 it is known that they know the type of information that can be accessed.		
1.1.2 The report on the request for information from the parties concerned has been archived and stored. The information can be accessed through the logbook in the office site. For information related to the reporting of related agencies are in the book of incoming and outgoing mail and stored properly. The certificate holder has responded to requests for information that coming into PT Adei P & I. So far requests for information from stakeholders are only requests for assistance for example: Incoming letter on December 6, 2016 from GPI church on request for help to take the congregation to attend the Christmas celebration at Pangkalan Kerinci. The company has provided transportation assistance. The management has do the mandatory reporting to the relevant agencies, for example: WLTk Reports (Employment		

Official Report), Environmental Management and Monitoring Report and Reporting Guiding Committee Of Occupational Safety & Health.

Status: Comply

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.

1.2.1

Certificate holder has provided a list of information that is accessible to the relevant public that has been updated on April 14, 2017. As for the types of information that can be accessed by the public at PT Adei P & I are: Internal audit of RSPO, External audit of RSPO, Report of water sampling analysis, cultivation Rights, Permits, of gender, Investigate work accident, OHS programs and policies, SIA Report, Legal and regulatory documents etc.

All these documents are stored well in the manager room, SPO manager room, head of administration room and public relations room, and there is a PIC who responsible for updating the data / documents that need to be updated as well in the list of documents that have expired.

Status: Comply

1.3

Growers and millers commit to ethical conduct in all business operations and transactions.

1.3.1

Certificate holder (Kualalumpur Kepong Group) has a written policy to respect human rights. KLK supports the Universal Declaration of Human Rights by the United Nations / PBB. The policy is approved by the Chief Executive Officer / CEO on December 1, 2014. The policy is communicated to employees, installed in every office.

The commitment to ethical behavior in all the operation and the transaction set forth in the Code of Conduct for Employees (4.6) dated October 1, 2014. Employees are expected to understand and comply with laws, rules and regulations of the office and / or their work, including but not limited to enactment laws relating to anti-money laundering, anti-terrorism funding, anti-corruption, protection of personal data and competition. The Company reserves the right to report any action or activity that putatively criminal to the police forces or other relevant authorities.

Code of integrity point 4.11

Employees should treat fellow employees with fair and courteous regardless of race, religion, gender, nationality, age, disability and discrimination.

Verification in the field, the policy can be accessed by employees through information that is attached in the estate and mill Office. Interviews with workers known that workers know about their company policy to respect human rights and commitment to ethical behavior in all working operations.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

2.1.1

Certificate holder has a list of the latest laws and regulations. The lists and copies of these regulations are available in each estates and factory unit. Some examples of regulations compliance that have been done such as land permits and hazardous waste storage permits. Based on the results of field visits in Nilo POM 2 there is a boiler with a capacity of 35 tons/hour but there is only 1 operator (Class 1). From interviews with harvester and document verification, it is also known that grading workers have not followed the periodic health checks. This became Non Conformity **NC 2017.01**.

2.1.2, 2.1.3 & 2.1.4

There is a system to explains the person who responsible for managing the regulatory compliance that sustainability

department. The mechanism for checking regulatory compliance is done on a regular basis for each year such as 17 February 2017. Searching for any regulatory changes is done by Public Relations Manager, general manager and director through regulatory information sources in agencies and mass media.

2.1.1 Status: Non Compliance with Major category

2.2

The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.

2.2.1

Certificate holder has had documents showing the land tenure and cultivation of 12,860 Ha according to SK HGU No. 23/HGU/1993. The company has also a location permit in Decree No. Kpts.45 / I.L-I / 1991 of the Governor of Riau Province on the Permit Area and Acquisition Rights of the land area of approximately 12,750 hectares, Release of Forest area through Decree of Forestry Minister No. 846 / Kpts-III / 1991 on Release of Some groups Forest S. Nilo - S. Telayap located in the Riau Province, area of 15,812.5 hectares.

2.2.2

According to an image particular situation no 17/1992 which is an annex of the HGU Decree owned by the company covering an area of 12,860 ha, it is known that there are 167 BPN poles which marked the boundary demarcation of the company's area. The map of poles positions available for each unit and The company has SOP in monitoring BPN poles and demarcation No. 46 issued on 1 July 2014. The SOP mentioned that the monitoring carried out at least 1 time in 1 year and The company can show the inspection report of BPN Poles.

Based on the results of field visits in Block 38 – 40 HGU pole No. 5,6 & 7 known that pole positions is not match with the HGU map. On 28 March 2013 the company has undertaken a demarcation of the governance boundary based on the HGU document owned, then on 23 April 2014 there is a map for all the HGU stakes installed in the field. Based on document verification, it is known that there are several exchanges of HGU land with the community land so that in this case there is a change of corporate governance borders. In response to this case, the company has sent a letter to national land agency of Pelalawan for re-measurement as shown in letter no. AD-KN/LP/2015/3.05 dated 20 March 2015 and letter no. AD-KN/LP/2017/3/01 dated 21 March 2017. This become **OFI**.

2.2.3, 2.2.4

The entire land disputes has been resolved in 2016, there is no land acquisition process for the area in dispute at the time, but through the mediation and settlement by consensus. Based on the hectare statement, consultation with relevant agencies and communities known that there are no disputes / conflicts over land in the company's HGU. Settlement of land issues conducted in accordance with the SOP company No. 26 that describes the stages of the land border disputes settlement, squatter dispute and social issues.

2.2.5, 2.2.6

Sighted the map of the area which has been submitted to the community (KKPA Palalawan) with a scale of 1: 90000, covering an area of 328 hectares located in division 5 KNT1. Mapping was carried out in participatory way involved the affected parties and are arranged by mutual agreement. The CH does not use violence to maintain peace and order in its operations. In SOP No. 26 explained that to resolve any conflicts will be made by consensus, mediation and legal means.

2.2.2 Status: OFI

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.

2.3.1, 2.3.2, 2.3.3, 2.3.4

The compensation process has been completed by the company in 2013, the last of compensation made in the Palas village, Kemang Village and Batang Nilo Kecil village. The evidence of such compensation has been demonstrated and verified during the ST2 up to ASA-2. Based on interviews with villagers in Sungai Buloh and Telayap village mentioned that the compensation process performed by the company has been in accordance with the agreements and company SOPs.

The SOP of land acquisition palm oil No.: 27, clause 7 states that prior to the development of palm oil (after the location permit issued), first socialized to the communities accompanied by the local government, collecting data of stakeholders who owns the land, showed evidence of land ownership by the stakeholders, negotiations with landowners through FPIC method (compensation calculated was land and crops), payment of compensation is based on the agreed price.

Status: Comply

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

3.1

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

3.1.1 & 3.1.2

Certificate holder has a business plan for five years covering replanting, production, cost, price forecasts and financial indicators. Currently there is no plans to expand the new areas, but doing replanting as known from the results of field visits. In the replanting area, there is some peatland management such as water level monitoring, CaCo3 application, LCC planting etc. In the five years plan provided maps showing the year of planting and areas of HCV including strategies in the management of environmental and social factors which are evaluated of each year. Every achievement per year is documented in an annual report and evaluated to define improvement plans will be taken.

Status: Comply

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

The company has had the SOP for estate operational activities, comprising nursery until FFB transportation and the SOP for Mill starting from FFB acceptance in Weighing Bridge Station until CPO Despatch and Supply Chain.

The company also has had 50 titles of the SOP on Sustainability (The third Revision. dated 1st February 2016). The SOP related to estate, for instance the SOP 4 – Replanting while the SOP related to Mill, such as the SOP 39 – FFB Acceptance at the Mill..

Based on the result of field observation and interview with field workers in estate and Mill, it is known that the SOPs have been well implemented. Example:

- Harvesting in KNT-1 (Division 5, Blok D43) and KNT-2 (Division 8, Block 38 PM01A3) has been done comply with procedure. The workers knew the steps to harvesting activity, such as fruit rapeness criteria (10 loose fruits), harvest rotation (7/8 day), clean loose fruit collection, FFB arrangement at Harvest Site (5 rows). The workers were using Personal Protective Equipment (PPE) appropriate to risk identification.
- Manuring in KNT-2 (Division 8, Blok 17cPM01A1) using RP has been applied comply with procedure. The workers knew the steps to manuring, such as rate of fertilizer (1.5 kg/plant), the way to apply fertilizer (preached evenly around the edge of plant circle 1.5 m distance from trunk). The workers were using PPE that appropriate to risk identification

FFB grading at Loading Ramp Station of Nilo POM 2 has been conducted comply with the SOP. The graders knew how to take truck sample and 100 bunches for sample and recorded grading results based on the criteria (Rape Bunch, Black Bunch, Unripe Bunch, Rot Bunch, Empty Bunch, Long Stalk Bunch, and Pest Damaged Bunch). For example, FFB grading result on 31 March 2017 from KNT-2 (Division 7, PM03C4), Truck No.V38/308416, Rape Bunch (99 bunches) and Unripe Bunch (1 bunch).

4.1.2

The company has monitored the consistency of SOP implementation by conducting internal audit routinely done by the Mandau Central Laboratory. Example:

The internal audit result done from 22 – 24 September 2016 that related to plantation activities:

- Harvesting in KNT-1 (Division 5 and Division 6) has the average point 91.4%, fulfilled In-House Standard for competition 90 % minimum.
- Harvesting in KNT-2 (Division 8) has the average point 94.1%. Slightly decreased compared to the first round (94.4 %),

however, still fulfilled In-House Standard for competition 90 % minimum.

The result of internal audit has been followed-up through evaluation meeting involving Estate and Mill personnels. The Management review meeting has been performed on 21st February 2017 in Meeting Room of Nilo POM-2 to discuss the result of internal audit conducted by MCL on 23rd January 2017. There were 3 NC finding, they were:

- The GHG computation for Nilo POM-2 for October 2015 thru September 2016 has not yet been available. Follow-up: The GHG computation has been sent by e-mail on 24th February 2017.
- The hazardous waste document for the 2nd Semester of 2016 has not yet been sent to the related government institution. Follow up: The hazardous waste document (neraca) from July thru September 2016 has been sent to District Office of Environment on 26th January 2017 and to the Ministry of Environment on 27th January 2017.
- The member list of SPSI of Nilo POM-2 for 2017 has not yet been available. Follow up: The member list of SPSI has been available (total number of members are 27 persons).

The management review related to mill performance and NC:

In order to maintain the quality of products, manager of Nilo POM-2 extended, among others:

- The supervisor and laboratory worker will conduct sample examination every 2 hours;
- The executive will check the quality every day

There has been follow up of management review, such as conducting retraining on SOP and SaOP, and sample of processing products will be sent MCL 2 times per month.

4.1.3

The company has had the record of plantation operational activities result in the Estate Progress Report. The result of Mill operational activities was recorded in the POM Progress Report. The report was updated monthly.

The company has had the Sustainability Internal Audit Report – Document review was conducted on 15th March 2017 and has been evaluated on 17th March 2017. For example, the activity of Nilo POM-2:

- The fire extinguisher tube in chemical store was very close to hexane liquid store. Follow up: The fire extinguisher tube has been moved to near the door that can be reached easier.
- The License (SIO) of steam operator (for Syafrizal) has not yet been available and the ear plug already out of order. Follow up: The use of PPE and License (SIO) has been socialized to steam operator on 16th March 2017.

The result of internal audit done 22nd – 24th September 2016 that related to Estate activities:

- The average point of harvest in KNT-1 (Division 5 and Division 6) was 91.4%, fulfilled In-House Standard for competition 90% minimum.
- The average point of harvest in KNT-2 (Division 8) was 94.1%. Slightly decreased from the first round (94.4%). However, still fulfilled In-House Standard for competition 90% minimum.

Based on the Working Program on Repair and change of Machine Spareparts of the Nilo POM-2 dated 29th March 2017 there were repairment and working hours that has been done. For example:

- Installing Valve 4 Inches in side of Body Inclined FFB (Loading Ramp Station), from 10:00 AM to 12:00 Noon.
- Welding Ring Body Empty Fruit Bunch Fresh No. 3 (Threshing Station), from 14:00 PM to 18:00 PM.
- Installing pipe of Outlet Sand Cyclone D1 (Clarification Station), from 07:00 AM to 12:00 Noon and from 14:00 PM to 18:00 PM.

4.1.4

Certificate holder has had the SOP 45 – The Procedure of FFB Acceptance from Outsider Supplier that explained FFB purchasing mechanism. Every FFB Supplier has to fulfill the requirements, they are, has to have its own oil palm plantation, the supplied FFBs do not come from plantation that locates in forestry area, law firm company, has the Legal Act of Company Establishment, has the Company Permanent Permit, Company Site Legal Permit, has Certificate holder Registration License, and has the Number of Tax Payer (NPWP).

Based on the result of document verification, it was known, that the company has had the list of outsider FFB Supplier to Nilo POM-2, they were PT Satelindo Wahana Perkasa - Ladang Mutiara, KKPA Sungai Buluh, KKPA Kuala Tolam SP1, and KKPA Kuala Tolam SP2.

