

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

[√] Mill Supply Chain Extension Scope Verification

Name of Management Organisation : Mandau Palm Oil Mill, PT Adei Plantation & Industry, subsidiary of Kuala Lumpur Kepong Bhd

Plantation Name : PT ADEI PLANTATION & INDUSTRY: KMS 1, KMS 2, KMS 3, KMS 4, KMU 5, KMU 6, and KMU 7 Estates.

Location : Village of Muara Basung, Sub District of Pinggir, District of Bengkalis, Province of Riau, Indonesia

Certificate Code : **MUTU-RSPO/021**

Date of Certificate Issue : 19th October 2012 Date of License Issue : 19th October 2016
 Date of Certificate Expiry : 18th October 2017 Date of License Expiry : 18th October 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
Special Audit	28 February 2017	Octo H.P.N. Nainggolan	Taufik Margani	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
Special Audit	31 March 2017

TABLE OF CONTENT

FIGURE 1
 Figure 1. Location Map of PT ADEI PLANTATION AND INDUSTRY – KEBUN MANDAU **Error! Bookmark not defined.**
 Figure 2. Operational Map of PT ADEI PLANTATION AND INDUSTRY – KEBUN MANDAU **Error! Bookmark not defined.**
 Glossary..... 3

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT 4
 1.1 Assessment Standard Used 4
 1.2 Organisation Information..... 4
 1.3 Type of Assessment..... 4
 1.4 Locations of Mill and Plantation 4
 1.5 Description of Area Statement 5
 1.6 Planting Year and Cycles 5
 1.7 Description of Mill and Supply Base 6
 1.8 Estimate Tonnage of Certified Product 7
 1.9 Other Certifications 7

2.0 ASSESSMENT PROCESS..... 8
 2.1 Assessment Team..... 8
 2.2 Assessment Methodology, Assessment Process and Locations of Assessment 8
 2.3 Stakeholder Consultation and Stakeholders Contacted..... **Error! Bookmark not defined.**

3.0 ASSESSMENT FINDINGS 9
 3.1 Summary of Assessment Report of Supply Chain Requirements for Mudule D (Identity Preserved) 9
 3.2 Identification of Findings, Corrective Action, Observations 18

4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY **Error! Bookmark not defined.**
 4.1 Formal Sign-off of Assessment Findings..... **Error! Bookmark not defined.**

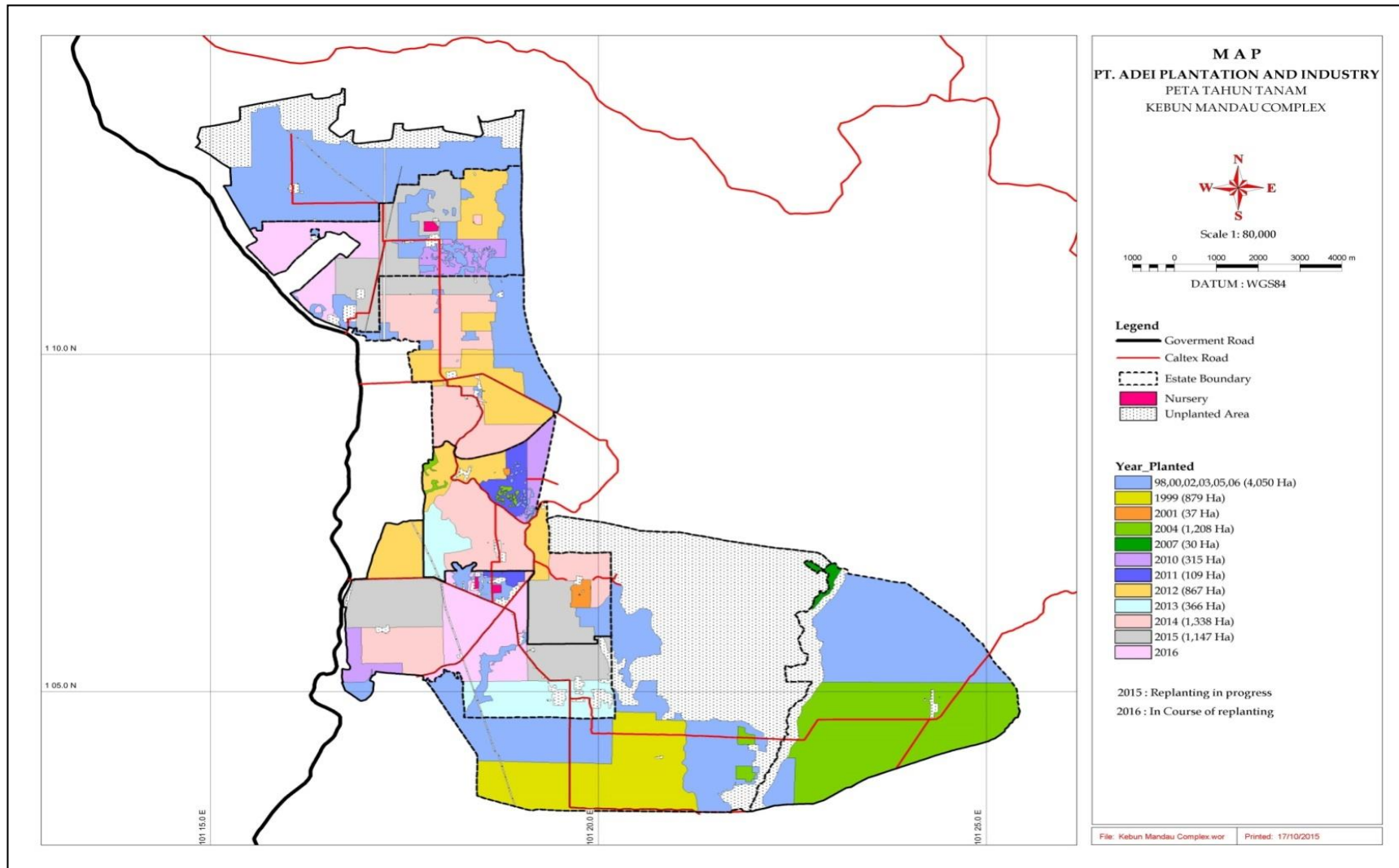
APPENDICES **Error! Bookmark not defined.**
 Appendix 1. Assessment Program 32

FIGURE

Figure 1. Location Map of PT Adei Plantation & Industry (Mandau Mill)



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



Glossary

ASA	:	Annual Surveillance Assessment
CPO	:	Crude Palm Oil
DO	:	Delivery Order
FFB	:	Fresh Fruit Bunch
IP	:	Identity Preserved
ISCC	:	International Sustainable Carbon Certification
MB	:	Mass Balance
P&C	:	Principle and Criteria
PK	:	Palm Kernel
POM	:	Palm Oil Mill
RSPO	:	Roundtable on Sustainable Palm Oil
SOP	:	Standard Operational Procedure
SCCS	:	Supply Chain Certification System

