

**SPECIAL ASSESSMENT SUMMARY REPORT
(RSPO – SUPPLY CHAIN CERTIFICATION)**

**Parent Company:
PT INTI INDOSAWIT SUBUR**

**Certified Site:
UKUI 1 KERNEL CRUSHING PLANT (KCP)
PELALAWAN DISTRICT, RIAU PROVINCE
INDONESIA**

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Accredited Office: BSI Services Malaysia Sdn Bhd.
 Affiliate Office: PT BSI Group Indonesia

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Section 1. Company Details			
RSPO Membership Number	1-0022-06-000-00	Membership Approval Date	6 th February 2006
Parent Company Name	PT Inti Indosawit Subur - Ukui		
Address	Head Office: Jalan MH. Thamrin No.31, Jakarta 10230 – INDONESIA		
Subsidiary of (if applicable)	PT Inti Indosawit Subur		
Single Site / Multi Site / Group	Single site		
Name and Address of Certified Facility (Certification Unit)	Site location: Ukui Village, Ukui Sub-district, Pelalawan Regency, Riau Province – INDONESIA		
Contact Details of Management Representative	Mrs. Asrini Subrata		
Website	www.asianagri.co.id	E-mail	asrini_subrata@asianagri.com
Telephone	+62 21 230 1119	Facsimile	+62 21 230 1120

Section 2. Accredited Certification Body Details			
Company Name	BSI Services Malaysia Sdn Bhd.		
Accreditation Certificate Detail	RSPO- ACC – 019 Dated: 31 st October 2014 Date of Expiry: 30 th October 2019		
Address	B-08-01 (East), Level 8, Block B, PJ8, No.23, Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor, Malaysia.		
Contact Detail of Management Representative	Senniah Appalasamy		
Website	www.bsigroup.com	E-mail	Senniah.appalasamy@bsigroup.com
Telephone	+603 7960 7801	Facsimile	+603 7960 5801
Affiliate Office			
Company Name	PT BSI Group Indonesia		
Address	Menara Bidakara 2, 17 th Floor, Unit 5, Jl. Jend. Gatot Subroto Kav. 71 – 73, Komplek Bidakara, Pancoran, Jakarta Selatan 12870, Indonesia		
Contact Person	Reny Rohjani		
Website	www.bsigroup.com	E-mail	reny.rohjani@bsigroup.com
Telephone	+62 21 8379 3174	Facsimile	+62 21 8379 3287

Section 3. Certification Details and Scope			
Certificate Number	SPO 635438	Date of First Certification	11/05/2015
		Certificate Start Date	11/05/2015
		Certificate Expiry Date	10/05/2020
Scope of Certification	Processing of Palm Kernel into Palm Kernel Oil and Palm Kernel Expeller at Ukui 1 Kernel Crushing Plant. The supply base is Ukui 1 Palm Oil Mill and Ukui 2 Palm Oil Mill.		
Version of RSPO SCCS implemented by operation	RSPO Supply Chain Certification Standard (21 November 2014)		
Supply Chain Model (s)	Module C: Mass Balance		

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Description of operation's management System	<p>Ukui 1 Kernel Crushing Plant (KCP) is located within Ukui 1 Palm Oil Mill (POM). Basically Ukui 1 KCP and Ukui 1 POM are under same management structure. The responsible person in charge to the supply chain system is Mill Manager and General Manager.</p> <p>The implementation of supply chain system started from palm kernel silo. Palm kernel only received from Ukui 1 POM and stored in kernel silo. The processing of palm kernel into palm kernel oil and palm kernel expeller recorded into dedicated documentation system.</p> <p>Ukui 1 KCP is implementing Module C: Mass Balance</p>
Assessment Visit	Special Assessment for downgrade

Section 4. Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
	None		

Section 5. Report Background	
Assessment Objective: The objective of the special assessment is to downgrade the supply chain module from Module A: Identity Preserved into Module C: Mass Balance.	
Lead Auditor	Pratama Agung Sedayu
Certification Review	Senniah Appal Sammy