Certificate holder recorded all FFBs that came from the third party in the FFB Acceptance. For example, the FFB acceptance at Nilo POM-2 on February 2017 amounted to 2,783,920 kg that supplied by PT. SWP - Ladang Mutiara (1,045,910 kg), KKPA Sungai Buluh (1,328,520 kg), and PT. Satelindo Wahana Perkasa - SP1 and SP2 (409,490 kg). It was available the Letter of FFBs Purchasing from the Third Party. For instance, SPJB TBS No. ADEI-018/TBS/SR/VII/16, dated 1st July 2016 between PT Adei Plantation & Industry and PT Satelindo Wahana Perkasa (Kompleks Mutiara Blok C No.3-7 Sunter Agung, Jakarta) for daily FFB purchase amounted to \pm 50 MT starting from 1st July 2016 thru 30th June 2017. The price per kg will be announced every Tuesday afternoon.

Status: Comply

4.2

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

4.2.1

The company has had 7 titles of the SOP/procedure on the management or maintaining soil fertility. For instance, SOP 12 – Management on Soil Fertility for Optimum Productivity (dated 1st July 2014).

The company has implemented the SOP. For example, planting of the leguminous cover crop on the replanting area. For example:

- Planting of leguminous cover crop on replanting area in KNT-1 (Division 5). Target in 2016/2017 was 407 Ha in hectare, the actual already 261 Ha (64.12%).
- Solid waste application in KNT-1 (Division 5): Target in 2016/2017 was 238.50 Ha (4,054.50 ton), actual as of February 2017 already 120.60 Ha (2,050.20 ton).
- Application of Empty Fruit Bunch (EFB) in KNT-2 (Division 8): Target in 2016/2017 was 751 Ha and the actual as of March 2017 was 514.79 Ha.

The result of field observation and interview with workers in KNT-1, Division 5, PM00A1b (mineral land 55.2 Ha, rolling) it was informed, that EFB has been applied in 2015/2016 and 2016/2017 amounted to 15 ton/ha.

4.2.2

The manuring rate for 2015-2016 and 2016/2017 period in respective plantation has been comply with manuring recommendation prepared by PT. Applied Agricultural Research Indonesia. The company has documented the actual use of fertilizer pupuk per ton FFB. For example, the use of fertilizer in 2015/2016:

- KNT-1 Division 5, such as fertilizer used (Dolomite 384.35 kg), FFB production (26,274,970 kg per year), ratio between kg of fertilizer per ton FFB (14.63).
- KNT-2 Division 8, such as fertilizer used (Fertibor 450 kg), FFB production (32,851,500 kg per year), ratio between kg of fertilizer per ton FFB (0.01).

Certificate holder has recorded fertilizer used per ton FFB in “Manuring Costing Book”. For example

- KNT-1 Division 5: On 28th February 2017 manuring in Block O1C3c (58.20 Ha) applied NK 17:30 amounted to 11,850 kg, content of N 17% (2,014.5 kg) and K 30% (3,555 kg), content of N per Ha (34.61 kg) and K (61.08 kg), FFB production (58,710 kg), content of N per ton FFB (0.001863919 kg) and K (0.003289269 kg).
- KNT-2 Division 8: In February 2017 manuring in Block O3D3 (84 Ha) applied ZA amounted to 12,650 kg, content of N 21% (2,656.5 kg) and S 23% (2,909.5 kg), content of N per Ha (28.02 kg) and S (30.69 kg), FFB production (123,860 kg), content of N per ton FFB (0.000269198 kg) and S (0.000294835 kg).

Based on the result of field observation and interview with workers in di KNT-1, Division 5, PM00A 651 and 650, it was known, that the first rotation of Kieserite fertilizer application has been done amounted to 150 bags (7,500 kgs), the rate was 1.5 kg/plant. In KNT-2, Division 8 PM 01A1 Block 17 was applied RP (the first rotation) amounted to 120 bags (6,000 kg), the rate was 1.5 kg/plant. It has been comply with manuring recommendation given by Agronomist from PT. AAR Indonesia.

4.2.3

The company has had SOP 12 – Management on Soil that Optimal for Productivity. It is explained in the SOP that soil and

leaf analysis has been conducted annually and rate of fertilizer has to follow the recommendation of Agronomist. The company under collaboration with PT. Applied Agricultural Resources Indonesia has conducted soil and leaf analysis as basis in formulating manuring recommendation. The last analysis was done in 2016.

The result of soil sample analysis with parameter measured, among others, soil texture, acidity (pH), content of C, N, P, K, Mg, Ca, Na, BS, CEC, Al, and H are as follows:

- KNT-1, Division5: For example, in Block 5 PM 2004B:horizon/depth (0-15 cm), pH (3.43), C (11.35%), N (0.53%), P total (387 ppm), Exchange Cation- K (2.0 m.e. %), Ca (0.79 m.e. %), Mg (1.24 m.e. %).
- KNT-2, Division8: For example, in Block 8 PM 2001A 3a:horizon/depth (0-15 cm), pH (5.42), C (3.24%), N (0.21%), P total (2,830 ppm), Exchange Cation K (0.3 m.e. %), Ca (1.86 m.e.%), Mg (0.29 m.e.%).

The result of leaf analysis are as follows

- KNT-1, Division5: For example, in Block5 PM2000B 4c: content of Ash (4.61%), N (2.75%), P (0.155%), K (1.56%), Ca (0.37%). Mg (0.18%), and Bo (12.50 ppm).
- KNT-2, Division8: For example, in Block8 PM2001A 1b: content of Ash (5.90%), N (2.71%), P (0.159%), K (1.10%), Ca (0.68%). Mg (0.28%), and Bo (14.40 ppm).

Aside from analyzing soil and leaf, it was conducted also visual monitoring of FFB potential, symptom of nutrient deficiency, wide of canopy, and potency of pest and disease infestation.

4.2.4

The company has had strategy of nutrient recycle in plantation and it has been implemented. For instance:

1. Solid Waste Application

KNT-1 (Division 5): Target in 2016/2017 was 238.50 Ha (4,054.50 ton), that was ini Block F46, F47, F48, F49, F50, F51, F54, nad F55. Actual as of February 2017 was 120.60 Ha (2,050.20 ton).

2. Empty Fruit Bunch Application

- KNT-1 (Division 5): Target in 2016/2017 was 260.40 Ha (3,906 ton). Actual as of February 2017 was 84.25 Ha (1,263.75 ton).
- KNT-2 (Division 8): Target in 2016/2017 was 751 Ha. Actual as of March 207 was 514.79 Ha (7,721.85 ton).

3. Pruning

- KNT-1 (Division 5): Target In 2016/2017 for the first rotation (October 2016 thru March 2017) was 847 Ha an actual was 702 Ha (82.88%).

KNT-2 (Division 8) in PM03B: Target in 2016/2017 was 877.50 Ha. Actual as of March 2017 was 581.06 Ha.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

Certificate holder has not had yet the map that figures specific fragile land in the cultivated area. Nevertheless, the company has had maps, as follows:

- Map of Soil Type Distribution of Nilo Estate PT Ade Plantation & Industry scala 1:90,000 prepared by PT. AAR Indonesia. The map figured the information on soil classification, texture, horizon depth, drainage, limiting factor, stone, and appropriateness for development of oil palm plantation. Based on the soil map in detail, 70 % of the area Division 6 KNT-1 and Division 8 KNT-2 was peat soil < 2M depth. Based on the Soil Type Distribution Map it was categorized as marginal soil with limiting factors are the low fertility level, peat depth, and drainage.
- Soil Map of Nilo Estate PT Ade Plantation & Industry 2014, scala 1 : 80,000. The map informed soil type, they were peat soil of 8,315 Ha (66 %), Alluvium Soil of 1.179 ha (1 %), and Sedimentary Soil of 4,063 ha (32 %).
- The Soil Map of Nilo Estate PT Ade Plantation & Industry 2014, scala 1:80,000. The map informed the slope, they were flat (0 – 4 %) : 10,200 ha (74 %), undulating (4-12%) : 3,414 ha (25), and rolling (12-23%) : 151 ha (ha).

4.3.2

Same as ASA-2, based on Soil Map of Nilo Estate PT Ade Plantation & Industry 2014, scala 1:80,000, it informasi that area in esater Nilo (KNT-1 and KNT-2) was flat (0 - 4 %).

4.3.3

Based on the result of document diverification and interview with estate managers, it was informed that every Division has had program on plantation road maintenance to be done every 6 months. The raod maintenance has been done using heavy equipment and recorded in Road Maintenance Report Year 2016/2017. For example:

- KNT-1 (Division 5): Target in 2016/2017 was 38,000 m length in PM 00B, PM 01B, PM 01C, PM 03B, and PM 04B. The actual as of Maret 2017 was 19,000 m length (50%).
- KNT-2 (Division 8): Target in 2016/2017 was 20,000 m length in PM 03B1, PM 03B2, PM 03B3, PM 03B4, PM 03B5, and PM03B6. The actual as of March 2017 was 7,400 m length (37%).

4.3.4

Certificate holder has had the Soil Map of Nilo Estate of PT Adei Plantation & Industry scala 1 : 60,000 prepared by PT. AAR Indonesia, it was known, that soil type in the cultivated area are Peat Soil 8,315 Ha (66 %), Alluvium Soil 179 ha (1 %), and Sedimentary Soil 4,063 ha (32 %).

The company also has had SOP No.32 – Planting of Oil Palm in Peat Land that explained the management of peat soil, they are, making drainage and water management to adjust and to maintain water level in plantation area keep the water level in in the level of 60 – 80 cm.

In order to know the subsidence level of peat land and water level in plantation the company has installed equipment 31 units of Subsidence Stake and Piezometer and will be installed additional of 112 units. Monitoring was done every month on the 15th date. For example, monitoring result of subsidence level of peat land:

- KNT-1, Division 5, Block B41, Subsidence Stake No. 1 showed, that average of subsidence level in 2016 was 45.01 mm. The average water level on February 2017, for instance, measurement of Piezometer in PM 01C2 Block C45 was 65.50 cm.
- KNT-2, Division 8, Block 4 PM03B1. Subsidence Stake No. 6 showed, that average of subsidence level in 2016 was 86.13 mm. The average water level on March 2017, for instance measurement of Piezometer in PM 03B2, Block 08 was 63.38 cm.

The Senior Manager of KNT explained, that te company has put up water gates (made of sand bags) in several outlet and equipped with scaled PVC stake. However, monitoring of water level in water drain has never been done, since all stakes have been lost.

The result of field observation, for instance in KNB-1, Division 2, Block 27 (the replanting area in 2016) ahowed, that water level on 30 March 2017 was 57 cm below landsurface. Subsidence of peat land level in Division 2, Block 35 since it was installed in 2013 has been reached 17 cm.

The result of field observation in PM03B1, Block 4, Division 8, KNT-2 (Subsidence Stake No.17) showed, that subsidence level of peat soil in Block 4 since installed in the middle of 2014 up to 3rd April 2017 was 12 cm.

The company has done effort to minimize subsidence of peat soil, such as planting of leguminous cover crop on the replanting area. For example, in replanting area PR16D, Block 8, KNT-1 Division 5.

4.3.5

Assessment of drainability level of peat has been conducted on February 2015 (before replanting) by PT. Applied Agricultural Resources Indonesia. Based on the report of Drainability Assesment Report of Replanting Area on Soils Map in Nilo Estate of PT Adei Plantation & Industry, Riau it was it was informed thaty currently peat level and prediction in the future (after 25 years subsidence) was averagely high. It was recommended on flood season to maintain water level in peat land on 60 cm below land soil surface, to maintain plantation boundary in northern, and installing automatic water gate in all outlets.

The company has installed equipment to measure the level of peat land subsidence and water level in plantation, they were 32 units Piezometer (12 units in Division 6 and 20 units in Division 8). Monitoring was done every month on the 15th date. For example:

- KNT-1, Division 5, Block B41, Subsidence Stake No. 1 showed, that average of subsidence level in 2016 was 45.01 mm. The average water level on February 2017, for instance, measurement of Piezometer in PM 01C2 Block C45 was 65.50 cm.
- KNT-2, Division 8, Block 4 PM03B1. Subsidence Stake No. 6 showed, that average of subsidence level in 2016 was 86.13 mm. The average water level on March 2017, for instance measurement of Piezometer in PM 03B2, Block 08 was 63.38 cm.

4.3.6

Certificate holder has not had yet the map that figures specific fragile land in the cultivated area. Nevertheless, the company has had the Map of Soil Type Distribution of Nilo Estate PT Ade Plantation & Industry scale 1:90.000 prepared by PT. AAR Indonesia. The map figured the information on soil classification, texture, horizon depth, drainage, limiting factor, stone, and appropriateness for development of oil palm plantation. Based on the soil map in detail, 70 % of the area Division 6 KNT-1 and Division 8 KNT-2 was peat soil < 2M depth. Based on the Soil Type Distribution Map it was categorized as marginal soil with limiting factors are the low fertility level, peat depth, and drainage.

Same as ASA-2, the company also has had SOP No. 32 – Planting of Oil Palm in Peat Land that explained the management of peat soil, they are, making drainage and water management to adjust and to maintain water level in plantation area keep the water level in the level of 60 – 80 cm.