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT			
1.1 Assessment Standard Used			
<ul style="list-style-type: none"> 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 Organisation Information			
1.2.1	Organisation name listed in the certificate	Mandau POM - PT Adei Plantation & Industry subsidiary of Kuala Lumpur Kepong Bhd	
1.2.2	Contact person	Stephen Tiong Mee Ing	
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> RSPO registered company: Wisma Taiko, 1, Jalan S.P. Seenivasagam, 3000 Ipoh, Perak, Malaysia Liaison Office: Kompleks Pertokoan Taman Anggrek Blok B2-B5 Jl. Tuanku Tambusai, Pekanbaru - Riau 	
1.2.4	Telephone	+62-761-571885	
1.2.5	Fax	+62-761-571862	
1.2.6	E-mail	mi.tiong@klk.com.my	
1.2.7	Web page address	www.klk.com.my	
1.2.8	Management Representative who completed the application for certification	Stephen Tiong Mee Ing	
1.2.9	Registered as RSPO member	1-0014-04-000-00, (registered since 18 th October 2004)	
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply bases: Mandau Palm Oil Mill, (Kebun Mandau Selatan) KMS 1, KMS 2, KMS 3, KMS 4 and (Kebun Mandau Utara) KMU 5, KMU 6 and KMU 7	
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
	Mandau Palm Oil Mill	Village of Tenganau, Sub-district of Pinggir, District of Bengkalis, Province of Riau	N 10° 4' 56" E 101° 19' 59"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Kebun Mandau Selatan 1	District of Bengkalis, Province of Riau	N 10° 4' 39" – 10° 9' 6" E 101° 16' 55" - 101° 20' 7"
	Kebun Mandau Selatan 2	District of Bengkalis, Province of Riau	N 10° 4' 39" – 10° 9' 6" E 101° 16' 55" - 101° 20' 7"

Kebun Mandau Selatan 3	District of Bengkalis, Province of Riau	N 1°3' 12" – 1°6' 41"	E 101°18' 2" - 101°21' 42"
Kebun Mandau Selatan 4	District of Bengkalis, Province of Riau	N 1°3' 18" – 1°6' 44"	E 101°22' 8" - 101°25' 6"
Kebun Mandau Utara 5	District of Bengkalis, Province of Riau	N 1°8' 40" – 1°11' 9"	E 101°17' 10" - 101°19' 25"
Kebun Mandau Utara 6	District of Bengkalis, Province of Riau	N 1°11' 9" – 1°12' 47"	E 101°15' 39" - 101°19' 2"
Kebun Mandau Utara 7	District of Bengkalis, Province of Riau	N 1°4' 39" – 1°9' 6"	E 101°16' 55" – 101°20' 7"

1.5 Description of Area Statement

1.5.1	Tenure	
	<ul style="list-style-type: none"> State 	
	<ul style="list-style-type: none"> State 	14,900 Ha
	<ul style="list-style-type: none"> Community 	Ha
	<ul style="list-style-type: none"> 	
1.5.2	Area Statement	
	<ul style="list-style-type: none"> Total area 	14,900 Ha
	<ul style="list-style-type: none"> Mature area 	7,840 Ha
	<ul style="list-style-type: none"> Immature area 	3,323 Ha
	<ul style="list-style-type: none"> Nursery 	21 Ha
	<ul style="list-style-type: none"> Mill 	41 Ha
	<ul style="list-style-type: none"> Infrastructure (Office/Housing/Roads) 	203 Ha
	<ul style="list-style-type: none"> Occupation area (community conservation) 	2,540 Ha
	<ul style="list-style-type: none"> Conservation Area (HCV area, riparian, water reservoirs and unplatable swamp) 	
	<ul style="list-style-type: none"> a. HCV Area (local customary of Sakai) 	201 Ha
	<ul style="list-style-type: none"> b. Riparian and reserves 	109 Ha
	<ul style="list-style-type: none"> c. Water reservoir for POM 	49 Ha
	<ul style="list-style-type: none"> d. Unplatable swamp 	367 Ha
	<ul style="list-style-type: none"> Others area 	206 Ha

1.6 Planting Year and Cycles

1.6.1	Age profile of planting year								
	Planting Year	Hectarage (Ha)							
		KMS-1	KMS-2	KMS-3	KMS-4	KMU-5	KMU-6	KMU-7	Total
	1998	97	88	471	-	277	272	1,091	2,296
	1999	-	-	879	-	-	-	-	879
	2000	-	-	338	-	5	26	-	369
	2001	-	37	-	-	-	-	-	37
	2002	-	-	-	-	21	26	-	47
	2003	-	-	199	-	6	8	-	213
	2004	1	22	34	1,151	-	-	-	1,208
	2005	25	9	45	844	-	12	-	935
	2006	-	-	18	158	-	3	-	179

	2007	-	-	-	30	-	-	-	30
	2010*	88	104	-	-	-	123	-	315
	2011*	15	84	-	-	-	-	-	99
	2012*	161	227	-	-	305	174	-	867
	2013*	239	127	-	-	-	-	-	366
	2014*	238	459	-	-	641	-	-	1,338
	2015*	462	210	-	-	125	399	-	1,196
	2016*	430	0	0	0	0	359	0	789
	TOTAL	1,756	1,367	1,984	2,183	1,380	1,402	1,091	11,163
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 (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel			
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)		
	Mandau	60	216.259,43	47.363,88	21,90	11.087,70	5,13		
	<i>*Source: FFB processing data in Mandau POM August 2015 – July 2016</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)	%		
	Kebun Mandau Selatan 1	1,984	1,756	7,285.63	4,15	7,285.63	3.37		
	Kebun Mandau Selatan 2	3,334	1,367	9,970.37	7.29	9,970.37	4.61		
	Kebun Mandau Selatan 3	2,180	1,984	49,636.82	25.02	49,636.82	22.95		
	Kebun Mandau Selatan 4	2,395	2,183	53,635.94	24.57	53,635.94	24.80		
	Kebun Mandau Utara 5	1,586	1,380	12,757.83	9.24	12,757.83	5.90		
	Kebun Mandau Utara 6	1,482	1,402	13,664.07	9.75	13,664.07	6.32		
	Kebun Mandau Utara 7	1,939	1,091	27,281.92	25.01	27,281.92	12.62		
	TOTAL	14,900	11,163	174,232.58	15.61	174,232.58	80.57		
	<i>*Source: FFB Production Data from August 2015 – July 2016</i>								
1.7.3	FFB description from other source								
	Name of sources	Organisation	Location	Supplied to Mill					
				FFB (tonnes/year)					
	CV. Abdi Mandiri	Independent Supplier	District of Kampar, Province of Riau	17,732.64					
	CV. Karya Abadi	Independent Supplier	District of Bengkalis, Province of Riau	863.81					
	CV. Sejahtera Jaya	Independent Supplier	District of Bengkalis, Province of Riau	9,034.91					
	CV. Putra Mandau	Independent Supplier	District of Bengkalis, Province of Riau	12,950.12					
	PT.Sekarbumi Alamlestari	KLK Bhd	District of Kampar, Province of Riau	1,445.00					

	(RSPO Certified)						
	TOTAL			42,026.85			
	<i>*Source: FFB received data in Mandau POM from August 2015 – July 2016</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 Claim October 19 th 2015 to October 18 th 2016 (tonnes/year)	Actual certified product October 19 th 2015 to August 12 th 2016 (tonnes/year)				
	• FFB Production	184,529	174,232				
	• CPO Production	40,910	39,202				
	• Palm Kernel (PK) Production	9,965	8,716				
1.8.2	Estimate of Certified FFB Claim						
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Kebun Mandau Selatan 1	1,984	1,756	7,796	4.44		
	Kebun Mandau Selatan 2	3,334	1,367	10,668	7.80		
	Kebun Mandau Selatan 3	2,180	1,984	53,111	26.77		
	Kebun Mandau Selatan 4	2,395	2,183	57,390	26.29		
	Kebun Mandau Utara 5	1,586	1,380	13,651	9.89		
	Kebun Mandau Utara 6	1,482	1,402	14,621	10.43		
	Kebun Mandau Utara 7	1,939	1,091	29,192	26.76		
	TOTAL	14,900	11,163	186,429	16.70		
	<i>*Estimated FFB Production from October 19th 2016 – October 18th 2017</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 (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Mandau	60	186,429	41,946	22.5	10,254	5.50
	<i>*Estimated CSPO and CSPK Processing October 19th 2016 – October 18th 2017</i>						
1.9 Other Certifications							
	ISCC (International Sustainable Carbon Certification)		4 May 2016 – 3 May 2017 EU-ISCC-CERT-DE105-83153903				

