

**INITIAL ASSESSMENT SUMMARY REPORT
(RSPO – SUPPLY CHAIN CERTIFICATION)****Parent Company:****PT INTI INDOSAWIT SUBUR****Certified Site:****GUNUNG MELAYU I KERNEL CRUSHING PLANT (KCP)
PT. SAUDARA SEJATI LUHUR****ASAHAN DISTRICT, NORTH SUMATERA PROVINCE
INDONESIA**

Prepared by: Haeruddin Tahir (Lead Auditor)
Accredited Office: BSI Services Malaysia Sdn Bhd.
Affiliate Office: PT. BSI Group Indonesia

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Revision 1 (May 2015)

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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 | | |
| Address | Jalan MH. Thamrin No.31, Jakarta 10230 – Indonesia | | |
| Subsidiary of (if applicable) | - | | |
| Single Site / Multi Site / Group | Single Site | | |
| Name and Address of Certified Facility (Certification Unit) | Name of Certified Facility: PT. Saudara Sejati Luhur Gunung Melayu I Kernel Crushing Plant (KCP) Address: Rahuning Village, Bandar Pulau District, Asahan Regency, North Sumatera Province, Indonesia | | |
| Contact Details of Management Representative | Mrs. Asrini Subrata | | |
| Website | www.asianagri.com | www.asianagri.com | www.asianagri.com |
| Telephone | +62-21 2301119 | +62-21 2301119 | +62-21 2301119 |

| Section 2. Accredited Certification Body Details | | | |
|--|---|------------------|--|
| Company Name | BSI Services Malaysia Sdn Bhd. | | |
| Accreditation Certificate Detail | RSPO- ACC – 019 Dated: 31st October 2014 Date of Expiry: 30th 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 Appal Sammy | | |
| Website | www.bsigroup.com | E-mail | Senniah.appal Sammy@bsigroup.com |
| Telephone | +603 7960 7801 | Facsimile | +603 7960 5801 |
| Affiliate Office | | | |
| Company Name | PT. BSI Group Indonesia | | |
| Address | Menara Bidakara 2 - 17th Floor, Unit 5 Jl. Jend. Gatot Subroto Kav. 71-73 Komplek Bidakara, Pancoran Jakarta Selatan 12870 - Indonesia | | |
| Contact Person | Renny Rohjani | | |
| Website | www.bsigroup.com | E-mail | Reny.Rohjani@bsigroup.com |
| Telephone | +62 21 8379 3174 - 77 | Facsimile | +62 21 8379 3287 |

| Section 3. Certification Details and Scope | | | |
|--|---|-----------------------------|------------|
| Certificate Number | SPO 641800 | Date of First Certification | 07/09/2015 |
| | | Certificate Start Date | 07/09/2015 |
| | | Certificate Expiry Date | 06/09/2020 |
| Scope of Certification | Processing of Palm Kernel into Palm Kernel Oil and Palm Kernel Expeller at Gunung Melayu I Kernel Crushing Plant. | | |
| Version of RSPO SCCS | RSPO SCCS Certification System and Standard, Nov. 2014 | | |

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| implemented by operation | |
| Supply Chain Model (s) | Mass Balance (MB) |
| Description of operation's management System | <p>Gunung Melayu I Kernel Crushing Plant (KCP) is located in same location with Gunung Melayu I POM which supply Palk Kernel Product directly (Continuous process) and also receipt Palm Kernel (PK) from Gunung Melayu II Palm Oil Mill (POM) and Tanah datar POM.</p> <p>Gunung Melayu I KCP and Gunung Melayu I POM are under same management structure. The responsible person in charge to the supply chain system is Mill Manager.</p> <p>Gunung Melayu I KCP is commenced in October 2014, this KCP will receive PK from POM which RSPO certified product with Mass Balance model (PK supplied from POM receive FFB certified and non certified)</p> <p>The implementation of supply chain system started from palm kernel silo and next step PK processed into Palm Kernel Oil (PKO) and Palm Kernel Expeller (PKE), PK, PKO and PKE is recorded into dedicated documentation system.</p> <p>PKO product is stored in a dedicated tank while PKE product is stored in bulk at dedicated warehouse.</p> |
| Assessment Visit | Initial Assessment |