Section 6. On-Site visit itinerary		
Date	Time	The main places and items inspected
14/08/2015	08.00 – 08.30	Opening Meeting and Scope confirmation
	08.30 – 12.00	Document Review. 5.1 Applicability of requirements to the supply chain. 5.2 Supply chain model. 5.3 Documented procedures. 5.4 Purchasing and goods in Site Visit 5.5 Outsourcing activities. 5.6 Sales and Goods out. 5.7 Registration of transactions.
	12.00 – 13.00	Lunch
	13.00 – 16.00	5.8 Training. 5.9 Record keeping. 5.10 Conversion factors. 5.11 Claims. 5.12 Complaints. 5.13 Management review. 6 Supply chain model – MB
	16.00 – 17.00	Closing Meeting
Name and Affiliation consulted during the Assessment and participated in the closing meeting.	Welly Joel Chandra	Head Office

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Section 7. Summary of Annual RSPO Certified Tonnage of Oil Palm Products Purchased/Received (2014)			
Supplier	RSPO certificate number	Description of Product	Volume (mt)
PT Inti Indosawit Subur – Ukui Group	SPO 565807	Palm Kernel	18,033

Section 8. Summary of Annual RSPO Certified Tonnage of Oil Palm Products Sold (2014)			
Buyer	RSPO certificate number	Description Product	Volume (mt)
BASF	SCC 835449	Palm Kernel Oil	600

*** PKO sold through eTrace as Mass Balance*

Section 9. Summary Report of the Assessment			
General Chain of Custody Requirements for the Supply Chain			
5.1 Applicability of the general chain of custody requirements for the supply chain			
	Requirement	Evidence	Compliance
5.1.1	The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer there is no further requirement for certification.	<i>The General Chain of Custody requirements of the RSPO Supply Chain Standard is applicable for Ukui 1 Kernel Crushing Plant, since the certification unit physically process RSPO Certified palm kernel into palm kernel oil.</i>	Yes
5.1.2	Traders and distributors require a licence obtained from RSPO to sell RSPO certified product but do not themselves require certification. When selling RSPO certified product a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.	<i>Ukui 1 Kernel Crushing Plant is not a trader or distributors. This clause is not applicable for the certification unit.</i>	N/A
5.1.3	Either the operator at site level or its parent company seeking certification shall be a	<i>Ukui 1 Kernel Crushing Plant is part of PT Inti Indosawit Subur, which is a registered</i>	Yes

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	member of the RSPO and shall register on the RSPO IT platform.	<p><i>member of RSPO since 2006. The certification unit is able demonstrates the RSPO member number: No.1-0022-06-000-00 under PT Inti Indosawit Subur (the parent company), since 6th February 2006.</i></p> <p><i>PT Inti Indosawit Subur – Ukui I KCP shows the registration to RSPO etrace portal.</i></p>	
5.1.4	Processing aids do not need to be included within an organization's scope of certification.	<i>Ukui 1 Kernel Crushing Plant does not include any processing aid into organization's scope of certification.</i>	Yes
5.2 Supply chain model			
5.2.1	The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.	<p><i>The raw material used by Ukui 1 Kernel Crushing Plant; which is palm kernel, is supplied only from Ukui 1 Palm Oil Mill. Ukui 1 Palm Oil Mill is certified against RSPO P&C 2013 and RSPO SCCS Requirements for CPO Mill Module E: Mass Balance.</i></p> <p><i>Ukui 1 Kernel Crushing Plant is implementing RSPO SCCS Module C: Mass Balance. The system implementation kicks off since 31st July 2015.</i></p>	Yes
5.3. Documented Procedures			
5.3.1	<p>The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. 	<p><i>Ukui 1 KCP demonstrates Standard Operating Procedures – Traceability AA-MPM-OP-1400.17.R4. The procedures cover traceability of CPKO and CPKE from receiving and shipping of CPKO and CPKE as well as Daily production report KCP production.</i></p> <p><i>The procedure also regulates the internal audit by environmental and sustainability head. Traceability records are to be kept for 10 years.</i></p> <p><i>Standard Operating Procedure – Book Keeping AA-MPM-OP-1400.18-R4. The procedure explains method to check only certified product received. The book keeping mass balance printed on quarterly basis.</i></p> <p><i>Head of Environmental and Sustainability will inform to certification body in the case of projected overproduction.</i></p> <p><i>UkuiI KCP is also showing SOP Stasiun KCP (Kernel Crushing Plant) explaining all aspects of KCP station from hopper, press</i></p>	Yes