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
Special Audit	Octo H.P.N Nainggolan. Indonesian citizen, Bachelor of Agriculture, majoring of Social Economics of Agriculture (Agribusiness). Seven years working experience since 2004 at oil palm Plantation Company in Indonesia and conducted many of Sustainable Palm Oil Certification Scheme assessment since the first certificate held in Indonesia and Malaysia since 2011 covering the Legal Aspect, Environmental aspect, Social Aspect, Health and Safety Aspect, Best Agricultural Practices, Conservation, Worker Welfare and Supply Chain. Several trainings he have attended, namely: Conservation of Natural and Biological Resources in supporting HCV, Basic Plantation Management Program, Plantation Integrated Pest Management training, Management System Certification (ISO 9001), Environment Management System (ISO 14001), SMK3 based on OHSAS, RSPO Lead Auditors Training Course endorsed by Proforest and Wildasia, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, Supply Chain Certification System, RSPO Renewable Energy Directive (RED), International Sustainable Carbon Certification (ISCC) and RSPO NEXT. Currently he worked as an auditor at Certification Body and during this assessment he observed and audit on Supply chain implementation.
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1 Figure of person days to implement assessment	
Special Audit	Number of auditors : 1 auditor Number of days on site : 1 day Number of working days for on site : 1 Working day
2.2.2 Assessment Process	
Special Audit	The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the Mandau Mill PT Adei Plantation & Industry with respect of the requirements of Supply Chain Requirement for CPO Mill, November 2014. The mill would like implementing two supply chain models (IP and MB) in one year license period. 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. The assessment program please find Appendix 2
2.2.3 Location of Assessment	
Special Audit	The location of the assessment was conducted at the Mandau mill area starting with documentation review at the mill office; continue with the site visit at the mill security office and the weightbridge. During the site visit auditor interviewed with the each of the staff and operator to gained information regarding the level of understanding how to implement two RSPO supply chain models in their operations activity.
2.3 Determining Next Assessment	
	Next assessment of RSPO Mill supply chain will include in the next surveillance of P&C system (Recertification) which planned on August 2017.

3.0. ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of *Mandau POM – PT Adei Plantation & Industry (subsidiary of Kuala Lumpur Kepong Bhd)*.

During the assessment, there are *one (1)* Nonconformity identified against supply chain requirement for CPO mill.

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 actions that had been reviewed and accepted by Auditor in form of documentation evidence(s) e.g. The corrective action taken that consist of *one (1)* non-conformity had been closed out and shall be verified during next assessment.

MUTUAGUNG LESTARI found that *Mandau POM – PT Adei Plantation & Industry (subsidiary of Kuala Lumpur Kepong Bhd)* complied with the requirements of *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)*.

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is continued.

3.1. Summary of Assessment Report of Supply Chain Requirements for Mudule D (Identity Preserved)

Clause	(Module D) CPO Mills – Identity Preserved Requirements																						
D1	Definition																						
D.1.1	<p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>																						
	<p>Additional Verification taken place at Mandau POM on 28 February 2017 for implementation supply chain models of IP and MB in same time license period.</p> <p>From the communication with RSPO secretariat a mill can certified IP and MB, however the mill have to show implementation that physically possible and doable.</p> <p>During the audit, based on interview and document verification known that mill has receiving FFB from his own certified estate and uncertified smallholder.</p> <p>FFB Supplier data have been input in computerize system:</p> <table border="1"> <thead> <tr> <th>Supplier Name</th> <th>Estate Code</th> <th>Note</th> <th>Certified number</th> </tr> </thead> <tbody> <tr> <td>Mandau 1 Estate (previously KMU-7 estate)</td> <td>KM-1</td> <td>Certified</td> <td>MUTU-RSPO/021</td> </tr> <tr> <td>Mandau 2 Estate (previously KMU 5 & KMU 6 estate)</td> <td>KM-2</td> <td>Certified</td> <td>MUTU-RSPO/021</td> </tr> <tr> <td>Mandau 3 Estate (previously KMS-2 estate)</td> <td>KM-3</td> <td>Certified</td> <td>MUTU-RSPO/021</td> </tr> <tr> <td>Mandau 4 Estate</td> <td>KM-4</td> <td>Certified</td> <td>MUTU-RSPO/021</td> </tr> </tbody> </table>			Supplier Name	Estate Code	Note	Certified number	Mandau 1 Estate (previously KMU-7 estate)	KM-1	Certified	MUTU-RSPO/021	Mandau 2 Estate (previously KMU 5 & KMU 6 estate)	KM-2	Certified	MUTU-RSPO/021	Mandau 3 Estate (previously KMS-2 estate)	KM-3	Certified	MUTU-RSPO/021	Mandau 4 Estate	KM-4	Certified	MUTU-RSPO/021
Supplier Name	Estate Code	Note	Certified number																				
Mandau 1 Estate (previously KMU-7 estate)	KM-1	Certified	MUTU-RSPO/021																				
Mandau 2 Estate (previously KMU 5 & KMU 6 estate)	KM-2	Certified	MUTU-RSPO/021																				
Mandau 3 Estate (previously KMS-2 estate)	KM-3	Certified	MUTU-RSPO/021																				
Mandau 4 Estate	KM-4	Certified	MUTU-RSPO/021																				

(previously KMS-1 estate)			
Mandau 5 Estate (previously KMS-3 estate)	KM-5	Certified	MUTU-RSPO/021
Mandau 6 Estate (previously KMS-4 estate)	KM-6	Certified	MUTU-RSPO/021
CV Abdi mandiri	ABDI	Non-Certified	Non-Certified
CV Putra Mandau	CPM	Non-Certified	Non-Certified

Month	FFB (ton)		
	RSPO Certified	Non Certified	Total
February '16	12,586.66	3,060.50	15,647.16
March '16	11,357.64	4,397.14	15,754.78
April '16	11,331.92	4,934.34	16,266.26
May '16	10,452.13	5,798.35	16,250.48
June '16	11,671.42	4,393.90	16,065.32
July '16	11,730.83	1,061.83	12,792.66
August '16	15,037.24	3,714.53	18,751.77
September '16	20,637.86	2,952.33	23,590.19
October '16	18,901.77	1,591.77	20,493.54
November '16	20,572.63	748.42	21,321.05
December '16	18,419.86	316.44	18,736.30
January '17	18,955.80	647.31	19,603.11

Since 23 February 2017 Mandau Mill have implementing and commit not to receive FFB from non-certified sources. During the assessment the auditor also checked in the weighbridge documentation and sighted there are only document from own certified estates.

Status: Compliance

D.2 Explanation

D.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.

Mandau Mill has estimate the CPO and PK product during the certified period as seen in the table below.

License Period	FFB (Ton)		CPO (Ton)		Palm Kernel (Ton)	
	Certificate	Production	Certificate	Production	Certificate	Production
19 October 2015 – 18 October 2016	184,529		40,910		9,965	
19 October 2016 – 18 October 2017	186,429	verified at next assessment	41,946	verified at next assessment	10,254	verified at next assessment

Status: Compliance

D.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).

For the current certification period, Mandau POM facility has been registered in RSPO supply chain management (palm-trace). All claim of certified CPO / PK transaction has been registered in the e-trace platform

- **RSPO IT Platform member registration number: RSPO_PO1000000411.**

Certified CPO sold to each buyer.

