

## **PUBLIC SUMMARY REPORT**

# **External Verification of Sustainability Policy Transparency Toolkit (SPOTT) Palm Oil Assessment**

**Apical Group**

2020

### **Contact**

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## Table of Contents

|  |          |
|--|----------|
| <b>PART 1: SCOPE OF THE VERIFICATION ASSESSMENT</b> .....  | <b>3</b> |
| 1.1 COMPANY AND CONTACT DETAILS .....                      | 3        |
| 1.2 ASSESSMENT DETAILS .....                               | 3        |
| 1.3 ASSESSMENT TYPE .....                                  | 3        |
| 1.4 GENERAL DESCRIPTION OF APICAL GROUP .....              | 3        |
| 1.5 OPERATIONAL UNITS UNDER SCOPE .....                    | 3        |
| <b>PART 2: VERIFICATION PROCESS</b> .....                  | <b>5</b> |
| 2.1 ABOUT THE VERIFICATION BODY .....                      | 5        |
| 2.2 VERIFICATION TEAM .....                                | 5        |
| 2.2.1 <i>Qualifications of the Auditors</i> .....          | 5        |
| 2.3 METHODOLOGY .....                                      | 6        |
| 2.3.1 <i>General Overview</i> .....                        | 6        |
| 2.3.2 <i>Sampling</i> .....                                | 6        |
| 2.3.3 <i>Assessment agenda for this Verification</i> ..... | 6        |
| <b>PART 3 ASSESSMENT FINDINGS</b> .....                    | <b>8</b> |
| 3.1 SUMMARY OF THE FINDINGS .....                          | 8        |
| 3.2 SIGNING BY THE LEAD VERIFIER .....                     | 15       |
| 3.3 SIGNING BY THE CLIENT .....                            | 15       |

**PART 1: SCOPE OF THE VERIFICATION ASSESSMENT**
**1.1 Company and Contact Details**

|                   |   |
|-------------------|---|
| Company Name:     | Apical Group  |
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**1.2 Assessment Details**

|                             |   |
|-----------------------------|---|
| Dates Of This VERIFICATION: | 15 <sup>th</sup> – 17 <sup>th</sup> July 2020 |
|-----------------------------|---|

**1.3 Assessment Type**

Third party verification to assess and validate compliance, performance and/or actions taken by Apical relative to its commitment by evaluating the information provided by Apical towards SPOTT with respect to the latest SPOTT indicators (June, 2020) that requires external verification.

**1.4 General Description of Apical Group**

Apical is one of the largest exporters of refined palm oil in Indonesia. The company owns and controls an extensive palm oil downstream value chain from sourcing/aggregation to distribution, and is engaged in the refining, processing, and trading of palm oil for both domestic use and international export.

Major products includes:

- Crude palm oil (CPO)
- Processed palm oil (PPO)
- Crude palm kernel oil (CPKO)
- Processed palm kernel oil (PPKO)

all of which can be further processed into value added products.

Apical handles the downstream business of palm oil production. This includes the:

- refining of and fractionation of CPO and CPKO;
- crushing of palm kernels;
- production of shortening, margarine and powder fat, biodiesel, glycerin and crude fatty oil;
- production of fatty acids and glycerol; and
- merchandising and distribution of CPO and PPO to the global market.

**1.5 Operational Units under scope**

Apical operates processing units of 5 refineries, 3 biodiesel plants, 1 kernal crushing plant (KCP) and 1 fats splitting plant based in Indonesia, China and Spain. Details of the processing operations are as below:

| Operations                                      | Facilities | Location            | Production   |
|---|------------|---------------------|--------------|
| PT Asianagro Agungjaya Tanjung Balai (PT AAJTB) | Refinery   | Sumatera, Indonesia | 90,415 MT    |
| PT Sari Dumai Sejati (PT SDS)                   | Refinery   | Sumatera, Indonesia | 3,343,310 MT |
| PT Asianagro Agungjaya Marunda                  | Refinery   | Jakarta, Indonesia  | 784,101 MT   |