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		<i>machine, sediment tank, oil leaf filter, clean oil tank, CPKO.</i>	
	<ul style="list-style-type: none"> Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). 	<p><i>Ukui 1 KCP is able to demonstrate complete and up-to-date records and report demonstrating compliance with the supply chain's general requirement and modular requirement.</i></p> <p><i>Training records are available.</i></p> <p><i>There has been no delivery of CPKO or CPKE (under IP system). But Ukui 1 KCP is able to demonstrate templates for weighbridge ticket and delivery order, indicating all minimum information as per RSPO SCCS requirement.</i></p>	Yes
	<ul style="list-style-type: none"> Identification of the role 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 organization's procedures for the implementation of this standard. 	<i>As per Procedure AA-MPM-OP-1400.17-R4, the responsible person in charge to the supply chain system is Mill Manager and General Manager.</i>	Yes
5.4. Purchasing and goods in			
5.4.1	<p>The receiving site shall ensure that purchases of RSPO certified palm oil and oil palm products are in compliance with the following:</p> <ul style="list-style-type: none"> The site shall have documentation that demonstrates that purchases are made to the material category agreed with their supplier (IP, SG, MB) (e.g. specified in purchase orders, contracts, material specifications). 	<p><i>Ukui 1 KCP shows procedure Traceability AA-MPM-OP-1400.17-R4 – section 6.0 indicating the Acceptance of raw material (PK) must accompanied with "Surat Pengantar Barang and Weighbridge card" from PK supplier. The documents must indicate the material category.</i></p> <p><i>Budget for PK to be received available for January-December 2015.</i></p> <p><i>Currently only mass balance record of non-certified/sustainable product available.</i></p> <p><i>There has been no sale made under the previous Identity Preserved system.</i></p>	Yes
	<ul style="list-style-type: none"> The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required 	<i>The KCP was receiving Palm Kernel directly from Ukui 1 Palm Oil Mill (KCP is located in mill). Where all incoming raw material FFB in Ukui 1 Palm Oil Mill is</i>	Yes

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	to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements and Shipping Confirmations on the RSPO IT platform on the level of each shipment. Refer to section 5.7.1 of this document for further guidance.	<i>certified.</i>	
	<ul style="list-style-type: none"> A check of the validity of the Supply Chain Certification of suppliers is required for all sites that are SC certified. This shall be checked via the list of RSPO Supply Chain Certified sites on the RSPO website (www.rspo.org) at least annually. 	<i>Palm kernel sourced from the same mill, Ukui 1 Palm Oil Mill. The entity holds valid RSPO P&C Certificate. The certificate of PT Inti Indosawit Subur – Ukui 1 POM is valid until 29th February 2016.</i>	<i>Yes</i>
5.4.2	The site shall have a mechanism in place for handling non-conforming material and/or documents.	<i>Ukui 1 KCP has the mechanism to handle non-conforming material and/or document. Ukui 1 KCP demonstrated the simulation on recall of non-conforming material. The mechanism requires the unit management to report to marketing department.</i>	<i>Yes</i>
5.5. Outsourcing activities			
5.5.1	<p>In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.</p> <p>This requirement should not apply to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the organization (not the tank farm manager).</p>	<i>N/A (No Outsourcing)</i>	<i>N/A</i>
5.5.2	<p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following</p> <p>a. The site has legal ownership of all input material to be included in outsourced processes;</p>	<i>N/A (No Outsourcing)</i>	<i>N/A</i>
	<p>b. The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs)</p>	<i>N/A (No Outsourcing)</i>	<i>N/A</i>