Month	CPO Produced		CPO Sales			CPO Balance		Buyer
	CSPO - MB	Total CPO	CSPO- MB	other scheme (ISCC)	Total	CSPO- MB	Physical Stock	
						2,908,377	-	
Oct'15	2,005,909	2,005,909	1,842,330	-	1,842,330	3,071,956	2,679,269	PT. Kreasijaya Adhikarya
Nov'15	3,472,524	3,472,524	4,520,840	-	4,520,840	2,023,640	1,109,076	PT. Kreasijaya Adhikarya
Dec'15	2,950,257	2,950,257	2,883,440	-	2,883,440	2,090,457	1,099,156	PT. Kreasijaya Adhikarya
Reconciliation					-	1,099,156	1,099,156	
Jan'16	2,756,949	2,756,949	3,054,140	-	3,054,140	801,965	1,874,903	PT. Kreasijaya Adhikarya
Feb'16	2,773,983	2,773,983	1,006,550	-	1,006,550	2,569,398	2,331,598	PT. Kreasijaya Adhikarya
Mar'16	2,595,312	2,595,312	-	-	-	5,164,710	1,916,874	
Reconciliation					-	1,916,874	1,916,874	
Apr'16	2,465,067	2,465,067	3,780,870	-	3,780,870	601,071	1,718,336	PT. Kreasijaya Adhikarya
Mei'16	2,191,553	2,191,553	-	2,377,490	2,377,490	415,135	2,294,029	
Jun'16	2,414,639	2,414,639	2,106,680	641,640	2,748,320	81,454	1,616,070	PT. Kreasijaya Adhikarya
Reconciliation					-	81,454	81,454	
Jul'16	2,464,401	2,464,401	1,088,270	-	1,088,270	1,457,585	1,054,388	PT. Kreasijaya Adhikarya
Agst'16	3,260,397	3,260,397	125,660	707,940	833,600	3,884,382	2,919,724	PT. Kreasijaya Adhikarya
Sept'16	4,355,836	4,355,836	-	2,792,060	2,792,060	5,448,158	1,752,948	
Reconciliation					-	1,752,948	1,752,948	
Oct'16 until 18th	2,147,171	2,147,171	-	1,979,410	1,979,410	1,920,710	1,237,671	

Certified Palm Kernel sold to each buyer

Month	PK Produced		PK Sales			PK Balance		Buyer
	CSPK-MB	Total PK	CSPK MB	ISCC	Total	CSPK MB	Physical Stock	
						241,695	-	
Oct'15	522,184	522,184	622,990		622,990	140,889	151,560	Mandau KCP (PT Adei Plantation & Industry)
Nov'15	746,998	746,998	695,100	-	695,100	192,787	50,067	Mandau KCP (PT Adei Plantation & Industry)
Dec'15	742,179	742,179	445,520	-	445,520	489,446	126,490	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	126,490	126,490	
Jan'16	662,261	662,261	604,870	-	604,870	183,881	109,639	Mandau KCP (PT Adei Plantation & Industry)
Feb'16	566,610	566,610	413,370	-	413,370	337,121	195,373	Mandau KCP (PT Adei Plantation & Industry)
Mar'16	606,930	606,930	520,460	-	520,460	423,590	38,326	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	38,326	38,326	
Apr'16	534,846	534,846	373,400	-	373,400	199,772	171,520	Mandau KCP (PT Adei Plantation & Industry)
Mei'16	498,114	498,114	761,820	-	761,820	(63,934)	88,506	Mandau KCP (PT Adei Plantation & Industry)
Jun'16	539,807	539,807	398,170	-	398,170	77,704	115,341	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	77,704	77,704	
Jul'16	501,315	501,315	250,590	-	250,590	328,429	170,424	Mandau KCP (PT Adei Plantation & Industry)
Agst'16	658,701	658,701	341,040	-	341,040	646,091	113,940	Mandau KCP (PT Adei Plantation & Industry)

Sept'16	1,008,887	1,008,887	644,910	-	644,910	1,010,068	259,124	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	259,124	259,124	
Oct'16 until 18th	477,496	477,496	134,250	-	134,250	602,369	152,327	Mandau KCP (PT Adei Plantation & Industry)

Status: Compliance

D.3 Documented procedures

D.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:

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

During the audit conducted there were changes in procedure for Supply Chain document in **Standard Operating Procedure untuk Rantai Pasok Sertifikasi RSPO** issued on 28 February 2017 (approved by Mill Manager, Lim Chian).

The SOP explains the process in term of supply chain system implementation.

- Fresh Fruit Bunch received
- Persons responsible in implementation of SCCS requirements in Mandau POM facility are as follows:
 - Mill Manager responsible for implementation of all SCCS requirement in Mandau POM.
 - Internal audit on sustainability will check periodically consistency of SCCS requirement implementation in facility once a year.
 - Monitoring of book keeping if there is overproduction, the mill manager shall inform to the certification body
 - Mill Manager responsible inform to certification body if there is change of supply chain model (MB to IP whether IP to MB)
 - Sales department responsible in maintenance of supplier list, sales contract, shipping administration, claim, and invoice.
 - Production Assistant responsible in maintenance of daily production report, incoming material, storage, and dispatch.
 - Laboratory Assistant responsible in product quality test at each production step.
- Security responsible in first verification of incoming FFB while weighbridge operator responsible in registration of incoming FFB weight (certified) and outgoing CPO dispatch (certified).

There is evidence of current procedure socialization conducted on 28 February 2017 and attended by thirteen (13) participant which are Chief Clerk, Laboratory Supervisor, Sustainability staff, weighbridge operator (Khairina), mill security officer. The socialization support with the picture documentation and material.

Observed during field visit at Mandau POM facility that all persons responsible in supply chain can demonstrate awareness of the procedures and on the implementation of RSPO SCCS standard.

FFB Supplier Data of Mandau POM/ RSPO Certified that has been entry into computerized system:

Supplier Name	Estate Code	Note	Certified number
---------------	-------------	------	------------------

Mandau 1 Estate (previously KMU-7 estate)	KM-1	Certified	MUTU-RSPO/021
Mandau 2 Estate (previously KMU 5 & KMU 6 estate)	KM-2	Certified	MUTU-RSPO/021
Mandau 3 Estate (previously KMS-2 estate)	KM-3	Certified	MUTU-RSPO/021
Mandau 4 Estate (previously KMS-1 estate)	KM-4	Certified	MUTU-RSPO/021
Mandau 5 Estate (previously KMS-3 estate)	KM-5	Certified	MUTU-RSPO/021
Mandau 6 Estate (previously KMS-4 estate)	KM-6	Certified	MUTU-RSPO/021
CV Abdi mandiri	ABDI	Non-Certified	Non-Certified
CV Putra Mandau	CPM	Non-Certified	Non-Certified

Status: Comply

D.3.2

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

certified and non certified), under under SOP document number 2, issued on January 1, 2016, concerning Standard Operating Procedures for RSPO Supply Chain.

The process starts from FFB'S acceptance, processing, product's dispatch and report, FFB's traceability.

Moreover, the SOP explains the daily separation mechanism between certified and non-certified CPO/PK as a stock balance control over CPO/PK (sustainable and non-sustainable).

Verification of incoming FFB was done through the following procedures:

- Sales department issues list of approved supplier. Any update regarding this, shall be sent to mill.
- Mill manager reconcile any update on registerd / approved supplier and its certification status.
- In case there is new supplier, mill manager must ensure that the supplier complies to company's minimum requirement.
- Security will check the FFB delivery notes from supply bases, then weighbridge operator will records identity and weight of incoming FFB. Ceritied and non certified FFB will automatically recorded in the weighbridge computer system, refers to current list of certified supplier.
- Computers will automatically generates daully incoming FFB from both certified and uncertified sources.
- Assistant will create dailiy report on certified incoming FFB and percentage of CSPO (MB) produced (total CPO x % FFB from internal sources)

Observed during field visit at Mandau POM facility that all persons responsible in supply chain can demonstrate awareness of the procedures and on the implementation of RSPO SCCS standard.