Based on the result of field observation on Subsidence Stake No.16 in PR16D, Block 8, KNT-1 Division 5 (replanting area, planted on October 2016) showed, that subsidence of peat soil was 1.5 cm. Observation on Piezometer (reading point No.74 in PR16D Block 4 Divisoni 6) showed, that water level in the block was 60 cm below soil surface.

The company also has conducted management of marginal land (low content of organic matter) by applying EFB. For example:

- KNT-1 Division 6: Target in 2016/2017 was 260.40 Ha (3,906 ton). The actual from October 2016 thru February 2017 was 84.25 Ha (1,263.75 ton).
- KNT-2 Division 8: Target in 2016/2017 was 751 Ha (11,265 ton). The actual from October 2016 thru March 2017 was 514.79 Ha (7,721.85 ton).

Status: Comply

4.4

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

4.4.1

Certificate holder has a water management plan for 2017 and the realization of water management as stated in the Environment Management Plan / Environment Monitoring Plan Semester II of 2016. Such as river water quality testing every 6 months, making of buffer zone in water catchment area, groundwater analysis, high maintenance Water level on peat land and others.

4.4.2.

Field observation in Telayap Riparian area, Block PR16B, Division 5 KNT riparian areas have been managed, such as, there is a spray limit, there is no fertilizing and spraying activities, there are woody plants in riparian area and others.

4.4.3

Certificate holder has showed the results of monthly liquid waste testing conducted by the Dinas Bina Marga Technical Implementation Unit of Material Testing of Riau Province (Accredited by KAN LP-750-IDN). Based on the test results, the quality standard parameters does not exceed the quality standards assigned by the Governor Regulation Number 35 of 2007 and Decision of the environment minister number 28 of 2003.

Certificate holder has showed a permit for utilization of palm oil industry waste (Nilo POM 2) with SK Number Kpts.660 / BLH / 178/2014 From the Regent of Pelalawan valid from for 5 years since 5 February 2014.

Field visits in the Wastewater treatment plant and Land application Block 21 Division 8 KNT 2, There is not waste water runoff, Recording of Waste water debit and PH were conducted daily by the WWTP Operator and Land Application Officer then submitted to the laboratory for recapitulated.

4.4.4

Certificate holder has showed a SOP water use of process approved by Mill Manager dated on May 2nd, 2016. The average use of water for the process of 1.46 m³ / ton of FFB does not exceed the company's budget is 4.25m³ / ton FFB.

Status: Comply

4.5

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

4.5.1

Certificate holder has had SOP 7 – Integrated Pest Management (IPM). The IPM program for 2016/2017 has been available comprising of census and control of pest and disease (cultural practices, biological, and chemical control).. Census of netting caterpillar is done every 6 months, termite 3 times a year, rhinoceros beetle every 6 bulan, and rat 2 times a year. Chemical control will be done when level of infestation has been greater than threshold level to maintain the ecosystem equilibrium.

The IPM program has been conducted. For example:

1. KNT-1 (Divisi 5)

- The result of termite census in January 2017 showed, that the highest percentage of infestation was 1.33%, found in Block D40 (39 trees of 2,929 trees observed were infested).Based on the management explanation, the CH did not have the threshold level of termite. Once termite attack found (based on census result), the control has to be conducted on the next day (after census).
- Biological control of netting caterpillar was done by planting and maintaining the local species of beneficial plants along the edge of main road, such as *Turnera subulata*. Target in 2016/2017 was 13,000 m in length. The actual as of March 2017 was 8,000 m in length.

Based on the result of field observation, it was known that the company has maintained *Turnera subulata* along the edge of main road in Division 5, PM01C3 and replanting ara (PR16 A and PR15A)c

2. KNT-2 (Divisi 8)

- Census of fire caterpillar on 12nd January 2017 in Block 28 showed, that percentage of infestation was 1.5% (below threshold level 5%).

Biological ontrol of fire caterpillar and netting caterpillar secara has been done by planting and maintaining the local species of beneficial plants along the edge of main road, such as, such as *Turnera subulata*. For example, target in 2016/2017 was 13,000 m in length.The actual up to March 2017 was 3,000 m in length.

4.5.2

Certificate holder has been able to show the record of training attended by workers who involved in IPM activities such as:

- Training on Control and Monitoring of Pest and Disease of Oil Palm, held on 3rd August 2015.
 - Training on Control of Pest and Disease Using GPS, held on 26th August 2015.
 - Training on Control of Pest and Disease in Division 5 KNT-1, held on 25th November 2015.
 - Training on Control of Pest and Disease in Division 7 KNT-2 held on 12th November 2015.
- Training on Spraying, held on 9th February 2017 and Training on PHT on January 2017 organized by PT. AAR Indonesia.

Based on the result of interview with field worker in KNT-2, Division 8, Block 18, PM01 A1, who handles monitoring of owl (*Tyto alba*) in controlling rat claimed that he has attended the training on IPM held on January 2017 organized by PT. AAR Indonesia.

Status: Comply

4.6

Pesticides are used in ways that do not endanger health or the environment

4.6.1

Certificate holder has been able to show the justification of pesticide use. The list of pesticide used comprising trade mark, active ingredient, registration number, legal permit, LD₅₀, and pest and disease target. There were 10 kind of pesticide trade marks used in 2016/2017 in KNT-1 and KNT-2, For instance, trade mark (Elang), active ingredient (Isopropil amina glifosat 480 g/l), registration number (RI.0103019941170), LD₅₀ (accut oral: >2,000 mg/kg, accut dermal: >4,000 mg/kg), legal permit (9th January 2017), use/justification (syatemic herbicide to control cogon grass).

Based on the result of document verification and observation of agrochemical store, it was known, that all pesticides used by the company have been permitted by the government and registered in the Book of Pesticide for Agriculture and

Forestry 2016 issued by the Indonesian Pesticide Commission, Ministry of Agriculture, the Republic of Indonesia. The company also has implemented SOP related to use of selective product to control specific target. For example: The result of field observation and interview with workers in KNT-2, Division 8, PM03B5, Block 30 showed, that to control weed in plant circle and path was used herbicide Elang (Isopropil amina glifosat) herbicide, rate 362 ml/20 lt water, applied using knapsack sprayer.

4.6.2

Certificate holder has had program of pesticide use, for instance applying herbicide 3 times per year to control weed in circle and path and selective spraying. The use of pesticide was recorded in "Costing Book" that contained the information comprising of the date of application, spraying activity, location of spraying, hectare sprayed, pesticide used (trade mark, active ingredient, % active ingredient, LD₅₀, total active ingredient per Ha, FFB production, and total of active ingredient per ton FFB. For example:

- On 10th February 2017 was conducted weed control of *Stenoclena* sp. in circle and path in KNT-1, Division 5, Block 04B, area sprayed (101 Ha), herbicide used (2lt of 2,4-D dimetil amine), % of active ingredient 86.5 % (1.73 lt), LD₅₀ (Accut Oral >2,872 mg/kg, Accut Dermal >>2,143 mg/kg), active ingredient per Ha (0.017129 lt), FFB production (126,950 kg), and active ingredient per ton FFB (0.0000016 lt).
- In February 2017 was done weed control of broadleaf *Asystasia* sp. in circle and path in KNT-2, Division 8, Block 00B1, area sprayed (153.6 Ha), herbicide used 13.58 lt (Glytron 310 (Isopropil amina glifosat), % of active ingredient 49% (6.6542 lt), LD₅₀ (Accut Oral > 3,822.49 mg/kg, Accut Dermal > 2,000 mg/kg), active ingredient per Ha (0.03466 lt), FFB production (204.75 ton), active ingredient per ton FFB (0.000169 lt).

4.6.3

Based on the document verification and management explanation it was known, that the use of pesticide was based on the result of pest census (see criteria 4.5.1) wherein the chemical control will be performed if pest infestation level has been exceeded threshold level (IPM program).

The company has had the record of pesticide use during the last 3 year (2014/2015 s.d 2016/2017). For instance:

- KNT-1 Division 5 and 6: Herbicide of Isopropil amina glifosat 356 g/l, amounted to 1,457 lt in 2014/2015, then reduced to be 337 lt in 2015/2016 and 55 lt in 2016/2017 (as of February 2017).
- KNT-2 Division 8: Herbicide of 2,4-D dimetil amina 865 SL, amounted to 211 lt in 2014/2015, then reduced to become 198 lt in 2015/2016 and 96 lt in 2016/2017 (as of February 2017).

Generally, the IPM program has been effective since the amount of pesticide used during the last 3 years tend to decrease. The company has been minimizing the use of pesticide and does not use pesticide to prevent disease (prophylactic).

Manager of KNT-1 explained, that there was still the increased use of herbicide, for instance, Meyil metdsulfuron 20% in KNT-1 Division 5 in 2014/2015 amounted to 2,935 lt increased to be 7,925 lt in 2015/2016 due to replanting activities.

4.6.4

Certificate holder has had the complete list of pesticide included in List WHO Class 1A or 1B, or listed in Convention of Stockholm or Rotterdam, and paraquat. Certificate holder showed the Internal Memorandum of Manager of Nilo Estate dated 23 April 2013, to all estate managers concerning the monitoring of paraquat herbicide use. In the document it was stated the policy, that in 2012/2013 the use of paraquat was 2% reduced from the amount of previous year, in 2013/2014 reduced 4%, in 2014/2015 reduced 6%, in 2015/2016 reduced 8%, and after October 2016 reduced 10%.

Certificate holder has had the record of use of paraquat herbicide during the last 3 years. For example:

- KNT-1 Division 5: In 2014/2015 amounted to 3,412 lt, in 2015/2016 (2,306 lt), and in 2016/2017 (0 lt).
- KNT-2 Division 8: In 2014/2015 amounted to 446.50 lt, in 2015/2016 (993 lt), and in 2016/2017 (0 lt).

The result of document verification and observation in pesticide store showed, that all units in estate did not use pesticide that categorised in List of WHO Class 1A or 1B. In 2015/2016 the company still used paraquat herbicide, for instance in KNT-1 Division 5 amounted to 446.50 lt. However, in 2016/2017 the company does not use anymore paraquat herbicide.

4.6.5

Certificate holder has had SOP 30 – Mixing of Chemicals in Chemical Mixing Place. The application of pesticides was done in accordance with the best practice by the trained workers, as follows:

- Certificate holder has prepared the MSDS of every agrochemicals (pesticide) that explained about storing and handling of material, e.g handling when accident happen (effort of First Aid).
- The pesticide rate was based on recommendation stated in pesticide label/brochure. The result of document verification showed that rate used by the company has been comply with recommendation.
- The result of field observation and interview with workers in KNT-1 Division 5, PR17D CR49 and KNT-2 Division 8, Block 30, PM03B5 showed, that workers have been trained on the safe working practice. The workers were able to demonstrate spraying in accordance with procedure, e.g using Personal Protective Equipment (PPE). The workers have known the potential risk that can be occurred and prevention, such as conduct spraying not contra flow with wind direction.
- To ensure that the use of herbicide has been comply with target pest, the company conducted weed identification to control, then select method of herbicide application. For instance, the result of auditor observation KNT-2 Divisi 8, Blok 30, PM03B5 showed, that the herbicide used to control weed on circle and path was Elang 480 SL (Isopropil amina glifosat), the rate 362 ml/20 lt water or 290 ml/sprayer (16 lt capacity).
- Based on observation in agrochemicals store, it was known that all pesticides used have been stored separately with other material. The agrochemical store has been facilitated with PPE, OHS symbols emergency shower, eye washer, and MSDS.
- In terms of paraquat herbicide use, the company has conducted training. For instance:
 - ✓ Training on the Use of Limited Herbicide - TOPZONE 276 SL held on 9th April 2015 in Kebun Nilo Complex - PT. Adei Plantation & Industry, under collaboration with the Pesticide and Fertilizer Inspection Commission, Riau Province attended by 187 participants. The participants has had training certificate, e.g. Certificate No. 991/Set-KP3/I/2013 tertanggal 2 Januari 2013 a.n. Tarida Lase (Penyemprot).
 - ✓ Training on Application of Paraquat Herbicide using sprayer INTER, held on 27th February 2015 in meeting room of KNB-1.

4.6.6

Certificate holder has had SOP No. 6 – The Safe Use of Plantation Chemicals that explained, among others, equipment and chemical remaining. The workers did not bring home the chemicals ex-container, apron and gloves. It has to be restored in store. The company also has had SOP 17 – Management of plantation Waste as guidance of storing, dumping of agrochemical waste and ex-container. The SOP also explained management measurement of agrochemical ex-container and fertilizer ex-plastic bag container.

The company has implemented the SOP properly. For example, the result of field observation and interview with workers, as follows:

- Spraying workers in KNT-1 Division 5, PR17D CR49 and in KNT-2 Division 8, Block 30, PM03B5 explained to auditor, that herbicide ex-container has to be stored in Hazardous waste Store.
- Workers of fertilizer transport in KNT-1, Divisi 5, PM00A 651 dan 650 dan di KNT-2, Divisi 8 PM 01A1 Blok 17 explained to auditor, that fertilizer ex-plastic bag container has to be stored in agrochemicals store of Division Office.
- Result of observation in hazardous waste Store, mill, Division Office, plantation, and housing of the company workers, showed that auditor did not find the pesticide ex-containers were used for other purposes.
- The spraying workers interviewed in KNT-1 Division 5, PR17D CR49 and KNT-2 Division 8, Block 30, PM03B5 were using PPE appropriate to risk identification. They explained properly spraying techniques, such as such as conduct spraying not contra flow with wind direction, washing and storing PPE and sprayers in space/room available in agrochemicals store, and washing hand using soap and clean water after spraying.