| Section 4. Other Certifications | | | |
|--|--------------------|------------------------------|--------------------|
| Certificate Number | Standard(s) | Certificate Issued by | Expiry Date |
| ID05/65250 | ISO 14001 | SGS Indonesia | 10 June 2017 |
| EU-ISCC-Cert-DE100-20141456 | ISCC | SGS Indonesia | 07.07.2015 |
| EU-ISCC-Cert-DE100-20141682 | ISCC | SGS Indonesia | 09.09.2015 |

| Section 5. Report Background | |
|-------------------------------------|-----------------|
| Assessment Objective: | |
| Lead Auditor | Haeruddin Tahir |
| Certification Review | Mohamed Hidhir |

| Section 6. On-Site visit itinerary | | |
|---|---------------|---|
| Date | Time | The main places and items inspected |
| Friday, 28/08/2015 | 13.30 – 13.45 | Opening Meeting and Scope confirmation |
| | 13.45 – 17.00 | <p>Document Review.</p> <p>5.1 Applicability of requirements to the supply chain. 5.2 Supply chain model. 5.3 Documented procedures. 5.4 Purchasing and goods in 5.5 Out-sourcing activities. 5.6 Sales and Goods out. 5.7 Registration of transactions. 5.8 Training. 5.9 Record keeping.</p> |

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|---|----------------------|---|---------------|--------------|------------------|----------------------|------------------|----------------------|----------------|-----|----------|-----------------|
| | | 5.10 Conversion factors. 5.11 Claims. 5.12 Complaints. | | | | | | | | | | |
| Saturday, 29/08/2015 | 08.00 – 09.30 | Field Visit: | | | | | | | | | | |
| | 09.30 – 12.00 | Document Review: 5.13 Management review. 6 Supply chain model – IP/SG/MB 7 Yield Scheme | | | | | | | | | | |
| | 12.00 – 13.00 | Lunch | | | | | | | | | | |
| | 13.00 – 13,30 | Preparing Closing meeting | | | | | | | | | | |
| | 13.30 – 14.00 | Closing Meeting | | | | | | | | | | |
| | 14.00 - | Traveling Site - Medan | | | | | | | | | | |
| Name and Affiliation consulted during the Assessment and participated in the closing meeting. | | <table border="1"> <tr> <td>Lindon Gultom</td> <td>Mill Manager</td> </tr> <tr> <td>Annisa Handayani</td> <td>Sustainability Staff</td> </tr> <tr> <td>Joshua Aritonang</td> <td>Sustainability Staff</td> </tr> <tr> <td>Julfandi Purba</td> <td>KTU</td> </tr> <tr> <td>Fertaria</td> <td>Mill Assisstant</td> </tr> </table> | Lindon Gultom | Mill Manager | Annisa Handayani | Sustainability Staff | Joshua Aritonang | Sustainability Staff | Julfandi Purba | KTU | Fertaria | Mill Assisstant |
| Lindon Gultom | Mill Manager | | | | | | | | | | | |
| Annisa Handayani | Sustainability Staff | | | | | | | | | | | |
| Joshua Aritonang | Sustainability Staff | | | | | | | | | | | |
| Julfandi Purba | KTU | | | | | | | | | | | |
| Fertaria | Mill Assisstant | | | | | | | | | | | |

| Section 7. Summary of Annual RSPO Certified Tonnage of Oil Palm Products Purchased/Reveived. | | | |
|---|--------------------------------|-------------------------------|--------------------|
| Supplier | RSPO certificate number | Description of Product | Volume (mt) |
| N/A (Initial Assessment) | | | |
| There is no RSPO Certified Product (PK Certified Product) purchased yet | | | |
| | | | |