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	have access to the outsourcing contractor or operation if an audit is deemed necessary.		
	c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.	<i>N/A (No Outsourcing)</i>	<i>N/A</i>
	d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.	<i>N/A (No Outsourcing)</i>	<i>N/A</i>
5.5.3	The site shall record the names and contact details of all contractors used for the processing or production of RSPO certified materials.	<i>N/A (No Outsourcing)</i>	<i>N/A</i>
5.5.4	The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or production of RSPO certified materials.	<i>N/A (No Outsourcing)</i>	<i>N/A</i>
5.6. Sales and goods out			
5.6.1	<p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> • The name and address of the buyer. • The name and address of the seller; • The loading or delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number; • A unique identification number 	<p><i>Ukui I KCP shows SOP Traceability AA-MPM-OP-1400.7.R4, section 6.2 indicating the Marketing manager creates Delivery Order (DO) with information: name and address of production unit, name and address of buyer, contract number, type of product transportation (air, land, sea), type of product CPKO certified or non certified, quantity of product sold, CPKO certified or non certified in MT, date of shipping, product quality specification CPKO (FFA, water content, dirt content, etc.), Supply chain model (Mass Balance).</i></p> <p><i>At KCP site, weighbridge operator will printed out CPKO weighbridge card, based on DO from marketing indicating: Type of commodity, CPKO certified or non certified; country of origin: Indonesia; Supply Chain model: (Mass Balance); Certificate number of the KCP; date of delivery, Product quality specification (moisture, FFA, dirt); Contract number/DO number; Quantity, Transport detail (driver name, vehicle number); Buyer address;</i></p>	<i>Yes</i>

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		<i>The DO indicate address of seller, address of buyer, loading date. Supply chain certificate number and unique identification number using the previous system (prior to Identity Preserved).</i>	
5.7. Registration of transactions			
5.7.1	<p>Supply chain actors who:</p> <ul style="list-style-type: none"> are supply chain actors between the mill and final refinery; take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and are part of the supply chain of RSPO Certified Sustainable oil palm products <p>must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO.</p>	<i>PT Inti Indosawit Subur – Ukui 1 KCP shows the registration to RSPO etrace portal.</i>	Yes
5.8. Training			
5.8.1	The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff.	<i>The company has training program for staff who are involved in RSPO SCCS. Competence and records of competence is demonstrated.</i>	Yes
5.8.2	Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system. Training shall be specific and relevant to the task(s) performed.	<i>Training record sighted for implementation of Mass Balance and Traceability, dated 15th April 2015, attended by production supervisor, weighbridge operators, dispatch operators and administrative controller.</i>	Yes
5.9. Record Keeping			
5.9.1	The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements.	<p><i>Based on document and record review, Ukui 1 KCP is able to demonstrate complete sets of records.</i></p> <p><i>Record seen:</i></p> <ul style="list-style-type: none"> <i>Mass Balance CPKO 2015;</i> <i>Book Keeping – Mass Balance – CPKO period of January - March 2015;</i> <i>Kartu Timbangan PK (PK received);</i> <i>Kartu Timbangan CPKO (CPKO sales/dispatch);</i> <i>Kartu Timbangan PKE (PKE sales/dispatch);</i> <p><i>Laporan Harian Pabrik/Daily Production Report dated 28th July 2015 (Last day Identity Preserved System implemented): PK processed: 78,620 kg; PK certified:</i></p>	Yes