Status: Compliance

D.4

Purchasing and goods in

D.4.1

The site shall verify and document the volumes of certified and non-certified FFBs received.

Company sets the mass balance supply chain model in order to ensure the suitability and balance of certified and non-certified CPO/PK stock. Company presents the FFB's acceptance documents:

- Fruit delivery letter that informs the name of estate, number of fruit delivery letter, date, police number, seal number, division, phase, block number, number of bunches, estate's weight.
- The number of vehicle control that informs date, police number, driver's name, incoming hour, outgoing hour, bruto weight, tarra weight and netto weight
- Weighing ticket that informs the DO number, contract, date, FFB's source, cultivated year, division, block, netto weight, incoming weight, outgoing weight, vehicle license number and driver's name.

• **Certified and non-certified FFB received period of 8 October 2016 to 27 February 2017**

Month	FFB (ton)		
	RSPO Certified	Non Certified	Total
February '16	12,586.66	3,060.50	15,647.16
March '16	11,357.64	4,397.14	15,754.78
April '16	11,331.92	4,934.34	16,266.26
May '16	10,452.13	5,798.35	16,250.48
June '16	11,671.42	4,393.90	16,065.32
July '16	11,730.83	1,061.83	12,792.66
August '16	15,037.24	3,714.53	18,751.77
September '16	20,637.86	2,952.33	23,590.19
October '16	18,901.77	1,591.77	20,493.54
November '16	20,572.63	748.42	21,321.05
December '16	18,419.86	316.44	18,736.30
January '17	18,955.80	647.31	19,603.11

All documents stored properly were sighted during the assessment conducted.

Status: Compliance

D.4.2

The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.

According to RSPO certificate for period of ASA-2 (19 October 2015 – 18 October 2016), estimation of tonnage of CPO and PK products that could potentially be produced by the facility is as follows:

- Estimation of certified Incoming FFB: 184,529 tonnes
- Estimated of certified CPO production: 40,910 tonnes
- Estimated of certified PK: 9.965 tonnes

These figure represents estimation of 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 of CPO and PK produced during current certification period (October - August 2016) is as follows:

- Actual Incoming FFB: 174,664 tonnes
- Actual CPO production: 37,976
- PK: 8,672 tonnes

The figure shows that there is no overproduction of CPO or PK production in Mandau POM facility. The SOP of Supply Chain has stated that in case of over production form projected tonnage , the facility shall inform the CB immediately.

Status: Compliance

D.5

Record keeping

D.5.1

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.

Mandau POM has recorded and balanced FFB receiving data and CPO/PK delivery data on a three-monthly basis. The data as follows:

CPO.

Month	CPO Produced		CPO Sales			CPO Balance		Buyer
	CSPO - MB	Total CPO	CSPO- MB	other	Total	CSPO- MB	Physical	

				scheme (ISCC)			Stock	
						2,908,377	-	
Oct'15	2,005,909	2,005,909	1,842,330	-	1,842,330	3,071,956	2,679,269	PT. Kreasijaya Adhikarya
Nov'15	3,472,524	3,472,524	4,520,840	-	4,520,840	2,023,640	1,109,076	PT. Kreasijaya Adhikarya
Dec'15	2,950,257	2,950,257	2,883,440	-	2,883,440	2,090,457	1,099,156	PT. Kreasijaya Adhikarya
Reconciliation					-	1,099,156	1,099,156	
Jan'16	2,756,949	2,756,949	3,054,140	-	3,054,140	801,965	1,874,903	PT. Kreasijaya Adhikarya
Feb'16	2,773,983	2,773,983	1,006,550	-	1,006,550	2,569,398	2,331,598	PT. Kreasijaya Adhikarya
Mar'16	2,595,312	2,595,312	-	-	-	5,164,710	1,916,874	
Reconciliation					-	1,916,874	1,916,874	
Apr'16	2,465,067	2,465,067	3,780,870	-	3,780,870	601,071	1,718,336	PT. Kreasijaya Adhikarya
Mei'16	2,191,553	2,191,553	-	2,377,490	2,377,490	415,135	2,294,029	
Jun'16	2,414,639	2,414,639	2,106,680	641,640	2,748,320	81,454	1,616,070	PT. Kreasijaya Adhikarya
Reconciliation					-	81,454	81,454	
Jul'16	2,464,401	2,464,401	1,088,270	-	1,088,270	1,457,585	1,054,388	PT. Kreasijaya Adhikarya
Agst'16	3,260,397	3,260,397	125,660	707,940	833,600	3,884,382	2,919,724	PT. Kreasijaya Adhikarya
Sept'16	4,355,836	4,355,836	-	2,792,060	2,792,060	5,448,158	1,752,948	
Reconciliation					-	1,752,948	1,752,948	
Oct'16 until 18th	2,147,171	2,147,171	-	1,979,410	1,979,410	1,920,710	1,237,671	

Palm Kernel.

Month	PK Produced		PK Sales			PK Balance		Buyer
	CSPK-MB	Total PK	CSPK MB	ISCC	Total	CSPK MB	Physical Stock	
						241,695	-	
Oct'15	522,184	522,184	622,990		622,990	140,889	151,560	Mandau KCP (PT Adei Plantation & Industry)

Nov'15	746,998	746,998	695,100	-	695,100	192,787	50,067	Mandau KCP (PT Adei Plantation & Industry)
Dec'15	742,179	742,179	445,520	-	445,520	489,446	126,490	Mandau KCP (PT Adei Plantation & Industry)
Reconciliati on					-	126,490	126,490	
Jan'16	662,261	662,261	604,870	-	604,870	183,881	109,639	Mandau KCP (PT Adei Plantation & Industry)
Feb'16	566,610	566,610	413,370	-	413,370	337,121	195,373	Mandau KCP (PT Adei Plantation & Industry)
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Reconciliati on					-	38,326	38,326	
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Reconciliation					-	259,124	259,124	
Oct'16 until 18th	477,496	477,496	134,250	-	134,250	602,369	152,327	Mandau KCP (PT Adei Plantation & Industry)

Counting formula to segregate the RSPO certified and non-certified product of IP and MB model have been available; the formula informed if there are selling of CPO and PK using other sustainability certification scheme (ISCC).

During the interview with the Chief Clark who conduct counting of RSPO certified product was fully explained the certified CPO and PK stock if there are dispatch using the other certification scheme

D.5.1 **Status: Comply**

D.6 **Processing**

D.6.1
The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage

Mandau POM cannot show the evidences of Identity Preserved Supply Chain model implementation for product that have been produce (CPO and Palm Kernel).

Objective evidence:

CPO.

- From the documentation review and field observation sighted there were two CPO storage tank at Mandau POM that still filled with Mass Balance CSPO and not available dedicated tank for Identity Preserved (IP) CSPO product. During the audit conducted 28 February 2017 the available stock at CPO storage-1 tank is 1,047.087 MT and CPO storage-2 sebesar 1,349.707 MT.

PK.

- From the documentation review and field observation sighted there was Palm Kernel Bulk Silo at Mandau POM that still filled with Mass Balance CSPK and not available dedicated tank for Identity Preserved (IP) CSPK product. This raised a potentially high risk mixed for the palm kernel in switch over MB model to IP.

Based on this observation the non-conformance raised.

Status: Non-Conformance SC-2017-01

D.6.2
The objective is for 100 % segregated material to be reached

Mandau POM cannot show the evidences of Identity Preserved Supply Chain model implementation for product that have been produce (CPO and Palm Kernel).

Objective evidence:

CPO.