| Section 8. Summary of Annual RSPO Certified Tonnage of Oil Palm Products Sold. | | | |
|---|--------------------------------|----------------------------|--------------------|
| Buyer | RSPO certificate number | Description Product | Volume (mt) |
| N/A (Initial Assessment) | | | |
| There is no RSPO Certified Product (PK Certified Product) purchased yet | | | |
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| 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. | <p>Gunung Melayu I KCP is a certification unit of PT. Saudara Sejati Luhur (Parent Company PT Inti Indosawit Subur)</p> <p>Establishment act based on "Akta Perseroan Terbatas" no.62 by Notaris Kusmulyanto Ongko tertanggal 20th March 1971 yang telah disahkan oleh Menteri Kehakiman No. J.A.5/28/18 tertanggal 15th February 1972, the last renewal no. 172, dated 28th April 2008 by Notaris Linda Herawati S.H. Justice Court Ministry Approval no. AHU-37552.AH.01.02, year 2008, dated 02nd July 2008.</p> <p>The company also has obtained Izin Usaha Perkebunan – IUP (Operational Business Permit) approved by Direktorat Jenderal Bina Produksi Perkebunan, Departemen Pertanian No. HK.350/539/Dj.Bun.5/VII/2001, dated 12th July 2001 and approval extension Gunung Melayu I KCP from "Badan Penanaman Modal dan Promosi, Provinsi Sumatera Utara no. 7/12/IP/II/PMDN/2013, dated 13th June 2013 is 26,700 tonnes of PKO and 32,100 tonness of PKE.</p> <p>The site demonstrates the organization structure of Gunung Melayu I POM, chaired by Mill Manager. Another chart is "Struktur Organisasi Stasiun KCP" comprise of Mill Manager, Process Assistant, workshop assistant, KCP operators and KCP mechanic.</p> <p>Based on the document review, supply PK is delivered from Gunung Melayu II POM, Tanah Datar POM and supplied directly from their POM. Gunung Melayu I KCP is able to show agreement with PT. Gunung Melayu (Gunung Melayu II POM) contract no. 05/SPJ/LEG-GM/I/08, dated 24th January 2008 and agreement with Tanah Datar POM (PT. Supra Matra Abadi), contract no. 03/SPJ/LEG-SSL/I/08,</p> | Yes |

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| | | <p>dated 24th January 2008.</p> <p>For the receipt of raw material from Gunung Melayu I is direct transfer. For the receipt of raw material from Gunung Melayu II POM (RSPO Certificate no. SPO 620707, valid until 07th July 2020) and Tanah Datar POM (RSPO certificate no. FMS 40021 valid until May 2020) is using Transfer stock document. Status of raw material (PK) is RSPO Certified Mass Balance (MB)</p> <p>Gunung Melayu I KCP implementing RSPO supply chain – Mass Balance (MB).</p> <p>Sample seen:</p> <ul style="list-style-type: none"> - Transfer Stock from Gunung Melayu II No.08004/DN27/13/15 into Gunung Melayu I KCP, for 100,000 kg Palm Kernel dated 22nd August 2015; - Transfer Stock from Tanah Datar POM (PT. Supra Matra Abadi) into Gunung Melayu I KCP No.08014/DN21/13/15 for 200,000 kg Palm Kernel dated 20th August 2015; | |
| 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. | N/A (Gunung Melayu I KCP is not a trader or distributors) | Yes |
| 5.1.3 | Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform. | <p>Gunung Melayu I KCP (PT. Saudara Sejati Luhur) is a subsidiary of PT. Inti Indosawit Subur (RSPO member no.1-0022-06-000-00), dated 6th February 2006.</p> <p>PT Inti Indosawit Subur – Gunung Melayu I KCP shows the registration to RSPO etrace portal.</p> <p>Company Name: PT Saudara Sejati Luhur – Gunung Melayu I KCP; Country: Indonesia; Core product: Palm Oil; Member ID: RSPO_PO1000002914; Member category: Refinery;</p> | Yes |

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| 5.1.4 | Processing aids do not need to be included within an organization's scope of certification. | N/A (No processing aid within the PK process in Gunung Melayu I KCP) | N/A |
| 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>Gunung Melayu I KCP is able to demonstrate documents, records and implemented the RSPO Supply Chain Certification Standard under Mass Balance - Model.</p> <p>Gunung Melayu I KCP is processing both sustainable and non-sustainable PK, with separate book keeping. Therefore, the applicable RSPO SCCS for Gunung Melayu I KCP is Mass Balance Model</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>Gunung Melayu I KCP demonstrates Standard Operating Procedures – Traceability AA-MPM-OP-1400.17.R4. The procedures cover traceability of CPKO from receiving and Despatch of CPKO as well as Daily production report KCP production.</p> <p>The procedure also regulates the internal audit by environmental and sustainability head.</p> <p>Traceability records are to be kept for 10 years as regulated in "Mass balance" no. AA-MPM-OP-1400.18-R3.</p> <p>The procedure explains how to handling certified product and non certified product, separated in Book Keeping, incoming product, processing raw material, outgoing product and stock balancing, etc. Due to the company receiving incoming certified and non certified, the RSPO Supply Chain Model applied is Mass Balance.</p> <p>Based on document review and field visit, it was found that the company is able to demonstrate how to separate incoming Certified and non certified Palm Kernel up to dispatch products (PKO and PKE)</p> <p>Head of Environmental and Sustainability will inform to certification body in the</p> | Yes |