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		<p>78,620 kg; PKO produced: 34,610 kg; Certified PKO: 34,610 kg; PKE produced: 44,100 kg; with PKE ready to ship: 31,910 kg; and PKE in process 12,190kg; Certified PKE 44,100 kg; PKO extraction rate: 44.02%, PKE extraction rate: 56.09%;</p> <p>Laporan Harian Pabrik/Daily Production Report dated 7th August 2015 (Mass Balance/MB system in place): PK from Ukui 1: 92,495 kg; PK from Ukui 2: 9,325 kg; PK processed: 101,820 kg; Certified PK (Mass Balance) processed: 101,820 kg; PKO produced: 44,830 kg; Certified PKO (Mass Balance): 44,830 kg; PKE produced: 57,260 kg; with PKE ready to ship: 57,260 kg; and PKE in process 8,050 kg; Certified PKE (Mass Balance): 65,310 kg; PKO extraction rate: 44.03%, PKE extraction rate: 56.24%;</p>	
5.9.2	Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	<i>The procedure requires that all records and reports related to traceability and book keeping are retained for a period of 10 years.</i>	Yes
5.9.3	The organization must keep an up to date record of the volume of RSPO certified oil palm products purchased and claimed over a specified period.	<i>Volume of incoming raw material (PK), produced PKO and PKE and dispatch PKO is available in "Laporan Harian Produksi" Daily Production Report.</i>	Yes
5.10. Conversion factors			
5.10.1	Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document for oleochemicals is available on the RSPO website (www.rspo.org).	<i>Ukui 1 KCP is setting the budget for conversion from PK into CPKO rate at 45%. Ukui 1 KCP is setting the budget for conversion from PK into PKE rate at 55%. The rate is similar to RSPO Conversion rate for PK into PKO and PKE is 45% : 55%. The actual conversion ratio is monitored on daily basis through laboratory reports. Ukui 1 KCP is able to demonstrate the work instruction for analysis of oil content.</i>	Yes
5.10.2	Conversion rates shall be periodically tested	<i>Ukui 1 KCP is setting the budget for</i>	Yes

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	to ensure accuracy against actual performance or industry average if appropriate.	<i>conversion from PK into CPKO rate at 45%. Ukui 1 KCP is setting the budget for conversion from PK into PKE rate at 55%. The rate is similar to RSPO Conversion rate for PK into PKO and PKE is 45% : 55%. The actual conversion ratio is monitored on daily basis through laboratory reports. Ukui 1 KCP is able to demonstrate the work instruction for analysis of oil content.</i>	
5.11. Claims			
5.11.1	The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO rules on communications and claims	<i>The company has not made claims outside of the RSPO rules for Communications and Claims as company only sold RSPO certified PKO – and not end product.</i>	N/A
5.12. Complaints			
5.12.1	The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	<i>Ukui 1 KCP provided procedure AA-GL-5.08-R1 related to information request from stakeholders to resolving stakeholder complaints.</i>	Yes
5.13. Management Review			
5.13.1	The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken	<i>Ukui 1 KCP refers to Standard Operating Procedures AA-SOP-ES-6001-R1 for Internal audit and Management review. The internal audit and management review planned once a year at minimum, considering the critical area.</i>	Yes
5.13.2	The input to management review shall include information on: <ul style="list-style-type: none"> • Results of audits • Customer feedback • Process performance and product conformity • Status of preventive and corrective actions • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. 	<i>Ukui 1 KCP demonstrates records of management review for the implementation of Identity Preserved system (previous system) in the facility dated 17th April 2015. The records shows highlight related to result of initial audit, customer feedback, process performance (data supplied), status of corrective and preventive action, changes of supply chain system that affects management system and recommendation for improvement. Record of latest internal audit sighted dated 11th November 2014.</i>	
5.13.3	The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes • Resource needs. 	<i>The company has improvement plan, included resources needed to follow up management review.</i>	Yes