|                                      |                                |                       |              |
|--------------------------------------|--------------------------------|-----------------------|--------------|
| PT Kutai Refinery Nusantara (PT KRN) | Refinery                       | Kalimantan, Indonesia | 1,024,733 MT |
| Excelic Food Technology Co Ltd       | Refinery                       | Nanjing, China        | 100,705 MT   |
| Bio-Oils La Rabida                   | Biodiesel                      | Huelva, Spain         | 289,954 MT   |
| PT Cemerlang Energi Perkasa (CEP)    | Biodiesel                      | Sumatera, Indonesia   | 391,565 MT   |
| PT Kutai Refinery Nusantara          | Biodiesel                      | Kalimantan, Indonesia | 305,521 MT   |
| PT Sari Dumai Sejati                 | Kernel Crushing Plant          | Sumatera, Indonesia   | 779,881 MT   |
| PT Apical KAO Chemicals (AKC)        | Fats Splitting Plant (Oleo JV) | Sumatera, Indonesia   | 31,336 MT    |

## PART 2: VERIFICATION PROCESS

### 2.1 About the Verification Body

Control Union (CU) is an independent, international assurance and certification body. Founded in 1920 in the Netherlands, CU has offices in more than 70 countries. We offer one-stop-shop solutions for sustainability reporting and assurance services. CU has more than 4,000 employees working across the globe.

In the field of sustainability reporting, we serve our clients by providing technical assistance in developing sustainability reports, performing sustainability strategy checks, gap analysis and independent assurance. Control Union is also a registered assurance provider for AA1000 assurance standard.

Control Union Certifications (CUC) is a part of the Control Union – an international inspection and certification body. CUC performs assessments and certification across many sectors including biomass, biofuels, forestry, agriculture, food & feed, fat & oils, minerals, energy, tourism.

**Control Union (Malaysia) Sdn Bhd is accredited for RSPO (ASI-ACC-069) for the scope of P&C (Single Site & Group) and SCCS worldwide and accredited by Department of Standards Malaysia (DSM) for ISO 17021, ISO 9001, ISO 14001, and MSPO. When requested, a copy of accredited certificates can be obtained from CUC. Control Union also approved in providing verification POIG verification indicators.**

### 2.2 VERIFICATION Team

|                       |                       |
|-----------------------|-----------------------|
| <b>Lead Verifier:</b> | <b>Supun Nigamuni</b> |
| Team member:          | Zulkarnain Ishak      |

#### 2.2.1 Qualifications of the Auditors

| Name             | Qualifications   |
|------------------|--|
| Supun Nigamuni   | <p>A forestry and environmental specialist with 12 years' experience in compliance auditing, training, certification, program management, consultancy and environmental assessments.</p> <p>B.Sc. Special Degree in Forestry and Environmental Science with First Class Honours</p> <p>Previous to the responsibilities with Control Union Malaysia he was responsible of management of Forest Stewardship Council (FSC), Roundtable on Sustainable Palm Oil (RSPO) certification activities for Control Union Certifications worldwide, and also Environmental Services for the Asian region which provides sustainability solutions for products, entities and activities in providing life cycle assessments, environmental footprints , carbon neutral certification and GRI assurance.</p> <p>A senior auditor having International Auditing experience in 18 countries for Forest Management, Chain of Custody, RSPO P&amp;C and SCC, ISO 14001, ISO 50001, GHG assessments, Global Report Initiative (GRI) Standards Assurance and other environmental and social programs across many sectors.</p> |
| Zulkarnain Ishak | <p>Project Manager Sustainability, Control Union Malaysia Sdn Bhd</p> <p>Graduate in BSc Since and Technology, University Malaysia Sabah with almost 10 years experience in GLC Company Plantation as Assistance Vice President- Sustainability and Quality Management (SQM) for upstream and Downstream Sustainability. Additional 4 years experience as Environmental Consultant.</p> <p>Successful the Global Report Initiative (GRI) Standards Certified Training – Sustainability Report, RSPO, RSPO SCC, MSPO, ISCC, ISCC ISH, ISCC Waste and Residue, EMS ISO 14001, FSC-COC, HACCP, SHO, CepSWaM etc.</p>  |

## 2.3 Methodology

### 2.3.1 General Overview

Assurance method included,

- Inquiring and interviewing of management, including senior management at executive and functional levels, and of relevant management responsible for the day to day management of sustainability.
- Observing and inspecting management practices, process testing and evidence gathering across the organization on a sample basis.
- Evaluating documentary evidence and management representations that support adherence to the principles.
- Data source validation
- Limited testing of detail on a sample basis (e.g. re-performance of calculations)
- Carrying out analytical procedures (e.g. trend analysis)
- Observing and inspecting on a sample basis management practices, process testing and evidence gathering (from source to aggregation)

All concerned SPOTT indicators will be subject to comprehensive external verification in order to achieve full scoring marks under SPOTT. The numbering of indicators later revised as per the new scoring criteria established in June 2020 where the summary will feature the indicators by topic rather than number.