The result of observation of agrochemicals store in KNT-1 showed, that:

- Pesticide has been stored by kind/group with MSDS of respective product. For example, Elang 480 SL, Basta 150 SL, Aladin 865 SL, Miracle S240, Bayfolan, Pastifat 75 SP (Asefat 75%), and Amiron-M 20 WG.
- In agrochemicals store were also available First Aid Box, hazardous symbols, and spill kit., place for chemical mixing was made separately outside store, and washing and store of PPE/sprayers was done in special room.
- There was facility for worker to cleaning-up after working (adequate shower room).

The ex-washing water of PPE and sprayer was tapped in special container for further reuse.

4.6.7

Certificate holder has had SOP 30 – Mixing of Chemicals in Chemical Mixing Place that explained pesticide handling, among others:

- Operators have been trained and have to use PPE (rubber gloves, safety shoes, respirator and apron) and use chemicals, both kind and amount as needed.
- Chemicals are mixed with water homogenously in appropriate container with rate as recommended/prescribed.
- After mixing, the floor and all equipment have to be washed. The PPE is put in PPE store and washing hand using soap and clean water.

The company also has had SOP No.6 - The Safe Use of Plantation Chemicals that explained about synchronization of chemical use, selection of pesticide use, pesticide store, traing and Personal Protecive Equipment (PPE), helath examination, equipment, spraying techniq, self cleaning, PPE washing PPE, equipment washing, equipment and chmeicals remaining, and billboard.

The workers who hanled pesticide claimed that they have attended training on how to perform spraying steps, risk, and impact of pesticide application. For example:

- Training on the Application of Paraquat Herbicide using sprayer INTER, held on 27th February 2015 in Meeting Room of KNB-1.
- Training on the Use of Limited Herbicide - Paraquat Dichlorida, held on 9th April 2015 in PT. Adei Plantation & Industry, under collaboration with the Pesticide and Fertilizer Inspection Commission, Riau Province.
- Training on Improving Capability of Workers in Spraying held on 8th January 2016 in KNT-2 Division 8, attended by 18 participants (spraying workers).

Based on the result of observation and interview with spraying workers in KNT-1 Divisi 5, PR17D CR49 dan KNT-2 Divisi 8, Blok 30, PM03B5, it was found, that workers have been trained to practise the save working on chemical activity. Before spraying they were reminded, for instance, to use PPE and to protect environment. They explained that after finished spraying PPE and sprayers have to be washed and stored in space/room available in agrochemicals store, and washing hand using soap and clean water after spraying.

4.6.8

The result of document verification and interview with Senior Manager of KNT and spraying workers in KNT-1 Division 5, PR17D CR49 and in KNT-2 Division 8, Block 30, PM03B5 showed, that the company did not apply pesticide from air (aerial spraying).

4.6.9

Certificate holder has performed training activities for workers regularly, for instance:

- Training on Application of Paraquat Herbicide using sprayer INTER, held on 27th February 2015 in Meeting Room of KNB-1, and on 9th April 2015 in PT. Adei Plantation & Industry.
- Training on the Use of Limited Herbicide - TOPZONE 276 SL held on 9th April 2015 in Kebun Nilo Complex - PT. Adei Plantation & Industry, under collaboration with the Pesticide and Fertilizer Inspection Commission, Riau Province attended by 187 participants.
- Training on Improving Capability of Workers in Spraying has been done on 8th January 2016 in KNT-2 Division 8, attended by 18 participants (spraying workers).

Manager of KNT-1 and KNT-2 explained, that workers who have been trained were assigned also to conduct chemical spraying in Plasma KKPA which are under guidance of PT. Adei Plantaion & Industry.

The spraying workers interviewed in KNT-1 Division 5, PR17D CR49 and KNT-2 Division 8, Block 30, PM03B5 were using PPE appropriate to risk identification. They explained properly spraing techniques, such as spraying not contra flow with wind direction, washing and storing PPE and sprayers in space/room available in agrochemicals store, and washing hand using soap and clean water after spraying.

4.6.10

Certificate holder has showed a SOP 16 Management of hazardous waste on revision of 1 August 2013 and SOP 17 Management of estate waste especially chemical packaging. Responsible by Manager / Assistant.

Based on interviews with workers and estate managers, they have been aware of the management pesticide waste, spilled

or spilled pesticide waste in accordance with SOPs of pesticide waste management. Pesticide packaging waste is delivered to a temporary storage area hazardous waste licensed and some packaging is reused for subsequent spraying.

4.6.11

Certificate holder show the document of medical examination such as cholinesterase for all employees who work using chemicals. Health examination results show that there is no health problem which have been presented to all employees. Based on the results of field observation in spraying activity has recognized that employees was followed a regular health checks. From field observation are also not identified any complaints of skin disease or itching.

4.6.12

Certificate holder has a policy that pregnant and lactating employees are not allowed to work related with chemicals. Based on the results of field observation in spraying activities are not found spray workers who are pregnant or breastfeeding. Workers spray also said that pregnant or breastfeeding women are forbidden to work related to chemicals.

Status: Comply

4.7

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

4.7.1

Certificate holder has a safety and health policy set by Group Plantation Director dated 10 January 2005 include the prevention of health risks and safety of workers in the workplace. Certificate holder has had a Safety and health program for 2017 which aims to improve health and safety. The Company evaluates the performance of safety and health in 2016 and develop an action plan for improvement. Policies and safety programs were communicated to the employees. Based on interviews with several workers on harvesting, spraying, fertilizing, officers grading and processing admitted that the company has been providing socialization associated with safety and health.

4.7.2

Certificate holder has a risk assessment document for all activities of estate operations and palm oil mill operations. Work accidents became one of the considerations in developing risk analysis. Based on interview with workers known that the transportation of employees using trucks / tractors. This problem has been monitored by establishing a risk analysis of the activities for workers transportations such as altitude hazard sources, hot/rainy weather, and bumpy surface. Risk control is done to make stairs, make roof protector, provide air circulation, make the bench sit, make the handle etc. The risk control has been implemented in several divisions and plan to implementing for all division. Based on that, related to the transportation of employees becomes **OFI**.

4.7.3

Certificate holder has had a training program related to safety and health for 2017 and Workers have been given training related to safety and health such as how to work safely, boiler operator training, heavy equipment operators and welders. CH showed a plan for the training of safety electric technicians. This is shown in the email of management correspondence document dated 27 February 2017. The training is planned in 9 April 2017 (**OFI**). Certificate holder provides PPE to employees according to HIRAC and MSDS. Based on the results of field visits known that workers use PPE according to HIRAC and MSDS.

4.7.4

Certificate holder has safety and health organization authorized by Manpower Agency District of Pelalawan No. KPTS.560/Disnakertrans/2017 dated 24 March 2017, with the secretary is a general safety and health expert. Regular meetings are held monthly to discuss issues of safety and health.

4.7.5 & 4.7.7

Certificate holder has established safety and health procedures covers all the main potential causes of emergencies including occupational health and safety procedures, emergency response for work accidents, emergency response to natural disasters (floods) etc. Certificate holder carries out monitoring of workplace accidents with lost time accident analysis equipped with accident investigation work submitted regularly to the Manpower Agency District of Pelalawan. Based on the results of field observation in several activities such as harvesting, fertilizing, spraying, processing activities are known that The company provides first aid equipment in the field and located in strategic places.

Based on the results of field visits at Nilo POM 2 known that there is evacuation route for emergencies, but there were blocked evacuation route, this became opportunity for improvement. On field observation 1n harvesting activities, fertilizer and spray were also found by the foreman carrying first aid box, but the completeness of the first aid box is incomplete on some foremen. Based on these considerations it becomes **OFI**.

4.7.6

Certificate holder provides health services for all of its employees. In addition, employees are also included in employment insurance covering work accident and death insurance. Based on the results of interviews to employees during field visits on some activities such as harvesting, fertilization, spray and mill processing known that employees get treatment at the clinic which is also as Health Facility.

4.7.2	Status: OFI	
4.7.3	Status: OFI	
4.7.5	Status: OFI	

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

4.8.1

Certificate holder has established a training program that is based on the identification of the training needs of workers to improve competence. The training program period in 2017 consisted of technical training, training concerning OHS and environmental health, simulation and socialization associated with sustainability, for example:

- a) Training sprayers
- b) Fertilizer training and fertilizer loader
- c) IPM training
- d) First Aid Training
- e) Security training
- f) Audio metric checks
- g) Emergency response training
- h) Medical checks for workers associated with chemicals

4.8.2

Certificate holder has recorded training records per individual, these records are presented in the form of training assessment records, which inform the date, training topic, assessment, recommendation, reference and signature. For example: Records of training on behalf Dewi where during the period of 2014 - 2016 has as been attending fertilization technique training for 4 times

Status: Comply

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.

5.1.1

Certificate holder has had a document of Environmental Impact Assessment (EIA) for the scope of Oil Palm Plantation for estate and KKPA which approved by Pelalawan Regency Regional Environment Impact Control Agency on October 17, 2006. Beside that, for palm oil mill the company has had a document of Environmental Management- Monitoring Efforts which approve by Environment Agency of Pelalawan Regency on August 4, 2011.

The impact analysis reviewed in this document is the processing of FFB PT Adei Plantation & Industry with capacity of 120 Ton FFB/hour and oil palm plantation of 12,860 Ha for estate and smallholder plantation land of 1,543 Ha (KKPA Batang Nilo Kecil & KKPA Telayap). In addition, environmental and social impact assessment documents from replanting activities for the company and KKPA conducted by PT Adei Plantation & Industry in 2015.

There is no issue related environmental aspect from Office of environment Pelalawan District because the Head of Division and Head of Section who have authority to give explanation were on duty in the Provincial Office of Environment.

Besides that, based on interview with village head, community figure and youth figure Batang Nilo Kecil, Telayap and Sungai Buluh. There is no issues related environmental impact. Most villagers realized the positive impacts.

5.1.2

The environmental management plan is included in the Environmental Management Plan & Environmental Monitoring Plan Implementation report for semester II of 2016 such as, Decreased air quality due dust and noise; Reduction of surface or river water quality; Soil aging, sedimentation and flood potential; Potential land fires; Changes in the structure of vegetation, wildlife and aquatic biota; Public unrest or social conflict; and Increased traffic accidents and Public health problems / employees.

Besides that, the environmental plan for Nilo POM 2 includes Employment and endeavor; Air quality and emissions; Quality ambient air and noise; Noise; Quality vibration; Quality of willpower; Environmental sanitation and Aesthetic environment.

5.1.3

Certificate holder has conducted environmental impact monitoring that is documented in the Environmental Management Plan & Environmental Monitoring Plan Implementation Report and reported every 6 months to the relevant agencies. Based on the report, the environmental impacts monitored by the company have been in accordance with the EIA documents that are:

1. Decline of air quality every 6 months.
2. Increased potential of land fires of haze disturbance of each dry season / summer.
3. Plots of land every 6 months.
4. Increased sedimentation and flood potential every 6 months.
5. Reduced surface water quality every 6 months.
6. Change the structure of vegetation & wildlife once every 1 year.
7. Change of water biota every 6 months.
8. Opening job opportunities and striving during the activity stage.
9. The emergence of public perception every 6 months.
10. Increased traffic accidents every 6 months.

In the document of Environmental management efforts and environmental monitoring efforts implementation of Semester II in 2016 (Nilo 2 POM) has been listed environmental monitoring such as: Employment and business opportunity; Air quality and emissions; Ambient air quality and noise; Noise; Vibration quality; Quality of will; Environmental sanitation and environmental aesthetics.

Certificate holder has evaluated environmental management and environmental monitoring plan of PT Adei Plantation & Industry on March 13, 2017.

	Status: Comply	
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5.2

The status of rare, threatened or endangered species and other 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 operations managed to best ensure that they are maintained and/or enhanced

5.2.1

Certificate holder showed HCV assessment conducted in October 2011 by RSPO Approve Assessor. The identification activities were carried out using the Revised HCV Toolkit Indonesia 2008 guide. This activity has been carried out by involving stakeholders on October 14th, 2011. The HCV identification results show that in the Cultivation Rights area there are 4 of 6 HCV types,
 - HCV 1 (Endangered species and refugum)

- HCV 4 (Environmental services)
- HCV 5 (Socioeconomic)
- HCV 6 (Cultural and spiritual)

With a total HCV of 112.41 ha.

5.2.2 and 5.2.4.

Certificate holder shows a checklist of important species of Nilo Complex estate conducted every month. The types of RTE animals in March 2017 include Lutung, Beruk, Beaver, Pangolin, Tiger, Forest Cats, sun bear, loris, Biuku, Crocodile, Tortoise, and labi-labi.