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Supply Chain Modular Requirements (Mass Balance)			
Module C – Mass Balance (MB)			
C.2. Supply Chain Requirements			
C.2	The basis of the supply chain requirements for Mass Balance will consist of reconciliation between the quantity of RSPO material bought and the quantity of RSPO material sold. This includes control of purchases and sales of RSPO certified palm oil and its derivatives which will be independently verified. There are no requirements for separate storing or controls in the production process.	<p><i>Ukui 1 KCP is able to demonstrate documents, records and implemented the RSPO Supply Chain Certification Standard under Mass Balance module. Ukui 1 KCP is processing both sustainable and non-sustainable PK, with separate book keeping. Therefore, the applicable RSPO SCCS for Ukui 1 KCP is Mass Balance Module.</i></p> <p><i>Previously, all PK comes from certified mills. There is no non-certified material being used in the process. Verification against Laporan Harian Produksi shows that KCP is only receiving and processing PK from Ukui 1 POM, which is certified with Identity Preserved supply chain system.</i></p>	Yes
C.3. Processing			
C.3.1	The site shall ensure that the quantity of physical RSPO mass balance material inputs and outputs (volume or weight) at the physical site are monitored.	<p><i>Ukui 1 KCP is implementing continuous accounting system. Ukui 1 KCP has a system to monitor the input (PK) and output (CPKO and PKE sales) on real-time basis. The monitoring system demonstrated is through "Laporan Harian Pabrik" – daily KCP report. The daily KCP report explains PK quantity received (from sustainable and non-sustainable source), status of PK received, balance stock of PK. The daily report also explains the CPKO and PKE production (divided sustainable and non-sustainable product), quality parameter of CPKO and PKE. The daily KCP report explains the delivery of CPKO and PKE (divided sustainable and non-sustainable). These reports are verified and acknowledge by manager.</i></p>	Yes
C.3.2	The site shall ensure that the output of RSPO mass balance material supplied to customers from the physical site does not exceed the input of RSPO certified material received at the physical site, using either a continuous accounting system or a fixed inventory period.	<p><i>In order to prevent over-sales, Ukui 1 KCP is implementing continuous accounting system and fixed inventory period. Continuous accounting system through daily KCP report monitors the material balance on real-time basis. While fixed inventory period was in use to control the material balance on three-monthly basis.</i></p>	Yes

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		<p><i>Ukui 1 KCP has a system to monitor the input (PK) and output (CPKO and PKE sales) on real-time basis. The monitoring system demonstrated is through "Laporan Harian Pabrik" – daily KCP report. The daily KCP report explains PK quantity received (from sustainable and non-sustainable source), status of PK received, balance stock of PK, CPKO and PKE production (divided sustainable and non-sustainable product), quality parameter of CPKO and PKE and the delivery of CPKO and PKE (divided sustainable and non-sustainable).</i></p> <p><i>These reports are verified and acknowledge by manager.</i></p> <p><i>Ukui 1 KCP is also implementing fixed inventory period. Ukui 1 KCP has a system to mass balancing the inputs and output through three monthly reporting called "book keeping".</i></p> <p><i>The three monthly reports will based on monthly report, which based on daily KCP report.</i></p>	
C.4. Continuous accounting system			
C.4.1	Where a continuous accounting system is in operation, the organization shall ensure that the quantity of physical RSPO mass balance material inputs and outputs at the physical site are monitored on a real-time basis.	<p><i>Ukui 1 KCP is implementing continuous accounting system. Ukui 1 KCP has a system to monitor the input (PK) and output (CPKO and PKE sales) on real-time basis. The monitoring system demonstrated is through "Laporan Harian Pabrik" – daily KCP report. The daily KCP report explains PK quantity received (from sustainable and non-sustainable source), status of PK received, balance stock of PK. The daily report also explains the CPKO and PKE production (divided sustainable and non-sustainable product), quality parameter of CPKO and PKE. The daily KCP report explains the delivery of CPKO and PKE (divided sustainable and non-sustainable). These reports are verified and acknowledge by manager.</i></p>	Yes
C.4.2	Where a continuous accounting system is in operation, the organization shall ensure that the material accounting system is never overdrawn. Only RSPO data which has been recorded in the material	<p><i>Ukui 1 KCP is implementing continuous accounting system. Ukui 1 KCP has a system to monitor the input (PK) and output (CPKO and PKE sales) on real-time basis. The monitoring system</i></p>	Yes