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| | | <p>case of projected overproduction.</p> <p>Gunung Melayu I KCP is also showing SOP Stasiun KCP (Kernel Crushing Plant) explaining all aspects of KCP station from hopper, press machine, sediment tank, oil leaf filter, clean oil tank, CPKO.</p> <p>Gunung Melayu I KCP processing capacity is 100 tons/day – in 2 shifts.</p> | |
| | <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>Gunung Melayu I 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 (MB).</p> <p>The company has training plan and actual RSPO SCCS training was conducted was conducted by the company.</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. | <p>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</p> | 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>Gunung Melayu I 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 (SPB) and Weighbridge Ticket” from PK supplier. The documents must indicate:</p> <ul style="list-style-type: none"> - The name and address of the buyer - The name and address of the seller Product (PK Certified or Non Certified) - Supply Chain model used (IP or MB) - Date - RSPO Sertificate number - Delivery Order number. - Quantity | Yes |

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| | | <ul style="list-style-type: none"> - Transporter - Surat Pengantar No. / DO. Number, etc. <p>The procedure comes into implementation as of 23rd April 2015.</p> <p>Up to audit date, Gunung Melayu I KCP has not received/purchased certified product, produced and/or sold certified/sustainable CPKO and/or PKE product. Currently only mass balance record of non-certified product.</p> <p>Sample taken:</p> <ol style="list-style-type: none"> 1. Delivery Note PK from Gunung Melayu II POM, dated 16 July 2015, product: PK Non Certified, Ticket No. 25/07/2015, Quantity 6,220 kg → Receiving in Weightbridge ticket date 16 July 2015, Product: PK Non Certified, SP. 25/07/2015, ticket no. C315100544, quantity: 6,230 kg, etc 2. Delivery Note PK from Tanah Datar POM, dated 21 July 2015, product: PK Non Certified, Ticket No. 118/PJP/VII/2015, Quantity 22,300 kg, → Receiving in Weightbridge ticket date 21st July 2015, Product: PK Non Certified, SP. 118/PJP/VII/2015, quantity: 22,360 kg, etc | |
| | <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 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. | <p>The method is through check/verification of PK Certified or Non Certified received from POM supplier.</p> <p>Based on review procedures, receiving PK certified or non certified is identified in Surat Pengantar Barang (SPB) and and automatically counted in Weightbridge System (WB) ticket.</p> <p>Mill manager (in this case KCP coordinator), in coordination with Marketing of PT Inti Indosawit Subur monitors and verifies the PK received from Gunung Melayu I POM, Gunung Melayu II POM and Tanah Datar POM</p> | Yes |
| | <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 | <p>Gunung Melayu I KCP has mechanism to check/verified PK supplier certificate at least annually, so far Gunung Melayu I is planned only receiving PK from their group, such as:</p> <ol style="list-style-type: none"> 1. Gunung Melayu II POM (RSPO Certificate no. SPO 620707, valid until 07th | Yes |

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| | website (www.rspo.org) at least annually. | <p>July 2020)</p> <p>2. Tanah Datar POM (RSPO Certificate no. SPO FMS 40021, valid until 17th May 2020).</p> <p>3. Gunung Melayu I POM (RSPO report Under review)</p> | |
| 5.4.2 | The site shall have a mechanism in place for handling non-conforming material and/or documents. | The site is able to demonstrate a mechanism to handle non-conforming material and/or documents. The mechanism requires the unit management to report to marketing department. | Yes |
| 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> | <p>Gunung Melayu I KCP performs all the activity to process PK into PKO and PKE at their own premise. No outsourcing activity performed.</p> <p>It is verified during field visit that the site does not have outsourcing activity. All activity since PK receiving, PK processing and palm kernel product delivery conducted by management at Gunung Melayu I KCP.</p> <p>N/A (No Outsourcing)</p> | N/A |
| 5.5.2 | Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following | N/A | N/A |
| | <p>a. The site has legal ownership of all input material to be included in outsourced processes;</p> <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) have access to the outsourcing contractor or operation if an audit is deemed necessary.</p> | N/A | N/A |