Certificate holder shows management plans to maintain protected animals, especially tigers such as:

- a. Identify and map the location of the distribution of key wildlife species conducted every 3 months including tigers.
- b. Socialization to the community and employees not to catch, hunt and maintain protected animals.
- c. Addition / renewal of notice boards about protected animals.
- d. Addition / renewal signs are prohibited from hunting.
- e. Prohibition of employees to maintain and trade protected animals.
- f. Workers must report the activities of hunting / catching wildlife.

Certificate holder has demonstrated the management and monitoring plans of HCV and important species in Nilo estate for the period 2015-2017 such as; Socialization of the prohibition of catching protected species (once a year), Maintaining buffer zone (20 m) around reservoirs Palm Oil Mill 1 & 2, Renewing signs (ban spraying and cultivating), testing water in reservoirs and groundwater.

HCV management plans have been realized include: Forest tree planting located at Telayap river border area (Division 4) on May 2016 such as planting Pulai (11 trees), Meranti (2 trees) & Medang (2 trees). HCV socialization and protected species on March 28th, 2016 was attended by Head of Batang Nilo Kecil Village; Village secretary; Kaur; and others (34 people).

5.2.3

Certificate holder showed a SOP 15 Identification and management of HCV, Flora & Fauna approved by the General Manager dated March 1st, 2016. In addition, HCV & protected animal socialization was provided on March 28th, 2016 attended by the Head of Batang Nilo Kecil Village; Village secretary; Kaur; and others.

5.2.5.

Based on field visits and interviews with village communities, no community areas were made of HCV areas by Based on field visits and interviews with village communities, no community areas were made of HCV areas by companies.

However, HCV 5 (Kepung Sialang and Bakal Paebo) is located in the Company's Land use title which is used by the community, Sialang tree for bee hives. Local people believe that the honey has a high quality. There will be rubber and little trees and medicinal plants used by local people (Telayap and Batang Nilo Kecil villages).

Certificate holder to the community on March 28, 2016 in the KNB 1 Meeting Room and distributed guidance on the management of HCV and protected animals.

Status: Comply

5.3

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

5.3.1

Certificate holder provided Identification of waste sources for Mill and estate units such as used oil, waste filters, wastewater, empty beds, methane gas, dust, clinical waste, domestic waste and others. In addition, there are activities that can generate pollution sources such as new plantings and re-planting; Use of renewable fuels, use of fertilizers, transportation, use of generators, landfills and others.

5.3.2

Certificate holder provided Waste storage permit (Nilo 2 POM) with SK number SKTS.660 / BLH / 2013/98 by the Regent of Pelalawan valid for 5 years since 22 January 2013. In addition, the minutes of meeting of delivery of hazardous waste to PT Primanru Jaya dated on December 8th , 2016 which has been granted environmental permits No.234 of 2011 license vehicle from the Ministry of Transportation of the Republic of Indonesia with the number of trucks B 9402 QT. The type of waste transported consists of; Used oil 1209 liter manifest number 0032803; Battery used 4 pairs manifest number 0032805; Filter used 39 kg manifest number 0032804; Lamp used 5 kg manifest number 0032806; rags cloth used 75 kg manifest number 0032808 and Package contaminated with 20 kg manifest number 0032807.

5.3.3

Certificate holder shows waste management that has been documented and implemented such as:

- Liquid waste: utilized in estate with Land Application system with first processed in WWTP.
- Air waste: air emissions from the operation of the boiler using a dust collector, heavy dust will drop while light dust will be carried through the chimney.
- Solid waste: Empty Fruit Bunch, fiber and shells can be used for fertilizer and boiler fuel.
- Medical waste: Medical waste delivery dated March 29th, 2017 from Nurul Medika Clinic to Amalia Medika Hospital is located in Pangkalan Kerinci Sub-district of Pelalawan Regency of 1 kg.
- Domestic waste: Based on interview and field observation, domestic waste is transported once a week and delivered to landfill.

Based on field visits in the residential area, plantation land, it is known that the waste is disposed accordance with the procedures of management waste. Waste is not burned. There is a ban board for burning and light fires.

Status: Comply

5.4

Efficiency of fossil fuel use and the use of renewable energy is optimised.

5.4.1

Based on data of efficient use of fossil fuels and renewable energy usage in 2016-2017 The average efficiency of electricity usage for turbine is 103.94 kwh / ton CPO, efficiency of electricity usage for generator is 103.94 kwh / ton, Fiber + Shell Efficiency of 0.85 MT ton CPO and savings of diesel usage of 23,666.50 liters.

Status: Comply

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.

5.5.1 & 5.5.2

Certificate holder showed a Prohibited Burn policy approved by the Regional Director and SOP 4 Replanting which explains the no-burn ban. Based on field visit at replanting area of Division 5 KNT 1 and Block 8 Division 6 KNT 1, Land preparation was done by manual or mechanical without burning. There is fire prohibition board.

Status: Comply

5.6

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

5.6.1

Certificate holder shows a list of sources of pollution and plans to reduce pollution, among others:

- New planting and replanting: CO₂, CH₄, N₂O.
- Prevent fire: CO₂.
- Biogas capture: CO₂, CH₄ and NO₂.
- The use of renewable fuels: CO₂, CH₄ and NO₂.
- Use of fertilizer: CO₂ & NO₂.

- Use of Palm oil Mill waste: CO₂ & CH₄.
- Increased yield: CO₂ (due to land reduction).
- Transportation: CO₂, CH₄ and N₂O.
- Genset usage: CO₂, CH₄ and NO₂.
- Landfills: CH₄.
- Monitoring GHG emissions and calculations.

5.6.2 and 5.6.3.

Management and implementation plans to reduce pollution and emissions are included in the Environmental Management Plan & Environmental Monitoring Plan Implementation report of Semester II of 2016.

Certificate holder has calculated GHG using Palm GHG version 3.0.1 for 2016 (Nilo POM 2), among others: Summary of Net GHG Emissions.

Emissions per Product	tCO ₂ e/t Product
CPO	18.4
PK	18.4

Production	t/yr
FFB processed	83,254
CPO Produced	18,316

Extraction	%
OER	21.72
KER	4.91

Land use	Ha
OP Planted area	14,101
OP planted on peat	11,262.5
Conservation (forested)	-
Conservation (Non-forested)	352
Total	25,715.5

Summary of field emissions and sinks

Emissions	Own			Group			3 rd Party		
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB
Land conversion	0	0	0	0	0	0	0	0	0
CO ₂ Emissions from fertilizer	11825.42	2.05	0.14	0	0	0	13467.24	4.92	0.34
N ₂ O Emissions	49060.44	6.5	0.43	0	0	0	22085.8	8.07	0.56
Fuel Consumption	1966.84	0.26	0.02	0	0	0	460.86	0.17	0.01
Peat Oxidation	315587.32	40.96	2.71	0	0	0	149440.2	54.6	3.79
Sinks									
Crop Sequestration	0	0	0	0	0	0	0	0	0
Sequestration in Conservation Area	-1452.58	-0.16	-0.01	0	0	0	0	0	0
Total	376987.44	49.6	3.28	0	0	0	185454.1	67.76	4.7

Summary of Mill Emissions and Credits

Description Emissions	tCO ₂	tCO ₂ e/t FFB
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POME	28254.48	0.23
Fuel consumption	971.74	0.01
Grid Electricity Utilisation	0	0
Credits	0	0
Exports of Excess Electricity to housing & Grid	0	0
Sale of PKS	0	0
Sale of EFB	0	0
Total	29226.22	0.24
Palm oil Mill Effluent (POME) Treatment		
Divert to compost	0	%
Divert to anaerobic digestion	100	%
POME Diverted to Anaerobic Digestion		
Divert to anaerobic pond	100	%
Divert to methane capture (flaring)	0	%
Divert to methane capture (electricity generation	0	%
Status: Comply		
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.		
6.1.1		
Social impact assessment described in the EIA documents for PT Adei-Nilo Complex, KKPA of Batang Nilo Kecil and KKPA of Telayap, as well as the SIA report conducted by Aksenta in 2011 for the PT Adei - Nilo Complex and KKPA under its management. Social impact assessment report inform the list of key stakeholders, social issues of internal and external (the company's presence and land acquisition, plantation operations, POM operational, corporate social responsibility) and given issues. Also described related to the existence and relevance of KKPA management social issues.		
6.1.2		
The parties who are involved in social impact assessment, namely: plantation/mill management, plantation/mill employees, management and board of KKPA, village heads, board of villages, administrators of KKPA, member of KKPA, Batin (traditional leaders of Telayap village), community and youth figures, contractors, labor unions, palm oil farmers, rubber farmers, FFB suppliers, principal, elementary school teachers, shopkeepers / traders and housewives. Notes and evidence of participatory activities in the form of photographs, the minutes, attendance and focus group consultations and questionnaires. Informants were contacted as many as 118 people. The village involved is Batang Nilo Kecil, Telayap, Sering, Kemang, Palas and Sungai Buluh. It is also consistent by results of consultations with the communities in Telayap and Sungai Buluh village.		
6.1.3, 6.1.4, 6.1.5		
Can be demonstrated the management and monitoring plan of social impact of PT Adei-Nilo Complex period of 2015/2016, based on evaluation and consultation with the communities through questionnaire and management review on 20 December 2017 stated that the program still relevant. There are 27 program including a detailed schedule responsible in charge.		
Status: Comply		

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.

6.2.1; 6.2.2; 6.2.3

PT Adei P & I identifies 11 categories of relevant stakeholders, including the surrounding villages, NGOs, agencies and organizations of workers. Provided communication consultation and socialization procedure SOP No. 19, revision dated August 1, 2013, describes the person in charge and the stages to conduct communication and consultation with the company. Personnel who responsible in terms of consultation and communication with local communities and other stakeholders is the Public Relations Staff and Manager.

Based on interviews with village officials of Batang Nilo Kecil, Sungai Buluh and Telayap it is known that village officials already know the mechanism of consultation and communication with companies where consultation and communication can be done verbally, written or direct visits to PT Adei P & I. In charge personnel has been assigned namely public relations staff and Manager of PT Adei P & I. The company has responded well to the existing communication process. The recording of information usually is only a request for financial assistance, requests for village road repair assistance where the PT Adei P & I has responded for its.

Status: Comply

6.3

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

6.3.1

Mechanisms and complaint handling system is described in SOP 20 (procedure of complaints / grievance submission) revision dated August 12, 2016. Complaints can be submitted through the recording on logbook that has been provided, verbally direct to the foreman, through the suggestion box, through gender committees, union labor, hotline and email provided by the company and through the RSPO website. Grievances included anonymous and whistleblower cases can be submitted through the suggestion box, suggestion boxes checked by GM/director periodically.

6.3.2

All of complaints recording in the logbook of complaint, the logbook has been inform responses and action plans/implementation of the corrective action. Complain form external thus far only in the form of requests for assistance and have been addressed by the company, such as requests for heavy equipment to repair village roads. While internal complaints only in the form of complaints of housing improvements if there is damage.

Status: Comply

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.

6.4.1, 6.4.2, 6.4.3

The compensation process has been completed by the company in 2013, the last of compensation made in the Palas village, Kemang Village and Batang Nilo Kecil village. The evidence of such compensation has been demonstrated and verified during the ST2 up to ASA-2. Based on interviews with villagers in Sungai Buloh and Telayap village mentioned that the compensation process performed by the company has been in accordance with the agreements and company SOPs (SOP No 27).

Status: Comply

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.

6.5.1

At the time of ASA-04 audit is conducted, wage determination in the period of 2017 has not been issued by the Governor of Riau, so the company still refers to the Governor Decree No. 573 on July 1, 2016

In addition there is a memo from the president director for the GM Nilo complex stating that the wages of permanent employees are referring to the Riau Governor Decree No. 573 of 2016. Set in Pekanbaru on June 6, 2016 and valid from January 1, 2016.

Based on document review known the company have paid overtime in accordance with that specified in the Collective Labour Agreement. The results of interviews with workers in Land Application known that workers have earned wages and overtime has paid in accordance with the applicable regulation.

6.5.2

Certificate holder has a collective labor agreement that describes the rights and obligations of employees and employers, wage payment mechanisms, worker conditions, working hours, working days, holidays and leave and termination of employment. The Labor Agreement is valid for the period 2015-2017 and has been approved by Decree of Directorate General of Industrial Relations and Labor Social Security of Pelalawan District on October 1, 2015.

Each labor has had the agreement / contract with the company, for example:

- a. Agreement No. AD-KN/KNT-1/P001/XIII/2016 dated July 1, 2016 where the Agreement has clarified the positions, wages, rights and obligations of employees.
- b. Agreement No. AD-KNT2/PK/04/III/2016 dated March 1, 2016 where the Agreement has clarified the positions, wages, rights and obligations of employees.

6.5.3

Facilities and infrastructure provided by the company to support the welfare of the employees have been provided with sufficient and adequate, it is verified by the auditor both in documents and based on field observations. Facilities and infrastructure are provided such as: housing, sport facilities, places of worship, clean water, lighting, health facilities (clinics, Maternal and child health center and ambulance) and means of supporting education (School Bus).

Based on the results of field visits in housing KNT 1 known that workers have had enough with the housing conditions, where is the electricity needs has been installed by State Electricity Company and the clean water needs fulfilled by the artesian well. There is a NiloMart that provides drinking water gallons with relatively low price.