- From the documentation review and field observation sighted there were two CPO storage tank at Mandau POM that still filled with Mass Balance CSPO and not available dedicated tank for Identity Preserved (IP) CSPO product. During the audit conducted 28 February 2017 the available stock at CPO storage-1 tank is 1,047.087 MT and CPO storage-2 sebesar

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Based on this observation the non-conformance raised.

Status: Non-Conformance SC-2017-01

3.2. Summary of Assessment Report of Supply Chain Requirements for Module E (Mass Balance)

Clause	(Module E) CPO Mills - Mass Balance Requirements																																																
E.1	Definition																																																
E.1.1	<p>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>																																																
	<p>During the audit, based on interview and document verification known that mill has receiving FFB from his own certified estate and uncertified outgrowers in in twelve months before the audit conducted (February 2016 to January 2017).</p>																																																
	<p>Mandau POM facility can only claim the CPO as Mass Balance product according to RSPO supply chain system as the facility receives both certified (77.6%) and uncertified FFB (24.24%). All certified FFB were coming from its owned estate in KMS and KMU area, while uncertified FFB product was coming from non certified outgrowers. Complete figure of FFB supply to Mandau POM facility for latest certification period was as follows:</p>																																																
	a. Certified FFB source																																																
	<table border="1"> <thead> <tr> <th rowspan="2">Details</th> <th rowspan="2">Planted Hectarage (Ha)</th> <th colspan="2">Incoming FFB (MT)</th> </tr> <tr> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Ladang KMS 1</td> <td>397.00</td> <td>5,805,130</td> <td>3.32</td> </tr> <tr> <td>Ladang KMS 2</td> <td>571.00</td> <td>7,952,640</td> <td>4.55</td> </tr> <tr> <td>Ladang KMS 3</td> <td>1,984.00</td> <td>38,168,900</td> <td>21.85</td> </tr> <tr> <td>Ladang KMS 4</td> <td>2,183.00</td> <td>41,316,960</td> <td>23.66</td> </tr> <tr> <td>Subtotal KMS</td> <td>5,135.00</td> <td>93,243,630</td> <td>53.38</td> </tr> <tr> <td>Ladang KMU 5</td> <td>309.00</td> <td>10,246,810</td> <td>5.87</td> </tr> <tr> <td>Ladang KMU 6</td> <td>495.00</td> <td>10,791,840</td> <td>6.18</td> </tr> <tr> <td>Ladang KMU 7</td> <td>1,091.00</td> <td>21,291,770</td> <td>12.19</td> </tr> <tr> <td>Subtotal KMU</td> <td>1,895.00</td> <td>42,330,420</td> <td>24.24</td> </tr> <tr> <td>Total</td> <td>7,030.00</td> <td>135,574.05</td> <td>77.62</td> </tr> </tbody> </table>			Details	Planted Hectarage (Ha)	Incoming FFB (MT)		Total	%	Ladang KMS 1	397.00	5,805,130	3.32	Ladang KMS 2	571.00	7,952,640	4.55	Ladang KMS 3	1,984.00	38,168,900	21.85	Ladang KMS 4	2,183.00	41,316,960	23.66	Subtotal KMS	5,135.00	93,243,630	53.38	Ladang KMU 5	309.00	10,246,810	5.87	Ladang KMU 6	495.00	10,791,840	6.18	Ladang KMU 7	1,091.00	21,291,770	12.19	Subtotal KMU	1,895.00	42,330,420	24.24	Total	7,030.00	135,574.05	77.62
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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.

Estimation of tonnage of CPO and PK products that could potentially be produced by the certified mill had been recorded by the CB in the public summary of the P&C certification report. For the current certificate period, the figure is:

1. Estimation of certified Incoming FFB: 184,529 tonnes
2. Estimated of certified CPO production: 40,910 tonnes
3. Estimated of certified PK: 9.965 tonnes

These figure represents estimation of 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 of CPO and PK produced during current certification period (October 2015 - August 2016) is as follows:

1. Actual Incoming FFB: 174,664 tonnes
2. Actual CPO production: 37,976
3. PK: 8,672 tonnes

The figure shows that there is no overproduction of CPO or PK production in Mandau POM facility.

Status: Comply

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).

For the current certification period, Mandau POM facility has been registered in RSPO supply chain management (palm-trace). All claim of certified CPO / PK transaction has been registered in the e-trace platform

- RSPO IT Platform member registration number: RSPO_PO1000000411.

Certified CPO sold to each buyer.

Month	CPO Produced		CPO Sales			CPO Balance		Buyer
	CSPO - MB	Total CPO	CSPO- MB	other scheme (ISCC)	Total	CSPO- MB	Physical Stock	
						2,908,377	-	
Oct'15	2,005,909	2,005,909	1,842,330	-	1,842,330	3,071,956	2,679,269	PT. Kreasijaya Adhikarya
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Mar'16	2,595,312	2,595,312	-	-	-	5,164,710	1,916,874	
Reconciliation					-	1,916,874	1,916,874	
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Reconciliation					-	1,752,948	1,752,948	
Oct'16 until 18th	2,147,171	2,147,171	-	1,979,410	1,979,410	1,920,710	1,237,671	

Certified Palm Kernel sold to each buyer

Month	PK Produced		PK Sales			PK Balance		Buyer
	CSPK-MB	Total PK	CSPK MB	ISCC	Total	CSPK MB	Physical Stock	
						241,695	-	
Oct'15	522,184	522,184	622,990		622,990	140,889	151,560	Mandau KCP (PT Adei Plantation & Industry)
Nov'15	746,998	746,998	695,100	-	695,100	192,787	50,067	Mandau KCP (PT Adei Plantation & Industry)
Dec'15	742,179	742,179	445,520	-	445,520	489,446	126,490	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	126,490	126,490	
Jan'16	662,261	662,261	604,870	-	604,870	183,881	109,639	Mandau KCP (PT Adei Plantation & Industry)
Feb'16	566,610	566,610	413,370	-	413,370	337,121	195,373	Mandau KCP (PT Adei Plantation & Industry)
Mar'16	606,930	606,930	520,460	-	520,460	423,590	38,326	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	38,326	38,326	
Apr'16	534,846	534,846	373,400	-	373,400	199,772	171,520	Mandau KCP (PT Adei Plantation & Industry)
Mei'16	498,114	498,114	761,820	-	761,820	(63,934)	88,506	Mandau KCP (PT Adei Plantation & Industry)
Jun'16	539,807	539,807	398,170	-	398,170	77,704	115,341	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	77,704	77,704	
Jul'16	501,315	501,315	250,590	-	250,590	328,429	170,424	Mandau KCP (PT Adei Plantation & Industry)

								& Industry)
Agst'16	658,701	658,701	341,040	-	341,040	646,091	113,940	Mandau KCP (PT Adei Plantation & Industry)
Sept'16	1,008,887	1,008,887	644,910	-	644,910	1,010,068	259,124	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	259,124	259,124	
Oct'16 until 18th	477,496	477,496	134,250	-	134,250	602,369	152,327	Mandau KCP (PT Adei Plantation & Industry)

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.

During the audit conducted there were changes in procedure for Supply Chain document in **Standard Operating Procedure untuk Rantai Pasok Sertifikasi RSPO** issued on 28 February 2017 (approved by Mill Manager, Lim Chian).

The SOP explains the process in term of supply chain system implementation.

- Fresh Fruit Bunch received
- Persons responsible in implementation of SCCS requirements in Mandau POM facility are as follows:
 - Mill Manager responsible for implementation of all SCCS requirement in Mandau POM.
 - Internal audit on sustainability will check periodically consistency of SCCS requirement implementation in facility once a year.
 - Monitoring of book keeping if there is overproduction, the mill manager shall inform to the certification body
 - Mill Manager responsible inform to certification body if there is change of supply chain model (MB to IP whether IP to MB)
 - Sales department responsible in maintenance of supplier list, sales contract, shipping administration, claim, and invoice.
 - Production Assistant responsible in maintenance of daily production report, incoming material, storage, and dispatch.
 - Laboratory Assistant responsible in product quality test at each production step.
- Security responsible in first verification of incoming FFB while weighbridge operator responsible in registration of incoming FFB weight (certified) and outgoing CPO dispatch (certified).