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| | c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. | N/A | N/A |
| | 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. | N/A | N/A |
| 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. | N/A | N/A |
| 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. | N/A | N/A |
| 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; | <p>Gunung Melayu I KCP shows SOP Traceability AA-MPM-OP-1400.7.R4, section 6.2 indicating the Marketing manager creates Delivery Note of Despatch PKO and PKE in WB System with information:</p> <ul style="list-style-type: none"> - Name and address of production unit. - Name and address of buyer, - Contract number / DO number - Date of delivery product - Transporter ID - PKO Certified / PKO Non Certified. - Supply Chain model used. - Quantity (kg / MT) - RSPO SCC certificate no. - Surat Pengantar Number (Delivery Note number) <p>The Delivery Order (DO) indicate address of seller, address of buyer, loading date.</p> | Yes |

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| | <ul style="list-style-type: none"> Any related transport documentation; Supply chain certificate number; A unique identification number | <p>Supply chain certificate number and unique identification number has not been indicated prior to certification awarding.</p> <p>Despatch of PKO and PKE will be identified with CPKO/CPKE certified and/or non certified (up to audit, no certified product sold as certified product).</p> <p>Sample taken:</p> <ol style="list-style-type: none"> Delivery Note CPKO, dated 12 August 2015, SP. No. 0212, DO. No. 08002/DN28/14/15, Seller: PT. Saudara Sejati Luhur (Gunung Melayu I KCP), Address: PMKS GUnung Melayu I Asahan , buyer: PT. Asianagro Agung Jaya; address: Tanjung Balai Asahan Product PKO Non Certified, quantity: 25,700 Kg, etc Delivery Note PKE, dated 07 August 2015, SP. No. 18/JSA, No. DO. 07002/D/28/15/15, seller: Gunung Melayu I POM; address: PMKS Gunung Melayu I Asahan; Buyer: PT. Godwin Austen Indonesia; address: Belawan Product PKE Non Certified, quantity: 29,760 Kg, etc | |
| 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> | <p>PT Inti Indosawit Subur – Gunung Melayu I KCP shows the registration to RSPO e-trace portal.</p> <p>Company Name: PT Saudara Sejati Luhur – Gunung Melayu I KCP; Country: Indonesia; Core product: Palm Oil; Member ID: RSPO_PO1000002914</p> <p>So far, no any PKO / PKE certified selling in RSPO e-trace, Gunung Melayu I KCP has not certified yet (This is RSPO SCCS Initial Asssment)</p> | Yes |
| 5.8. Training | | | |
| 5.8.1 | <p>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.</p> | <p>Gunung Melayu I KCP is able to demonstrate training programme for Supply Chain, and Traceability". Training plan is documented under "Program Pelatihan Environmental & Sustainability Tahun 2015 – PT. Saudara Sejati Luhur – PKS</p> | Yes |

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| | | Gunung Melayu I". | |
| 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. | RSPO SCCS Training was conducted on 27 th August 2015, attended 5 workers who are involved for handling PK/PKO/PKE product, such as: Gunarti (Krani Timbang-Weightbridge operator), Mutolif (Krani produksi), Eka (Krani Despacth) Julfandi (KTU) and Nelly (Krani timbang). | |
| 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>Based on document and record review, Gunung Melayu I KCP is able to demonstrate complete sets of records.</p> <p>Record seen:</p> <ol style="list-style-type: none"> Receiving PK from supplier (Gunung Melayu II POM and tanah Datar POM) and dispatch of PKO / PKE in August 2015, e.g. <ul style="list-style-type: none"> Receiving PK in Weighbride ticket in August 2015. Despacth of CPKO in July and August 2015 Despacth of CPKE in August 2015 Laporan Harian Produksi (Daily Report) Gunung Melayu I KCP on 27 August 2015; <ul style="list-style-type: none"> PK Receiving: 106,320 kg. PK Processed: 104,560 kg PKO Produced: 47,894 kg (45.81 %) PKE produced: 54,036 kg (51.68 %) Losses: 2,624 kg Stock PK: 72,020 kg Stock CPKO: 233,680 Stock PKE: 377,410 PKO Delivered: - PKE delivered: 31,270 kg. Laporan Bulanan (Book Keeping Mass Balance PKO and PKE) – Monthly Report, e.g. Monthly Report - August 2015 (Up to 26 August 2015) <ul style="list-style-type: none"> PK Receiving: 2,275,680 kg. | Yes |