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	<p>accounting system shall be allocated to outputs supplied by the organization.</p>	<p><i>demonstrated is through "Laporan Harian Pabrik" – daily KCP report. Marketing and Manager is monitoring the sales/delivery of CPKO and PKE to avoid over selling. In the "Laporan Harian Pabrik" – daily KCP report, the sales/delivery is also divided between RSPO SCCS/ISPO/ISCC accounts to avoid double-booking.</i></p> <p><i>Laporan Harian Pabrik/Daily Production Report dated 28th July 2015 (Last day Identity Preserved System implemented): PK processed: 78,620 kg; PK certified: 78,620 kg; PKO produced: 34,610 kg; Certified PKO: 34,610 kg; PKE produced: 44,100 kg; with PKE ready to ship: 31,910 kg; and PKE in process 12,190kg; Certified PKE 44,100 kg; PKO extraction rate: 44.02%, PKE extraction rate: 56.09%;</i></p> <p><i>Laporan Harian Pabrik/Daily Production Report dated 7th August 2015 (Mass Balance/MB system in place): PK from Ukui 1: 92,495 kg; PK from Ukui 2: 9,325 kg; PK processed: 101,820 kg; Certified PK (Mass Balance) processed: 101,820 kg; PKO produced: 44,830 kg; Certified PKO (Mass Balance): 44,830 kg; PKE produced: 57,260 kg; with PKE ready to ship: 57,260 kg; and PKE in process 8,050 kg; Certified PKE (Mass Balance): 65,310 kg; PKO extraction rate: 44.03%, PKE extraction rate: 56.24%;</i></p>	
<p>C.5. Fixed inventory period</p>			
<p>C.5.1</p>	<p>Where a fixed inventory period is in operation, the organization shall ensure that the quantity of RSPO mass balance material inputs and outputs (volume or weight) are balanced within a fixed inventory period which does not exceed 3 (three) months.</p>	<p><i>Ukui 1 KCP is also implementing fixed inventory period. Ukui 1 KCP has a system to mass balancing the inputs and output through three monthly reporting called "book keeping". The three monthly reports are based on monthly report, which based on daily KCP report.</i></p>	<p>Yes</p>
<p>C.5.2</p>	<p>Where a fixed inventory period is in operation, the organization may overdraw data when there is evidence that RSPO mass balance purchases for delivery within</p>	<p><i>Manager and administrator do understand the system. No overdrawn at the end of three monthly periods.</i></p>	<p>Yes</p>