There is evidence of current procedure socialization conducted on 28 February 2017 and attended by thirteen (13) participant which are Chief Clerk, Laboratory Supervisor, Sustainability staff, weighbridge operator (Khairina), mill security officer. The socialization support with the picture documentation and material.

Observed during field visit at Mandau POM facility that all persons responsible in supply chain can demonstrate awareness of the procedures and on the implementation of RSPO SCCS standard.

FFB Supplier Data of Mandau POM/ RSPO Certified that has been entry into computerized system:

Supplier Name	Estate Code	Note	Certified number
Mandau 1 Estate	KM-1	Certified	MUTU-RSPO/021

(previously KMU-7 estate)			
Mandau 2 Estate (previously KMU 5 & KMU 6 estate)	KM-2	Certified	MUTU-RSPO/021
Mandau 3 Estate (previously KMS-2 estate)	KM-3	Certified	MUTU-RSPO/021
Mandau 4 Estate (previously KMS-1 estate)	KM-4	Certified	MUTU-RSPO/021
Mandau 5 Estate (previously KMS-3 estate)	KM-5	Certified	MUTU-RSPO/021
Mandau 6 Estate (previously KMS-4 estate)	KM-6	Certified	MUTU-RSPO/021
CV Abdi mandiri	ABDI	Non-Certified	Non-Certified
CV Putra Mandau	CPM	Non-Certified	Non-Certified

Status: Comply

E.3.2

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

During the audit conducted there were changes in procedure for Supply Chain document in **Standard Operating Procedure untuk Rantai Pasok Sertifikasi RSPO** issued on 28 February 2017 (approved by Mill Manager, Lim Chian).

The process starts from FFB'S acceptance, processing, product's dispatch and report, FFB's traceability.

Moreover, the SOP explains the daily separation mechanism between certified and non-certified CPO/PK as a stock balance control over CPO/PK (sustainable and non-sustainable).

Verification of incoming FFB was done through the following procedures:

- Sales department issues list of approved supplier. Any update regarding this, shall be sent to mill.
- Mill manager reconcile any update on registerd / approved supplier and its certification status.
- In case there is new supplier, mill manager must ensure that the supplier complies to company's minimum requirement.
- Security will check the FFB delivery notes from supply bases, then weighbridge operator will records identity and weight of incoming FFB. Certified and non certified FFB will automatically recorded in the weighbridge computer system, refers to current list of certified supplier.
- Computers will automatically generates daulty incoming FFB from both certified and uncertified sources.
- Assistant will create dailiy report on certified incoming FFB and percentage of CSPO (MB) produced (total CPO x % FFB from internal sources)

Observed during field visit at Mandau POM facility that all persons responsible in supply chain can demonstrate awareness of the procedures and on the implementation of RSPO SCCS standard.

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.

Company sets the mass balance supply chain model in order to ensure the suitability and balance of certified and non-certified CPO/PK stock. Company presents the FFB's acceptance documents:

- Fruit delivery letter that informs the name of estate, number of fruit delivery letter, date, police number, seal number, division, phase, block number, number of bunches, estate's weight.
- The number of vehicle control that informs date, police number, driver's name, incoming hour, outgoing hour, bruto weight, tarra weight and netto weight
- Weighing ticket that informs the DO number, contract, date, FFB's source, cultivated year, division, block, netto weight, incoming weight, outgoing weight, vehicle license number and driver's name.

• **Certified and non-certified FFB received period of 8 October 2016 to 27 February 2017**

Month	FFB (ton)		
	RSPO Certified	Non Certified	Total
February '16	12,586.66	3,060.50	15,647.16
March '16	11,357.64	4,397.14	15,754.78
April '16	11,331.92	4,934.34	16,266.26
May '16	10,452.13	5,798.35	16,250.48
June '16	11,671.42	4,393.90	16,065.32
July '16	11,730.83	1,061.83	12,792.66
August '16	15,037.24	3,714.53	18,751.77
September '16	20,637.86	2,952.33	23,590.19
October '16	18,901.77	1,591.77	20,493.54
November '16	20,572.63	748.42	21,321.05
December '16	18,419.86	316.44	18,736.30
January '17	18,955.80	647.31	19,603.11

All documents stored properly were sighted during the assessment conducted.

Status: Comply

E.4.2

The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.

According to RSPO certificate for period of ASA-2 (19 October 2015 – 18 October 2016), estimation of tonnage of CPO and PK products that could potentially be produced by the facility is as follows:

- Estimation of certified Incoming FFB: 184,529 tonnes
- Estimated of certified CPO production: 40,910 tonnes
- Estimated of certified PK: 9.965 tonnes

These figure represents estimation of 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 of CPO and PK produced during current certification period (October 2015 - August 2016) is as follows:

- Actual Incoming FFB: 174,664 tonnes
- Actual CPO production: 37,976
- PK: 8,672 tonnes

The figure shows that there is no overproduction of CPO or PK production in Mandau POM facility. The SOP of Supply Chain has stated that in case of over production form projected tonnage , the facility shall inform the CB immediately.

Status: Compliance

E.5 Record keeping

E.5.1

- 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.
- b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- c. The 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.)

Mandau POM has recorded and balanced FFB receiving data and CPO/PK delivery data on a three-monthly basis. The data as follows:

CPO.

Month	CPO Produced		CPO Sales			CPO Balance		Buyer
	CSPO - MB	Total CPO	CSPO- MB	other scheme (ISCC)	Total	CSPO- MB	Physical Stock	
						2,908,377	-	
Oct'15	2,005,909	2,005,909	1,842,330	-	1,842,330	3,071,956	2,679,269	PT. Kreasijaya Adhikarya
Nov'15	3,472,524	3,472,524	4,520,840	-	4,520,840	2,023,640	1,109,076	PT. Kreasijaya Adhikarya
Dec'15	2,950,257	2,950,257	2,883,440	-	2,883,440	2,090,457	1,099,156	PT. Kreasijaya Adhikarya
Reconciliation					-	1,099,156	1,099,156	
Jan'16	2,756,949	2,756,949	3,054,140	-	3,054,140	801,965	1,874,903	PT. Kreasijaya Adhikarya
Feb'16	2,773,983	2,773,983	1,006,550	-	1,006,550	2,569,398	2,331,598	PT. Kreasijaya Adhikarya
Mar'16	2,595,312	2,595,312	-	-	-	5,164,710	1,916,874	
Reconciliation					-	1,916,874	1,916,874	
Apr'16	2,465,067	2,465,067	3,780,870	-	3,780,870	601,071	1,718,336	PT. Kreasijaya Adhikarya
Mei'16	2,191,553	2,191,553	-	2,377,490	2,377,490	415,135	2,294,029	
Jun'16	2,414,639	2,414,639	2,106,680	641,640	2,748,320	81,454	1,616,070	PT. Kreasijaya Adhikarya
Reconciliation					-	81,454	81,454	
Jul'16	2,464,401	2,464,401	1,088,270	-	1,088,270	1,457,585	1,054,388	PT. Kreasijaya Adhikarya
Agst'16	3,260,397	3,260,397	125,660	707,940	833,600	3,884,382	2,919,724	PT. Kreasijaya Adhikarya
Sept'16	4,355,836	4,355,836	-	2,792,060	2,792,060	5,448,158	1,752,948	
Reconciliation					-	1,752,948	1,752,948	
Oct'16 until 18th	2,147,171	2,147,171	-	1,979,410	1,979,410	1,920,710	1,237,671	

Palm Kernel.