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| | | <p>PK Processed: 2,270,780 kg PKO Produced: 1,024,160 kg (45.10 %) PKE produced: 1,202,740 kg (52,97 %) PKO Delivered: 895,120 kg PKE delivered: 916,510 kg.</p> <p>4. Three Monthly Report (Book Keeping Mass Balance PKO and PKE) Period April – June 2015 PK Receiving: 5,925,000 kg. Beginning stock CPKO Bulan April 2015: 186 MT End Stock CPKO in June 2015: 159 MT</p> <p>Beginning stock PKE Bulan April 2015: 285 MT End Stock CPKO in June 2015: 321 MT</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. | Procedure Traceability AA-MPM-OP- 1400.17-R4 stated the retention time for all record and report related to traceability to be kept for 10 years. | 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. | Based on review of procedure Traceability AA-MPM-OP- 1400.17-R4, record of certified and non certified is daily, monthly, 3 monthly basis and annually. The traceability system and form of record has prepared to handling certified and non certified products (PK/PKO/PKE). | 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 | <p>Gunung Melayu I POM KCP is setting the budget for conversion from PK into CPKO rate at 44% and PKE at 56.50 %.</p> <p>The rate is slightly lower compared to RSPO Conversion rate for PK into PKO and PKE is 45 % : 55%. The actual conversion ratio is monitored on daily basis through sounding of quantity.</p> <p>Sample seen: PKO Extraction from 1 January 2015 up to 27 August 2015 is 44.39 % and PKE is 53.97%.</p> | Yes |

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| | RSPO website (www.rspo.org). | The company set a conversion rates based on actual production which monitored daily. | |
| 5.10.2 | Conversion rates shall be periodically tested to ensure accuracy against actual performance or industry average if appropriate. | PKO and PKE conversion factor is monitored daily, monthly and 3 monthly basis | Yes |
| 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 | Gunung Melayu I KCP did not make claims regarding the use of support of RSPO certified oil palm products. | Yes |
| 5.12. Complaints | | | |
| 5.12.1 | The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints. | Gunung Melayu I KCP provided complaint procedure in "Mekanisme Penanganan Komplain Administrasi Kualitas CPKO + PKE" no. PGS/SOP-I/KCP/01, Rev. 1 and "Mekanisme Penanganan Komplain Kualitas PKO + PKE" no. PGS/SOP-I/KCP/02. Gunung Melayu I POM also has procedure no. AA-GL- 5.08-R1 related to information request from stakeholders to resolving stakeholder complaints. | |
| 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 | The procedure cover Internal audit as regulated in Procedure no AA-MPM-OP-1400.17-R4 section 6.7 where internal audit will be conducted by Environmental and Sustainability Head annually and Management Review of the supply chain standard is done together with The Environment Management System review on an annual basis as procedure described in procedure no. AA-SOP-ES-6001-R3 | 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. | Gunung Melayu I is conducted Management review annually, the last management was conducted on 27 th August 2015, document review, included information on: <ul style="list-style-type: none"> - A result of internal audit was conducted on 25th August 2015. - Customer feedback: received feedback from customer by phone, customer feedback will be requested to the customer every six months, the last customer feedback received by phone 27 August 2015 from PT. Duta Mandiri related quality of PKE and corrective action taken to maintain PKE quality before | Yes |