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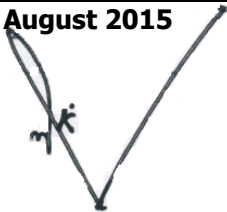
	the inventory period cover the RSPO output quantity supplied.		
C.5.3	Where a fixed inventory period is in operation, unused credits can be carried over and recorded in the material accounting system for the following inventory period.	<i>Manager and administrator do understand the system. Unused credit will be carrying over to the next three monthly periods.</i>	Yes
C.5.4	Where a fixed inventory period is in operation, the organization shall ensure that the material accounting system is not overdrawn at the time of the inventory. Only RSPO data which has been recorded in the material accounting system within the inventory period (including data carried over from the previous period as per C.5.3) shall be allocated to outputs supplied within the inventory period.	<i>Manager and administrator do understand the system. No overdrawn at the end of three monthly periods.</i>	Yes
C.6. Conversion ratio			
C.6.1	All volumes of palm oil fractions and derivatives that are delivered are deducted from the material accounting system according to conversion ratios as set out by RSPO (see section 5.10), with the exception of the option detailed in C.6.3.	<i>Ukui 1 KCP is setting the budget for conversion from PK into CPKO rate at 45%. Ukui 1 KCP is setting the budget for conversion from PK into PKE rate at 55%. The rate is similar to RSPO Conversion rate for PK into PKO and PKE is 45% : 55%. The actual conversion ratio is monitored on daily basis through laboratory reports. Ukui 1 KCP is able to demonstrate the work instruction for analysis of oil content.</i>	Yes
C.6.2	Refining losses are neglected for the sake of simplicity in the Mass Balance system.	<i>Ukui 1 KCP PKO losses are monitored on daily basis. Ukui 1 KCP does not take into account losses from extraction process.</i>	Yes
C.6.3	Sites can purchase a certain volume or weight of identity preserved or segregated sustainable palm and palm kernel products and use it to match the sales of equal volumes of palm product derivatives that then carry a Mass Balance claim without requiring a physical or chemical link between the acquired segregated product and the derivative that is sold under mass balance.	<i>Ukui 1 KCP has not made any purchase of sustainable palm kernel products.</i>	Yes
C.6.4	Segregated to Mass Balance Supply Chain Model Yield Scheme	<i>The downgrade as per Segregated to Mass Balance Supply Chain Model Yield Scheme is not applicable. Ukui 1 KCP only received mass balance raw material from Ukui 1 POM and Ukui 2 POM.</i>	N/A
C.7. Yield Schemes			
C.7.1	Mass Balance Supply Chain Model Yield Scheme:	<i>This mass balance supply chain model yield scheme is not applicable. Ukui I KCP</i>	N/A

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	The values shown in the Mass Balance Supply Chain Model below are fixed and cannot be modified. Organizations may use their own actual yields provided these can be justified during the audit.	<i>is only processing Palm Kernel (PK) into Crude Palm Kernel Oil (CPKO) and Palm Kernel Expeller (PKE).</i>	
C.7.2	Palm Kernel Mass Balance Yield Scheme: To calculate how much Mass Balance sustainable products they can sell or claim, companies that purchase Mass Balance sustainable palm kernel products may use their own actual yields provided these can be justified during the audit	<i>Ukui 1 KCP is setting the budget for conversion from PK into CPKO rate at 45%. Ukui 1 KCP is setting the budget for conversion from PK into PKE rate at 55%. The rate is similar to RSPO Conversion rate for PK into PKO and PKE is 45% : 55%. The actual conversion ratio is monitored on daily basis through laboratory reports. Ukui 1 KCP is able to demonstrate the work instruction for analysis of oil content.</i>	Yes

Section 10. Detail of Nonconformities			
Summary of total number of Nonconformities.			
<i>N/A</i>			
10.1 Nonconformity			
NC Ref.	Area / Process	Clause	
#	<i>N/A</i>	Due Date	
Details			
Requirements			
Objective Evidence			
Corrective Action and Preventive Action Taken			
Date of nonconformity closed.			

Section 11. Conclusion
Ukui 1 Kernel Crushing Plant is able to demonstrate the downgrade process from RSPO SCCS Module A: Identity Preserved into Module C: Mass Balance.

Section 12. Formal Signing-off of Assessment Finding and Closing Meeting	
Signing-off by Management Representative	
I the undersigned, being the most senior relevant management representative of the operation seeking or holding certification, agree with the contents of this report and accept the liability in execution of the procedure in the report.	
I confirm that I was made aware that the findings of the audit team during the closing meeting are tentative pending review and decision making by the duly designated representatives of the certification body.	
Name:	Welly Pardede
Company name:	PT Inti Indosawit Subur – Ukui
Title:	Director
Signature and Date:	14 th August 2015 
Signing-off by Lead Auditor	
I the undersigned, being the lead auditor, confirm that this report is an accurate record of the findings and of the closing meeting.	
Name:	Pratama Agung Sedayu
Company name:	PT BSI Group Indonesia
Title:	Lead Auditor
Signature and Date:	14 th August 2015 