Month	PK Produced		PK Sales			PK Balance		Buyer
	CSPK-MB	Total PK	CSPK MB	ISCC	Total	CSPK MB	Physical Stock	
						241,695	-	
Oct'15	522,184	522,184	622,990		622,990	140,889	151,560	Mandau KCP (PT Adei Plantation & Industry)
Nov'15	746,998	746,998	695,100	-	695,100	192,787	50,067	Mandau KCP (PT Adei Plantation & Industry)

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Sept'16	1,008,887	1,008,887	644,910	-	644,910	1,010,068	259,124	Mandau KCP (PT Adei Plantation & Industry)
Reconciliation					-	259,124	259,124	
Oct'16 until 18th	477,496	477,496	134,250	-	134,250	602,369	152,327	Mandau KCP (PT Adei Plantation & Industry)

Counting formula to segregate the RSPO certified and non-certified product of IP and MB model have been available; the formula informed if there are selling of CPO and PK using other sustainability certification scheme (ISCC).

During the interview with the Chief Clark who conduct counting of RSPO certified product was fully explained the certified CPO and PK stock if there are dispatch using the other certification scheme

Status: Compliance

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.

Based on site visit, it is known that PT. Adei P & I does not outsource kernel crushing to third party company. All palm kernels from Mandau POM are delivered to Mandau Kernel Crushing Plant which is under the same management of PT. Adei P & I. The KCP unit has been RSPO supply chain certified separately with the mill.

Status: Comply

3.3. Identification of Findings, Corrective Action, Observations

3.3.1 Identification of Findings, Corrective Actions and Observations at extension scope Assessment

NCR No.	: SC-2017-01	Issued by	: Octo H.P.N. Nainggolan
Date Issued	: 1 March 2017	Time Limit	: 1 April 2017
NC Grade	: Non-Conformance (Major)	Date of Closing	:
Standard Ref. & Requirement	<p>D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage</p> <p>D.6.2 The objective is for 100 % segregated material to be reached</p>		
Non-Conformance Description & Evidence observed (filled by auditor)::			
<p>Mandau POM cannot show the evidences of Identity Preserved Supply Chain model implementation for product that have been produce (CPO and Palm Kernel).</p> <p>Objective evidence:</p> <p>CPO.</p> <ul style="list-style-type: none"> From the documentation review and field observation sighted there were two CPO storage tank at Mandau POM that still filled with Mass Balance CSPO and not available dedicated tank for Identity Preserved (IP) CSPO product. During the audit conducted 28 February 2017 the available stock at CPO storage-1 tank is 1,047.087 MT and CPO storage-2 amount 1,349.707 MT. <p>PK.</p> <ul style="list-style-type: none"> From the documentation review and field observation sighted there was Palm Kernel Bulk Silo at Mandau POM that still filled with Mass Balance CSPK and not available dedicated tank for Identity Preserved (IP) CSPK product. This raised a potentially high risk mixed for the palm kernel in switch over MB model to IP. 			
Root Cause Analysis (filled by organization audited):			
Mandau POM still in the stage of preparation for CPO/PK dedicated storage tank for IP product.			
Corrective Action (filled by organization audited):			
<ol style="list-style-type: none"> Conduct cleaning and flushing with the pipe system at the CPO storage. Conduct cleaning the palm kernel bulk silo for IP model keeping. <p>The certification unit has showed the corrective action in form of photographic evidence and documentation.</p>			
Preventive Action (filled by organization audited):			
<ol style="list-style-type: none"> CPO and PK Identity Preserved supply chain model dedicated tank only use for the IP product keeping For transport, all the shipment have been complete with documentations informed the product shipped as certified or not. In this preparation period the IP product cannot be shown due to this will apply after approved by RSPO palm trace. 			
Assessor Evaluation and Conclusion (filled by auditor):			

Evaluation on 30 March 2017.

Mandau POM showed the minutes of Flushing Implementation CPO/PK.MB-IP. The document explain:

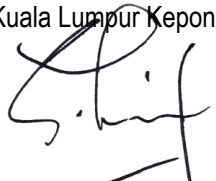


- At the CPO.2 storage tank have been dedicated for CPO of IP supply chain model. This storage also have flushed (empty) from 23 to 25 March 2017 from CPO stock before amount 1,634.671 MT (stock 23 march 2017). Currently CPO No.2 storage tank ready to fill with CPO IP model and all the corrective action taken also supported with photographic document evidence.
- CPO No.1 storage tank currently until 27 March 2017 still filled with CPO MB supply chain model amount 1,607.91 MT.
- For Palm Kernel at *Bulk Silo* which filled with PK MB model with stock amount 139.546 MT (at 23 February 2017) currently there is no stock left of PK MB model, due to have been dispatch on 1 March 2017.

Mandau POM showed documentation of CPO and PK shipment that informed the certified product, for example:

- CPO product which send on 29 March 2017 to buyer (PT Intibenua Perkasatama) for amount 25.5 MT explained the product certified status use shipped as other certification scheme (ISCC)
- Palm Kernel product send on 29 March 2017 to buyer (Mandau Kernel Crushing Plant) for amount 18.36 MT explained the product certified status use shipped as RSPO MB model.

Based on the explanation of the corrective action taken by the certified unit, the non-conformance **SC-2017-01** is close.

Verified by : **Octo H.P.N. Nainggolan**

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	Formal Sign-off of Assessment Findings
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <p>PT Adei Plantation & Industry, Research and Development Director Kuala Lumpur Kepong Bhd</p>  <p><u>Stephen Tiong Mee Ing</u> 3 April 2017</p> <p>Mutuagung Lestari Lead Auditor</p>   <p><u>Octo H.P.N. Nainggolan</u> 3 April 2017</p>

Appendix 1. Assessment Program

DATE	28 February 2017 – 1 March 2017	
Program	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Tuesday/Selasa, 28 February 2017		
06.00 - 08.00	JAKARTA → PEKANBARU	• ON
08.30 - 12.00	PEKANBARU → PT Adei Plantation & Industry (Mandau POM)	• ON
14.00 – 14.30	Opening Meeting	
14.30 – 15.00	<ul style="list-style-type: none"> (Re) Confirmation of scope of certification - Material Category (Identity Preserved and Mass Balance) outsourced activities, sites, employees etc 	• ON
15.00 – 15.30	<ul style="list-style-type: none"> Management System Requirements - Procedures, Membership of RSPO, Management Representative, Document Control 	• ON
15.30 – 16.00	<ul style="list-style-type: none"> Purchasing and Goods In 	• ON
16.00 – 16.30	<ul style="list-style-type: none"> Production Control 	• ON
16.30 – 17.00	<ul style="list-style-type: none"> Sales and Goods Out - Invoicing and delivery notes, promotional claims in accordance with RSPO rules 	• ON
Wednesday/Rabu, 1 March 2017		
08.00 – 09.00	<ul style="list-style-type: none"> Field Observation of Identity Preserved and Mass Balance 	• ON
09.00 – 09.30	<ul style="list-style-type: none"> Outsourcing Activities (If applicable) 	• ON
09.30 – 10.00	<ul style="list-style-type: none"> Registration on the RSPO IT System 	• ON
10.00 – 10.30	<ul style="list-style-type: none"> Claims - RSPO Trademark and Corporate Logo use 	• ON
10.30 – 11.00	<ul style="list-style-type: none"> Auditor Review Period 	• ON
11.00 – 12.00	Provisional Recommendation of Supply Chain Model → Closing Meeting	• ON
13.00 – 17.00	PT Adei Plantation & Industry (Mandau POM) → PEKANBARU	• ON
19.00 –	PEKANBARU → JAKARTA	• ON