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| | <ul style="list-style-type: none"> Changes that could affect the management system. Recommendations for improvement. | <ul style="list-style-type: none"> delivered to the client. Process performance and product conformity: based on internal audit Status of preventive and corrective actions: available. Follow-up actions from management reviews. Changes that could affect the management system: Implementation of RSPO SCCS system and standard, 2014 Recommendation for improvement. | |
| 5.13.3 | <p>The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> Improvement of the effectiveness of the management system and its processes Resource needs. | <p>Management review output:</p> <ul style="list-style-type: none"> Improvement of the effectiveness of the management system and its processes based on management review, resource need is sufficient. | Yes |
| Supply Chain Modular Requirements (Identity Preserved/Segregation/Mass Balance) | | | |
| Module C – Mass Balance (MB) | | | |
| C.1. Definition | | | |
| C.1.1 | <p>The Mass Balance (MB) supply chain model administratively monitors the trade of RSPO certified oil palm products throughout the entire supply chain, as a driver for mainstream trade in sustainable palm oil. MB can only be operated at site level (mass balance credits cannot be transferred from site to site).</p> <p>The Mass Balance supply chain model allows each participant within the supply chain to demonstrate their commitment to sustainable palm oil production and to actively promote the trading of RSPO certified palm oil.</p> <p>The Mass Balance system allows for mixing of RSPO and non-RSPO certified palm oil at any stage in the supply chain provided that overall site quantities are controlled.</p> | <p>Gunung Melayu I KCP is receiving the raw material (Palm Kernel/PK) from Gunung Melayu I POM, Gunung Melayu II POM and Tanah datar POM is graded as RSPO Certified – Mass Balance model.</p> <p>Gunung Melayu I I KCP is able to demonstrate documents, records and implemented the RSPO Supply Chain Certification Standard under Mass Balance model. Gunung Melayu I KCP is processing both sustainable and non-sustainable PK, with separate book keeping. Therefore, the applicable RSPO SCCS for Gunung Melayu I KCP is Mass Balance Module.</p> | Yes |
| C.2. Supply Chain Requirements | | | |

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| 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>Gunung Melayu I KCP is able to demonstrate documents, records and implemented the RSPO Supply Chain Certification Standard under Mass Balance module.</p> <p>Gunung Melayu I KCP is handling both sustainable and non-sustainable product from receiving raw material (Palm Kernel) up to dispatch PKO and PKE, with separate book keeping. Therefore, the applicable RSPO SCCS for Gunung Melayu I KCP is Mass Balance Module.</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>Gunung Melayu I KCP is implementing continuous accounting system. Gunung Melayu I 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 and Weighbridge system.</p> <p>The daily KCP report consist of PK quantity received (from sustainable and non-sustainable source) which has been installed in WB system. Based on field visit and interview with workers who are handling incoming, out-going product and balancing stock, they understand how the system works.</p> <p>For PKO and PKE certified and non certified produced is counted based on real extraction ratio</p> <p>Sample record seen: Laporan Bulanan (Book Keeping Mass Balance PKO and PKE) from January – 26th August 2015</p> <ul style="list-style-type: none"> - PK Receiving: 2,275,680 kg. - PK Processed: 2,270,780 kg. - PKO Produced: 1,024,160 kg (45.10 %). - PKE produced: 1,202,740 kg (52,97 %) | Yes |
| C.3.2 | The site shall ensure that the output of RSPO mass balance material supplied to customers from the physical site does | In order to prevent over-sales, Gunung Melayu I KCP is implementing continuous accounting system and fixed inventory period. Continuous accounting system | Yes |

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| | <p>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> | <p>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.</p> <p>Gunung Melayu I 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), balance stock of PK, PKO and PKE produced (sustainable and non-sustainable product), dispatch PKO/PKE.</p> <p>Gunung Melayu I KCP is also implementing fixed inventory period as recorded in monthly and three monthly report which called "book keeping".</p> | |
| C.4. Continuous accounting system | | | |
| C.4.1 | <p>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> | <p>Gunung Melayu I KCP is implementing continuous accounting system based on daily basis is recorded in ""Laporan Harian Pabrik".</p> | |
| C.4.2 | <p>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 accounting system shall be allocated to outputs supplied by the organization.</p> | <p>Gunung Melayu I is implementing continuous accounting system in daily report and selling certified product from positive stock.</p> <p>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.</p> | |
| C.5. Fixed inventory period | | | |
| C.5.1 | <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>Gunung Melayu I KCP is also implementing fixed inventory period. Gunung Melayu I KCP has a system to mass balancing the inputs and output through three monthly reporting called "book keeping".</p> <p>The three monthly reports is based on monthly report, which based on daily KCP report.</p> | Yes |