For health facilities, the company has registered workers in the Social Assurance of Labor program. It has evidence payment receipt dues every month.

6.5.4

Certificate holder has provided roads to markets that located around the estate, for example: Palas traditional market in Palas Village which operates once a week. Impromptu market in location of estate that operates every month during employee pay. The results of interviews with workers in the housing division I known that available stalls in the housing that provides groceries. There is also Kerinci market that operates daily with a distance arounds 13 KM from the location of the estate. In addition the company has provided Nilo Mart which sells refill drinking water, the company explained that Nilo Mart will provide daily needs of workers (groceries).

Status: Comply

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.

6.6.1

Certificate holder have a policy about the Freedom for Association were approved by the Regional Director on October 1, 2011. The policy is written in Indonesian language, stating that the company gives the freedom for workers to associate with legitimate in accordance with the applicable laws.

In the Collective Labor Agreement of PT Adei Plantation and Industry Nilo Complex Estate period 2015 - 2017 section 4 point 3 it has been explained that unions have the Right and Obligation:

- As a channel of collective aspiration of its members in the effort of protection and work safety and improvement of workers' welfare
- As a motivator to increase work productivity and work participation

- As an element of business calm and calmness in the company

In the KLK Group's sustainability policy, points 3.2.v mentioned that the group and the supplier / contractor must recognize and respect the right of employees to form and join worker unions of their choice which are subject to the restrictions set forth in the legislation in the related country.

Certificate holder shows evidence of registration of worker unions to the related agencies on October 25, 2005 with recording No: 57/DISNAKER/PEN/2005. The composition of administrators board consists of 5 people (chairman, deputy chairman, secretary, treasurer and counsel). A list of employees who are members of worker unions for the period of 2017 can be demonstrated by the company that is as many as 471 people for labour unions.

6.6.2

Worker Unions meetings both internally and with management do if there are labor issues that have been raised by the company with the Workers. The company showed internal meeting minutes of PT Adei P & I with Workers Union, for example: The union meeting with the management of PT Adei P & I on May 17, 2016 at KNT 1 participated by 21 participants discussed about union membership deduction, rehabilitation of the union office, rehabilitation of employee housing and the provision of clean water.

Status: Comply

6.7

Children are not employed or exploited.

6.7.1

Policy about Child Labor on August 7, 2013, signed by the Director which contains that the Company is committed not to employ children under the age of eighteen and a commitment to ensuring that contractors comply with regulations.

In SOP No. 21 about Management and Labor on April 7, 2016 signed by the Senior Manager described the conditions of workers admission at PT Adei P & I, one of which is the minimum age requirement is 18 years old. The results of interviews with the spraying workers at block 6 division 3 known that workers understand about the minimum age requirement employment is 18 years. Workers also understand their company's policy on the prohibition of bringing children to work. The results of documents review of list employees known that whole workers has over 18 years old.

Status: Comply

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.

6.8.1

Policy about Opportunity and Equal treatment in recruitment on October 1, 2011, signed by the Director (Tan Kei Yoong) containing that the Company always fair and provide equal treatment without distinction of race, ethnicity, caste, nationality, religion, gender, sexual orientation and union membership.

In the KLK Group's sustainability policy, points 3.2.ix mentioned that the group and suppliers / contractors are required to ensure equal opportunity in the workplace.

The process of selection, recruitment and promotion of workers can be demonstrated. In the SOP of Human Resource management which is owned by the company can be seen that the process has been based on the expertise, capacity, quality and medical health of prospective labor / labor. Recruitment policy described in the document of Recruitment System Policy / Company Policy of KLK Agriservindo document No. KLKA / CP-HR / 001 on April 18, 2011

Based on interviews with employees in field known that workers understand the company policy regarding equal opportunity to get a job without distinction of race, religion and gender. PT Adei P & I can provide the assessment documents, promotions and the employee appointments.

6.8.2 & 6.8.3

The results of interviews with the head of gender committee known that there is no gender discrimination in the workplace. PT Adei P & I provide protection to female workers for example: women who are menstruating given 2 days leave, and for

pregnant women are transferred to light work (office girl).
 In additional, based on interviews with employees in the field known that workers understand the company policy regarding equal opportunity to get a job without distinction of race, religion and gender. PT Adei P & I can provide the assessment documents, promotions and the employee appointments.

Status: Comply

**6.9
 There is no harassment or abuse in the work place, and reproductive rights are protected.**

6.9.1 & 6.9.3.

There are policies about Sexual Harassment and Violence were signed by Tan Kei Yoong on October 1, 2011:

- The Company does not tolerate sexual harassment and violence against women in the workplace.
- Sexual harassment and violence is a serious mistake so that the company will give firm action against the perpetrators.
- The Company will comply with all legal and regulatory requirements relating to the reproductive rights.
- Gender committee will be formed to implement and monitor this policy.

In KLK Group sustainability policy point 3.2.xii it is mentioned that the group provides confidential means for all stakeholders and personnel to report unethical activities / violations and grievances. The company has provided suggestion boxes, hotline phone numbers and emails to protect anonymous complaints.
 Based on the recording of the suggestion box known that there is no complaints entered. The complaints submitted directly to the assistant are only complaints of housing repairs and requests for assistance from the surrounding villages where the company has shown record of the company's response for it.

6.9.2

Systems and complaints handling mechanisms are described in SOP 20 concerning the procedure of complaint submission / complaint of revision on August 12, 2016. Complaints can be submitted through the logbooks that have been provided, directly to the foreman, through suggestion boxes, through gender committees, unions, And email provided by the company and through the RSPO website.

Based on interviews with spraying spraying workers in KNT 2 division 8 and fertilizer workers in division 8 block 17 known that workers have been known the gender committee in PT Adei P & I. Workers have understood where to complain if they experience violence against women. The company has provide the protection of women's rights has been granted, for example menstrual leave rights.

Status: Comply

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

6.10.1, 6.10.2, 6.10.3, and 6.10.4

Certificate holder are receives FFB from smallholders and outside supplier. The Agreements made directly without intermediaries/agents with FFB pricing for FFB from asociated smallholders based on provisions price on the pricing meeting Plantation Agency province of Riau. FFB pricing for FFB from outside supplier Determined by the company in accordance with the agreement. From interviews with the management of KKPA Board of Sungai Buluh Village there were no complaints regarding to the price of FFB. FFB payments are made by bank transfer in a timely manner in accordance with the agreement.

Status: Comply

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

6.11.1

Certificate holder has compiled a CSR budget estimates for the period 2016-2017 consists of education program, donations, free medical treatment program, provision of subsidized palm oil seedlings, training programs for fire control and social.
 In the preparation of CSR program has involved the local community, providing by evidence minutes of meetings

“Musrebang” discuss about Village Development Work Plan.

PT Adei P & I has shown the realization CSR program report for year 2016-2017 for example for Palas village, Kemang Village, Batang Nilo Kecil village, Telayap village and Sungai Buluh village.

In addition, company has empowered local communities through the use local contractors, such as building contractors and renovations (PT Naga Berlian Sejati). The results of interviews with contractors known that contracts are established by mutual agreement that signed by contractors and company. The contents of the contract describes the volume of contracts, OHS aspect, methods and time of contract payments.

6.11.2

There was no smallholder scheme under the management of Nilo 2 POM, the smallholder that deliver the FFB to Nilo 2 POM is managed by PT SWP (subsidiary of KLK Group Bhd).

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1.

All employees of PT Adei P & I are legal employees received under the company's own admission. Companies can show the proof of recruitment in the form of identity and employee Cooperative Agreement Letter. In the sustainability policy of the company, points 3.2.i mentioned that the group and the supplier / contractor will not employ or support the use of forced labor or human trafficking and will take appropriate measures to prevent the use of such labor.

Certificate holder routinely report the the amount and status of employment to the relevant agencies through the documents of Labor compulsory report (WLTk).

6.12.2.

There is no contract substitution at the time of recruitment, all workers accepted have had the agreement before work begins. Based on document review of employee list, Labor compulsory report (WLTk) and interview with workers in the field known that the type of work described in the contract of employees are same as is done today.

6.12.3.

Certificate holder does not employ migrant workers and outside the region (inter-city inter-regional), all workers are come from the area around the plantation. Based on documents review of employees list which inform the regional origin and addresses of employees known that there are no migrant workers at PT Adei P & I.

Based on the results of interview with Labour Agency known that the company has regularly reported the the amount and status of employees through Labor compulsory report (WLTk) and there are no migrant workers.

Status: Comply

6.13

Growers and millers respect human rights

In KLK Group's sustainability policy endorsed by the Chief Executive Officer on December 1, 2014 points 3.1 mentioned that KLK and its subsidiaries are recognized individual dignity inherent in every person and to support the universal declaration of human rights by the United Nations.

Based on interviews with workers known that the company has socialized company policies regularly including policies on human rights. Socialization is do by sticking to the policy in offices, socializing in the housing and socialization to workers during the morning briefing before the activities started

In additions, The results of interview with management, workers and based on review of complaint documents known that so far there are no human rights violation in PT Adei P & I.

Status: Comply

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.

PT Adei Plantation & Industry did not conduct operational area development after 2005. Document review and interview with management showed that the last land clearing activity was conducted in 2004. The results of document review, field visit and interviews show that the planting year at KNT 1 and KNT 2 consists of 2000, 2001, 2002, 2003, 2004, 2015 and 2016. For the planting year 2015 and 2016 are replanting.

Status: Comply

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.

7.2.1

The result of document verification, field observation, and interview with management, it was known that since implementation of ASA-1 thru ASA-3, the company did not conduct the new land clearing or developing (extending) operational area. Distribution of planting year in operational area consisting of 2000, 2001, 2002, 2003, 2004, 2015, 2016, dan 2017. The planting year of 2015, 2016, and 2017 were replanting activity.

7.2.2

The result of document verification, field observation, and interview with management, it was known that since implementation of ASA-1 thru ASA-3, the company did not conduct the new land clearing or developing (extending) operational area. Distribution of planting year in operational area consisting of 2000, 2001, 2002, 2003, 2004, 2015, 2016, dan 2017. The planting year of 2015, 2016, and 2017 were replanting activity.

Status: Comply

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.

7.3.1, 7.3.2, 7.3.3, 7.3.4 & 7.3.5

The results of document review, field visits and interviews known that since the ASA-1 through ASA-2 there are no new land clearing or new development in its operational area. The range of planting years is between 1992 -2004. The planting in 2015 and 2016 was replanting activities.

However, the CH has been submitted the disclosure of liabilities and LUC report to the RSPO secretariat by email on October 13, 2015.

Status: Comply

7.4

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

7.4.1

The result of document verification, field observation, and interview with management, it was known that since implementation of ASA-1 thru ASA-3, the company did not conduct the new land clearing or developing (extending) operational area. Distribution of planting year in operational area consisting of 2000, 2001, 2002, 2003, 2004, 2015, 2016, dan 2017. The planting year of 2015, 2016, and 2017 were replanting activity.

7.4.2 The result of document verification, field observation, and interview with management, it was known that since implementation of ASA-1 thru ASA-3, the company did not conduct the new land clearing or developing (extending) operational area. Distribution of planting year in operational area consisting of 2000, 2001, 2002, 2003, 2004, 2015, 2016, dan 2017. The planting year of 2015, 2016, and 2017 were replanting activity.

	Status: Comply	
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.		
7.5.1		
The results of document review, field visits and interviews known that since the ASA-1 through ASA-2 there are no new land clearing or new development in its operational area. The range of planting years is between 1992 -2004. The planting in 2015 and 2016 was replanting activities.		
	Status: Comply	
7.6		
Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.		
7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5 & 7.6.6		
The results of document review, field visits and interviews known that since the ASA-1 through ASA-2 there are no new land clearing or new development in its operational area. The range of planting years is between 1992 -2004. The planting in 2015 and 2016 was replanting activities.		
	Status: Comply	
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.		
7.7.1 & 7.7.2		
The results of document review, field visits and interviews known that since the ASA-1 through ASA-2 there are no new land clearing or new development in its operational area. The range of planting years is between 1992 -2004. The planting in 2015 and 2016 was replanting activities.		
	Status: Comply	
7.8		
New plantation developments are designed to minimise net greenhouse gas emissions.		
7.8.1 and 7.8.2		
Based on the study of the statement area there is no land clearing above January 1 st , 2015. Document review and interview with management indicate that the last land clearing activity was conducted in 2004. The results of document review, field visit and interviews show that the planting year in KNT 1 and KNT 2 consists of 2000, 2001, 2002, 2003, 2004, 2015 and 2016. For the 2015 and 2016 planting periods are replanting.		
	Status: Comply	
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.		
8.1.1		
Certificate holder has a belt press machine is used for removal of sludge from pond and separated dry sediment as organic fertilizer and waste water returned to WWTP system So that the water depth in the waste pond returns to normal.		
The company has had plan of continuous improvement. For example:		
<ul style="list-style-type: none"> - KNT-1: Reduction use of paraquat herbicide, that is in 2012/2013 (2% from amount used in 2011/2012), in 2013/2014 (4% of 2012/2013), in 2014/2015 (6% of 2013/2014), in 2015/2016 (2% of 2014/2015), after October 2016 (10% of 2015/2016), and after January 2017 (zero use). 		

- KNT-2: Example, installing Piezometer, installing Subsistensi, management of CCTV System in monitoring river water level, census of termite rat, and rhinoceros beetle GPS, commitment to implement PHT by installing artificial nest of rat predator – owl (*Tyto alba*).
- Nilo POM-2: Upgrade decanter cake to belt press system by mill and upgrade Nilo Complex to paperless within 18 months.

The company has had the Sustainability Internal Audit Report – Document review was conducted on 15th March 2017 and has been evaluated on 17th March 2017. For example, the activity of Nilo POM-2:

- The fire extinguisher tube in chemical store was very close to hexane liquid store. Follow up: The fire extinguisher tube has been moved to near the door that can be reached easier.
- The License (SIO) of steam operator (for Syafrizal) has not yet been available and the ear plug already out of order. Follow up: The use of PPE and License (SIO) has been socialized to steam operator on 16th March 2017.

The result of internal audit done 22nd – 24th September 2016 that related to Estate activities:

- The average point of harvest in KNT-1 (Division 5 and Division 6) was 91.4%, fulfilled In-House Standard for competition 90% minimum.
- The average point of harvest in KNT-2 (Division 8) was 94.1%. Slightly decreased from the first round (94.4%). However, still fulfilled In-House Standard for competition 90% minimum.

Status: Comply	
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3.2 Summary of Assessment Report of Supply Chain Requirements.

Clause	(Module E) CPO Mills - Mass Balance Requirements						
E.1	Definition						
E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.							
<p>Nilo POM 2 received and processing certified FFB and uncertified FFB, Verification of FFB receiving are started in security pos. Nilo POM 2 implemented SCCS Module E (mass Balance).</p>							
<p>Status: Comply</p>							
E.2	Explanation						
E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.							
<p>CPO and PK estimation in period of 14 May 2016 – 13 May 2017 were delivered and attached in ASA 2, Which are:</p> <ul style="list-style-type: none"> - FFB 99,638 ton - CPO 21,920 ton - PK 4,982 ton <p>Actual certified production in periods of 14 May 2016 – 31 March 2017 are:</p> <ul style="list-style-type: none"> - FFB 77,153.64 ton - CPO 17,883.00 ton - PK 4,120.09 ton <p>Nilo POM 2 has increased their estimation shown by email to CB (PT Mutuagung Lestari) dated 18 February 2017:</p> <ul style="list-style-type: none"> - FFB 123,844.6 ton - CPO 27,366.36 ton - PK 7,552.3 ton 							
<p>Status: Comply</p>							
E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).							
<ul style="list-style-type: none"> • RSPO IT Platform member registration number: RSPO_PO1000001418 • Certified CPO sold to each buyer period of 14 May 2016 to 31 March 2017: There is no selling of certified product in periode sertifikat 14 May 2016 – 31 March 2017 • Certified Palm Kernel sold to each buyer period of 14 May 2016 to 31 March 2017 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Date</th> <th style="text-align: center;">Buyer</th> <th style="text-align: center;">Volume</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">May'16</td> <td style="text-align: center;">Mandau KCP</td> <td style="text-align: center;">132.630</td> </tr> </tbody> </table>		Date	Buyer	Volume	May'16	Mandau KCP	132.630
Date	Buyer	Volume					
May'16	Mandau KCP	132.630					

June'16	Mandau KCP	195.010
July'16	Mandau KCP	234.930
August'16	Mandau KCP	265.130
Sept'16	Mandau KCP	755.550
Oct'16	Mandau KCP	557.490
Nov'16	Mandau KCP	398.220
Dec'16	Mandau KCP	504.010
Mar'17	Mandau KCP	255.190
Total		3,298.16

Sample ticket sales palm kernel certified 21 December 2016 No. tiket A180993receiver Mandau – Kernel Crushing Plant Pekanbaru. No. Contract NL2/PK-MB/1216-5. Netto 25000 and RSPO-CPO (MB) code has been included.

Status: Comply

E.3 Documented procedures

E.3.1

The site 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:

- a. Complete and up to date procedures covering the implementation of all the elements in these requirements;**
- b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.**

Nilo POM 2 has written procedures for the implementation of all elements in the SCCS requirements. Procedure No. 2 issued 1 January 2016 has been explained the stages starting from reception of FFB by security until the dispatch/delivery of products to customers. Mentioned that the Nilo POM 2 receive FFB from internal (certified) and external suppliers (non-certified).

Personnel in responsible for the implementation of SOP is a manager in their respective territories. Based on the results of field visits and interviews with some key persons in the recipients of FFB such as postal security and weighbridge operators have understood the separation of FFB certified and non certificate. Security job descriptions related to FFB certified is only administrative of FFB acceptance and is not related to the separation of certified products or not. Security officers also has understand the FFB certified, But does not understand that the certified product in question is an RSPO certificate. Based on these considerations it becomes **OFI**.

Status: OFI

E.3.2

The site shall have documented procedures for receiving and processing certified and non-certified FFBs.

Documented procedures for receiving and processing certified and non-certified FFB explained in the SOP requirements of RSPO supply chain, the reception of FFB starting at security post and weighing station. The document describes the guidelines generally of FFB reception in weighbridge station which has been separate the FFB certified and non-certified FFB.

There is explanation related to FFB processing, Nilo POM2 implementing SCCS Module E (MB) requirements, all FFB derived from certified suppliers and non-certified suppliers. Mentioned that in the case when mill receive non-certified FFB, mill can only claim palm oil products that has been produced from the processing of FFB certified.

Status: Comply

E.4	Purchasing and goods in																																																		
E.4.1																																																			
The site shall verify and document the volumes of certified and non-certified FFBs received.																																																			
<p>FFB certified and non-certified separation document has performed since the beginning of the reception at the weighbridge station. Documentation of receipt shown in the form of FFB Delivery Blank Form and weighing ticket. Weighbridge clerk has recognized and has a list of certified suppliers and non-certified suppliers.</p> <p>Certified and non-certified FFB received period of 14 May 2016 to 31 March 2017</p> <table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">FFB</th> <th rowspan="2">Total</th> </tr> <tr> <th>RSPO Certified</th> <th>Non Certified</th> </tr> </thead> <tbody> <tr> <td>14-31 May16</td> <td>2,932.570</td> <td>1,976.940</td> <td>4,909.510</td> </tr> <tr> <td>Jun'16</td> <td>5,789.130</td> <td>3,474.510</td> <td>9,263.640</td> </tr> <tr> <td>Jul'16</td> <td>6,824.650</td> <td>3,500.710</td> <td>10,325.360</td> </tr> <tr> <td>Aug'16</td> <td>7,484.070</td> <td>4,338.530</td> <td>11,822.600</td> </tr> <tr> <td>Sep'16</td> <td>13,150.730</td> <td>4,422.510</td> <td>17,573.240</td> </tr> <tr> <td>Oct'16</td> <td>10,900.550</td> <td>4,398.860</td> <td>15,299.410</td> </tr> <tr> <td>Nov'16</td> <td>9,392.350</td> <td>2,982.060</td> <td>12,374.410</td> </tr> <tr> <td>Dec'16</td> <td>9141.890</td> <td>3405.670</td> <td>12,547.560</td> </tr> <tr> <td>Jan'17</td> <td>7,112.390</td> <td>3,013.060</td> <td>10,125.450</td> </tr> <tr> <td>Feb'17</td> <td>5,938.530</td> <td>2,783.920</td> <td>8,722.450</td> </tr> <tr> <td>Mar'17</td> <td>5,589.910</td> <td>2,807.690</td> <td>8,397.600</td> </tr> </tbody> </table>		Month	FFB		Total	RSPO Certified	Non Certified	14-31 May16	2,932.570	1,976.940	4,909.510	Jun'16	5,789.130	3,474.510	9,263.640	Jul'16	6,824.650	3,500.710	10,325.360	Aug'16	7,484.070	4,338.530	11,822.600	Sep'16	13,150.730	4,422.510	17,573.240	Oct'16	10,900.550	4,398.860	15,299.410	Nov'16	9,392.350	2,982.060	12,374.410	Dec'16	9141.890	3405.670	12,547.560	Jan'17	7,112.390	3,013.060	10,125.450	Feb'17	5,938.530	2,783.920	8,722.450	Mar'17	5,589.910	2,807.690	8,397.600
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	Status: Comply																																																		
E.4.2																																																			
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.																																																			
<p>There is no excess of actual certified products produced by Nilo POM 2 during the period of the certificate of 14 May 2016 – 31 March 2017. Estimation product of Nilo POM 2 for periods 14 Mei 2016 – 13 May 2017:</p> <ul style="list-style-type: none"> - FFB99,638 ton - CPO 21,920 ton - PK 4,982 ton <p>Actual certified product for periods 14 May 2016 – 31 March 2017:</p> <ul style="list-style-type: none"> - FFB 77,153.64 ton - CPO 17,883.00 ton - PK 4,120.09 ton 																																																			
	Status: Comply																																																		
E.5	Record keeping																																																		
E.5.1																																																			
<p>a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p> <p>b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</p> <p>c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)</p>																																																			

Recordkeeping and balancing all the of FFB received, the production of CPO and PK as well as the delivery done by the company in three monthly basis. Mass Balance certified products sales performed from the stock positive. Shown in the table below:

Month	FFB cert	FFB non cert	CSPO MB prod	Total CPO	CSPO Sales	CSPK MB Prod	Total PK Prod	CSPK Sales
(14-31) May 2016 s.d Jul 2016	15,546.350	8,952.160	3,295.771	5,260.454	-	731.362	1,168.323	452.830
Agust – Okt 2016	31,535.350	13,159.900	6,675.822	9,511.826	-	1,467.034	2,098.036	1,578.170
Nov 2016 – Jan 2017	25,646.630	9,400.790	5,437.302	7,445.700	-	1,326.464	1,814.685	902.230
Feb – Mar 2017	11,528.440	5,591.610	2,474.105	3,691.940	-	595.230	888.370	255.190

Status: Comply

E.5.2

In cases where a mill outsources activities to an independent (not owned by the same organization) 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 POM 2 did not hire outside crusher, company only sells palm kernel product

Status: Comply

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-3	The company does not use RSPO logo.	√
	Status: Comply	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-3	The company does not use RSPO logo.	√
	Status: Comply	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-3	The company does not use RSPO logo.	√
	Status: Comply	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-3	The company does not use RSPO logo.	√
	Status: Comply	

3.4 Summary of RSPO Partial Certification

Compliance of the uncertified management units of Kuala Lumpur Kepong Bhd against the rules for partial certification was determined through Self-Assessment in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below.

Kuala Lumpur Kepong Bhd Time Bound Plan is explained in point 1.10. Kuala Lumpur Kepong Bhd has informed the Time Bound Plan progress, MUTU has considered that Kuala Lumpur Kepong Bhd is complied with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by Kuala Lumpur Kepong Bhd on 2016.

MUTU has verified partial certification for un-certified unit's subsidiary of Kuala Lumpur Kepong Bhd based on their Time Bound Plan. There are five (5) uncertified mills and twentyone (21) uncertified estates of Kuala Lumpur Kepong Bhd. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

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

2.2 Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
2.2.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Positive assurance statement provided, which does not include the new mill found in the revised time bound plan..
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	The company has conducted HCV assessment in January – February 2012 for all subsidiaries where the assessment report confirms that there was no replacement of primary forest or containing HCV. The new mills and newly acquired land are still under consultant preliminary report.
2.2.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	No new planting reported for existing units. However, the newly acquired lands will adhere to the NPP procedures when it is ready.
2.2.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	SIA conducted reported that there are land conflicts at some of the uncertified units and the company is handling through FPIC and grievance procedures.
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	None noted. No stakeholder comments or complaints received
2.2.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	None noted. No stakeholder comments or complaints received

3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-2 Assessment

NCR No	Ref Std	Finding	Area	Grade	Time limit	Observation	Status	Date Closed
-	-	No Finding in ASA 2	-	-	-	-	-	-

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-3 Assessment

NCR No.	:	2017.1	Issued by	:	Leonada
Issued date	:	5 April 2017	Due date	:	4 June 2017
NCR Grade	:	Major	Closed date	:	14 May 2017
Ref. Standard&Requirement	:	2.1.1 There should be evidence of compliance with relevant laws and regulations			
Nonconformance description and evidence <i>(dilengkapi oleh auditor):</i>					
<p>Based on the results of field visits and document verification, non conformity related to regulatory compliance were observed:</p> <ul style="list-style-type: none"> - Nilo POM 2 has 1 boiler operating with capacity 35 ton/hour, but there is only 1 operator (Class 1) in each work shift. Un comply with Permenaker No. 1 tahun 1988. - Certificate holder can not shown the results of medical checks periodic for all employees at least once per year. This is not in accordance with Permenaker No. 2 years 1980. 					
Root cause analysis:					
<ul style="list-style-type: none"> - Lack of understanding of regulation related to OHS Operator Boiler Competency. - Understand the provisions of health examination related to Permenaker No. 2 years 1980. 					
Corrective action:					
<ul style="list-style-type: none"> - Will be conducted training OHS Steam aircraft operator (4 people) in May 17 with OHS service Agency namely Arpindo Pratama. - Conducting medical checkup of both estate and mill employees. 					
Preventive action:					
<ul style="list-style-type: none"> - Pointed an executive to monitor the contents of the rules. - Insert into the health examination program. 					
Evaluation of auditor and Conclusion:					
Verification April 18, 2017:					
<p>Certificate holder has 1 boiler with capacity 35 ton / hour. CH shows the class 1 boiler operator certificate for shifts 1 and 2:</p> <ul style="list-style-type: none"> - Rusmanto No. Ser. 12.1763-OPK3-PUBT-B.I / XII / 2012. - Suwono No. Ser. 12.1786-OPK3-PUBT-B.I / XII / 2012. 					