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| C.5.2 | 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 the inventory period cover the RSPO output quantity supplied. | <p>Manager and administrator do understand the system. No overdrawn at the end of three monthly periods.</p> <p>Up to audit date, Gunung Melayu I KCP has not produce and sold certified/sustainable CPKO and/or PKE product.</p> | Yes |
| 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. | <p>Manager and administrator do under the system. Unused credit will be carrying over to the next three monthly periods.</p> <p>Up to audit date, Gunung Melayu I KCP has not produce and sold certified/sustainable CPKO and/or PKE product.</p> | 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. | <p>Manager and administrator do understand the system. No overdrawn at the end of three monthly periods.</p> <p>Up to audit date, Gunung Melayu I KCP has not produce and sold certified/sustainable CPKO and/or PKE product.</p> | 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. | <p>Gunung Melayu I POM KCP is setting the budget for conversion from PK into CPKO rate at 44% and PKE at 56.50 %.</p> <p>The actual conversion ration will be applied based on daily conversion ratio.</p> | Yes |
| C.6.2 | Refining losses are neglected for the sake of simplicity in the Mass Balance system. | Gunung Melayu I KCP PK losses during processing and storage are monitored on daily basis and it does not take into account losses from extraction ratio. | 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 | At the day of stage 2 audit, Gunung Melayu I KCP has not made any purchase and/or sales of certified CPKO and PKE yet, | Yes |


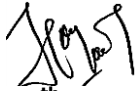
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| | the acquired segregated product and the derivative that is sold under mass balance. | | |
| C.6.4 | Segregated to Mass Balance Supply Chain Model Yield Scheme | The downgrade as per Segregated to Mass Balance Supply Chain Model Yield Scheme is not applicable. Gunung Melayu I KCP only receiving Palm Kernel raw material from their supplier. | N/A |
| C.7. Yield Schemes | | | |
| C.7.1 | Mass Balance Supply Chain Model Yield Scheme: 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. | This mass balance supply chain model yield scheme is not applicable. Gunung Melayu I KCP is only processing Palm Kernel (PK) into Crude Palm Kernel Oil (CPKO) and Palm Kernel Expeller (PKE). | N/A |
| 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 | Gunung Melayu I POM KCP is setting the budget for conversion from PK into CPKO rate at 44% and PKE 56.50 %. The rate is slightly lower compared to RSPO Conversion rate for PK into PKO and PKE is 45 % : 55%. | Yes |

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

| Section 11. Conclusion |
|---|
| <p>BSI has conducted RSPO Supply Chain Certification assessment of PT. Saudara Sejati Luhur – Gunung Melayu I Kernel Crushing Plant (KCP). The Gunung Melayu I KCP is located within Gunung Melayu I Palm Oil Mill.</p> <p>It is noted that Gunung Melayu I KCP sourced the raw material (Palm Kernel) from RSPO-certified PT. Gunung Melayu (Gunung Melayu II POM), PT. Supra Matra Abadi (Tanah Datar POM) and PT. Saudara Sejati Luhur (Gunung Melayu I POM).</p> <p>Gunung Melayu II POM and Tanah Datar POM Palm Kernel supplier have been certified against RSPO P&C and RSPO Supply Chain Certification Standard for CPO Mills Module E: Mass Balance and also from Gunung Melayu I POM which has been audited (RSPO P & C report still under review during audit conducted)</p> <p>BSI conducted the assessment process against the requirement of RSPO Supply Chain Certification System and Standard, November 2014, based on document review and field visit, its conclude that management and documents system implementing is comply with it and recommend to award the RSPO Supply Chain Certificate for Gunung Melayu I Kernel Crushing Plant.</p> |

| 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. Saudara Sejati Luhur (Gunung Melayu I KCP) |
| Title: | Head of Environment and Sustainability |
| Signature and Date: |  30th 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: | Haeruddin Tahir |
| Company name: | PT. BSI Group Indonesia |
| Title: | Lead Auditor |
| Signature and Date: |  29th August 2015 |