Certificate holder has corresponded on March 31, 2017 to plan the training and on April 3, 2017 has been submitted registration registration training 2 boiler operators to OHS Service Agency namely Arpindo Pratama.

Verification of May 12, 2017:

Certificate holder shows sample of MCU result on 11 April 2017 as many as 85 people for general worker, laboratory and Palm Oil Mill Nilo 2 process.

Verify May 14, 2017:

Certificate holder demonstrates the sustainability organizational structure of the existing legal coordinator as the Executive appointed by CH in charge of Legality and Renewal of the Latest Rules which the latest regulation will be distributed / notified to each Kebun in Riau Regional.

Medical Check Up for April forestate will be held on April 29, 2017 and will continue for all employees.

Based on evidence of improvement, then NC 2017.1 is closed with observation.

Verified by	:	Leonada
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NCR No.	:	2017.2	Issued by	:	Leonada
Issued date	:	5 April 2017	Due date	:	ASA 4
NCR Grade	:	Minor	Closed date	:	
Ref. Standard&Requirement	:	Certification system 4.2.3 The unit of certification shall be the mill and its supply base			
Nonconformance description and evidence:					
Based on FFB received since RSPO certificate issued for Nilo POM 2, dated on 14 May 2014, known there were other sources of FFB that supply to Nilo POM 2 in 3 consecutive years. As an example of FFB from PT. Steelindo Wahana Perkasa and KKPA Sungai Buluh. Up to the time of surveillance 3 of these sources have not been shown the evidence meets the RSPO standard.					
Root cause analysis:					
Corrective action:					
Preventive action:					
Evaluasi Penilai dan Kesimpulan:					
Verified by	:				

3.5.3 Opportunity for Improvement at ASA-3 Assessment

No	Ref Std	Descriptions
1	2.2.2	Progress of re-measurement of Land Use Title to National Land Agency.
2	4.7.2	Employee transportation according to risk analysis.
3	4.7.3	Electrical technician training. Medical recommendations of audiometric examination results.
4	4.7.5	Emergency alert.
5	5.3.2	Capacity of temporary warehouse hazardous material.
6	SCCS E.3.1	Understanding of certified FFB.

3.5.4 Noteworthy Positive Components at ASA-3 Assessment

No	Ref Std	Descriptions
1		The Company has earned Blue Proper 2015-2016.
2		Certificate holder has developed a Filter Belt Press Machine that serves to filter solid as organic material for fertilizing.
3		Certificate holder has a Nilo Mart that provides drinking water sources for employees.
4		Use of biotank in employee housing.

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

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>Labour Agency Pelalawan District</p> <ol style="list-style-type: none"> The minimum wage of 2017 has not yet been authorized by the agency There are no cases of child labor There are unfinished employment termination cases Related cases of workers assisting harvesters (wives) have been disciplined in 2013/2014 	<p>Response to point 1. The company still refers to the minimum wage of 2016. 2017 minimum wage will be applied immediately if the regent of Pelalawan has legalized (See C6.5)</p> <p>Response to point 2. Based on employee list review known that there are no child laborers</p> <p>Response to point 3. This has been verified by the auditor and becomes an observation (see C6.5)</p> <p>Response to point 4. This has been verified by the auditor and becomes an nonconformity at Nilo Barat Estate (see C6.5)</p>
<p>Plantation and Livestock Agency Pelalawan District</p> <ol style="list-style-type: none"> The company has reported mandatory reports There has been no conflict of land disputes in PT Adei P & I Nilo Complex 	<p>According to criterion 2.2</p>
<p>National Land Agency Pelalawan District</p> <ol style="list-style-type: none"> There has been no conflict of land disputes in PT Adei P & I Nilo Complex 	<p>According to criterion 2.2</p>
<p>Batang Nilo Kecil Village, Telayap Village and Sungai Buluh Village (Village Head, Community Figure and Youth Figure).</p> <ol style="list-style-type: none"> Good relationship, good communication. Communication and consultation mechanisms including mechanisms to address grievances and complaints have been understood. The response given by the company in the form of verbally and also with direct action. In charge personnel in communicating with the public has been assigned namely PR Staff and Estate Managers. Most villagers realized the positive impacts, such as improved access roads and increased income from the previous livelihood just as a fisherman, but nowadays it almost entirely been a member of smallholders. Assistances has been perceived by the community, the company has always responding to any proposal requests for assistance submitted by the public. Each land disputes have been resolved, including land disputes that occur within the internal KKPA Telayap (among members of local and non-local), companies seeking mediation between the two parties with the involvement of relevant institutions, Parliament and the Regent. The communities stated that there is a small stream which is currently changing shape since the 	<p>Response to point 1. Verified based on document review, communication to the community around done clearly and responded well by company (C6.2)</p> <p>Response to point 2 and 3. Preparation of CSR programme has been based on communication with the community through questionnaire, conducted on December 2016 (see C6.11)</p> <p>Response to point 4. It has been clear, the land dispute has been settled since 2016.</p> <p>Response to point 5. The company has been perform the environment management and monitoring in accordance with EIA matrix.</p> <p>Response to point 6. Has been verified through document review (employee master list and recruitment document)</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>establishment of the company, namely Jiat river and Batang Nilo river.</p> <p>6. Mostly the communities also work in PT Adei Nilo Complex.</p>	
<p>Chairman of the Gender Committee</p> <p>1) PT Adei P & I has a gender committee structure and each division of estate has a representative for employee complaints if there is violation case of women's rights</p> <p>2) There are no complaints related to violations of women's rights or violence against women in the workplace</p> <p>3) PT Adei P & I has granted the rights of women such as the right to maternity leave and menstruation leave</p>	<p>PT Adei P & I is committed to guarantee the rights of women, for example, the company has granted maternity leave and menstruation. Based on interviews with workers known that there are never happened of violence against women in workplace (see C6.8 and C6.9)</p>
<p>Union Workers</p> <p>1) Personal Protective Equipment (PPE) workers have been provided by the company according to the need of workers.</p> <p>2) PT Adei P & I has been registering workers in Health insurance programs.</p> <p>3) There is no child worker. The union understands the existence of company policy regarding child labor prohibition.</p> <p>4) There are unfinished employment termination issues.</p> <p>5) If there is a problem between worker and PT Adei P & I, the union always communicates with the company.</p>	<p>Response to point 1, 2 and 3. Based on field visits known that the workers had been given PPE which was appropriate for the result of work risk assessment. Based on the document review it is known that the workers have been registered in the Health insurance program (see C6.5)</p> <p>Response to point 4. This has been verified by the auditor and becomes an observation (see C6.5)</p> <p>Response to point 5. Based on document verification known that if there are things that will submitted to company, the union held a meeting with the company (see C6.6)</p>
<p>Local contractor (Building and Renovation) PT Naga Berlian Sejati</p> <p>1) The contractor has a copy of contract agreement with the company. In the contents of contract has explained about the volume of contracts, OHS aspect and methods of payment. Payments are usually made after the job is done Payment constantly made on time</p>	<p>This has been verified by the auditor where the company has shown proof of contract.</p>
<p>KKPA Sungai Buluh</p> <ul style="list-style-type: none"> - Relationships and communication are well established - FFB payments are always on time - Fixed FFB pricing based on Decision of Riau Plantation agency 	<p>This related to indicators 6.10.1 – 6.10.4.</p>

CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

Hereunder sign by management representative from inspected company and audit team to acknowledge a field assessment and agree for all content explained in this assessment report, included of nonconformities issues.

Signed on behalf of:

PT Adei Plantation and Industry Bhd.
Management Representative



Tan Kei Yoong
14 May 2017

Mutuagung Lestari
Lead Auditor



Leonada
14 May 2017

APPENDICES

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
01	Labour Agency, Pelalawan District	Pelalawan District	-	Direct interview	March 29, 2017	√	
02	Plantation and Forestry Agency, Pelalawan District	Pelalawan District	-	Direct interview	March 29, 2017	√	
03	Environment Bodies	Pelalawan District	-	Direct interview	March 29, 2017	√	
04	Telayap Head of village	Telayap village, Pelalawan District	-	Direct interview	3 April 2017	√	
05	Batang Nilo Kecil of village	Batang Nilo Kecil village, Pelalawan District	-	Direct interview	3 April 2017	√	
06	Sungai Buluh Head of village	Sungai Buluh, Pelalawan District	-	Direct interview	3 April 2017	√	
07	Local contractor (Building and Renovation) PT Naga Berlian Sejati.	-	-	Direct interview	1 April 2017	√	
08	KKPA Sungai Buluh	Sungai Buluh, Pelalawan District			1 April 2017	√	
09	Worker Unions	Sungai Buluh, Pelalawan District	-	Direct interview	1 April 2017	√	
10	Gender Committees	Sungai Buluh, Pelalawan District	-	Direct interview	1 April 2017	√	
11	Sawit Watch Indonesia	Jakarta	info@sawitwatch.or.id	Questionnaire via email	March 23, 2017		√
12	Masyarakat Riau Penyelamat Lingkungan	Pekanbaru	ismmarpel@gmail.com	Questionnaire via email	March 23, 2017		√
13	World Wild Found Indonesia	Pekanbaru	wwf-indonesia@wwf.or.id	Questionnaire via email	March 23, 2017		√
14	Jaringan Penyelamat Kerja Hutan Riau (Jikalahari)	Pekanbaru	jikalahari@indonesia.net.id	Questionnaire via email	March 23, 2017		√

Appendix 2. Assessment Program

DATE		PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
PLANNED TIME	ACTUAL DURATION		
Wednesday, 29 March 2017			
06.00 – 08.00	06.00 – 08.00	Jakarta – Pekanbaru	All team
08.00 – 12.00	08.00 – 12.00	Public consultation to relevant agencies Pelalawan	SSM
08.00 – 11.00	08.00 – 11.00	Pekanbaru – Site PT. ADEI	LEO/SDP/BPR/BEN
11.00 – 12.00	11.00 – 12.00	Opening Meeting	
Saturday, 1 April 2017			
08.00 – 12.00	08.00 -12.00	Field observation to Nilo POM 2 <ul style="list-style-type: none"> • Implementation on supply chain requirement (FFB receiving, weigh-bridge, CPO despatch) • Observation on OHS and environmental aspect (chemical storage, hazardous waste storage, workshop, hydrant, WWTP, WTP, and others) Interview with Internal Stakeholder, local contractor, Labor Union and Gender Committee : Nilo POM 2, Nilo Timur 1 Estate dan Nilo Timur 2 Estate	SSM/LEO BPR/SDP BEN
12.00 – 14.00	12.00 – 14.00	Break	
14.00 – 17.00	14.00 – 17.00	Completing audit checklist	All Team
Monday, 3 April 2017			
		Field observation to Nilo Timur 1 Estate: <ul style="list-style-type: none"> • Best management practises – agronomy aspect and interview with worker (harvesting and transport, fertilizing, spraying, road maintenance, IPM, EFB application). • Field observation on OHS and environment aspect(agrochemical storage, fertilizer storage, hazardous waste storage, fire fighting facility, domestic waste management and field observation related to implementation procedure and employment aspect). Public consultation to surrounding community (Near Nilo Timur 1 and 2 estate) : communication, transparency, complaint/grievance mechanism and procedure, contract implementation.	SSM BPR/BEN LEO/SDP
12.00 – 14.00	12.00 – 14.00	Break	
14.00 – 17.00	14.00 – 17.00	Field visit if needed Document verification, basic info and verification NCR last audit (ASA 2)	All Team
Tuesday, 4 April 2017			

DATE		PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
PLANNED TIME	ACTUAL DURATION		
08.00 – 12.00	08.00 -12.00	Field observation to Nilo Timur 2 Estate: <ul style="list-style-type: none"> • Best management practises – agronomy aspect and interview with worker (harvesting and transport, fertilizing, spraying, road maintenance, IPM, EFB application). • Field observation on OHS and environment aspect(agrochemical storage, fertilizer storage, hazardous waste storage, fire fighting facility, domestic waste management and field observation related to implementation procedure and employment aspect). Field observation on legal boundaries (legal ownership, legal boundaries) and observation on HCV area.	All Team SSM/BEN BPR/LEO SDP
12.00 – 14.00	12.00 -14.00	Break	
14.00 – 17.00	14.00 -17.00	Field visit if needed Document verification, basic info and verification NCR last audit (ASA 3)	All Team
Monday, 5 April 2017			
08.00 – 10.00	08.00 – 10.00	Closing Meeting	ALL Team