For Data source verification sample of site management will be interviewed by the auditors by virtual means.

### 2.3.2 Sampling

Where sampling is required for the verification assessment, the sampling design shall be based on a minimum sample of facilities, where  $x = (\sqrt{y})$ , where y is the number of facilities under each processing scope. The result always to be rounded "up" to the next whole integer.

#### Sampled operational units for the evaluation

| Refineries                           | Biodiesel Plant             | Kernel Crushing Plant | Oleo Chemical           |
|--------------------------------------|-----------------------------|-----------------------|-------------------------|
| PT Sari Dumai Sejati                 | Bio-Oil La Rabida           | PT Sari Dumai Sejati  | PT Apical KAO Chemicals |
| PT Asianagro Agungjaya Tanjung Balai | PT Kutai Refinery Nusantara |                       |                         |
| PT Kutai Refinery Nusantara          |                             |                       |                         |

#### Explanation as to the selection of sample

Sampling was derived to be representative covering all operational scopes of Apical.  
 Refineries Total 5, Sampled 3  
 Biodiesel Plants Total 3, Sampled 2  
 KCP and Oleochemical Total 1 each, Sampled all

### 2.3.3 Assessment agenda for this Verification

| Activity     | Man days   | Dates  | Time        | Topics covered   |
|--------------|------------|--------|-------------|--|
| Onsite Audit | 6 man days | 15-Jul | 9.30-10.00  | Opening meeting  |
|              |            |        | 10.00-13.00 | Scope Assessment, Documentation review, Interviews with Apical HQ Management on all SPOTT Indicators requiring 3rd external verification |
|              |            |        | 13.00-14.00 | Lunch  |

|           |           |        |             |  |
|-----------|-----------|--------|-------------|--|
|           |           |        | 14.00-18.00 | Data Source Validation for PT Asianagro Agungjaya Tanjung Balai  |
|           |           | 16-Jul | 9.30-11.30  | Data Source Validation for PT Kutai Refinery Nusantara   |
|           |           |        | 11.30-13.00 | Data Source Validation for PT Sari Dumai Sejati  |
|           |           |        | 13.00-14.00 | Lunch  |
|           |           |        | 14.00-16.00 | Data Source Validation for Bio-Oil La Rabida   |
|           |           |        | 16.00-18.00 | Data Source Validation for PT Apical KAO Chemicals   |
|           |           | 17-Jul | 9.30-13.00  | Documentation review, Follow up from Data Source Validation from selected samples<br>Evaluation of General Topics<br>- Climate Risk Assessment<br>-Programme to support high-risk mills to become compliant with sourcing policies<br>- Regularly engages with a subset of high-risk mills<br>- Regularly assesses and categorises the risk level of all own and third-party supplying mills<br>- Regularly reports the risk level of all own and third party supplying mills identified in its supply chain<br>-Proportion of direct and indirect supply that comes from palm oil plantations which are compliant with palm oil sourcing policies<br>-Progress on commitment to ethical conduct and prohibition of corruption |
|           |           |        | 13.00-14.00 | Lunch  |
|           |           |        | 14.00 16.00 | Contd<br>Documentation review, Follow up from Data Source Validation from selected samples<br>Evaluation of General Topics   |
|           |           |        | 16.00-17.00 | Preparation for closing meeting  |
|           |           |        | 17.00-18.00 | Closing Meeting  |
| Reporting | 2 man day | 31-Jul |             | Draft report   |
|           |           | 29-Aug |             | Review of findings and final reporting   |

**PART 3 ASSESSMENT FINDINGS**
**3.1 Summary of the findings**

Apical's operations are limited for being a processor and trader. Therefore the following SPOTT indicators marked for external verification is verified to be not applicable

- Percentage of fresh fruit bunches (FFB) supply to own mills traceable to plantation level
- Evidence of monitoring deforestation

During the evaluation certain indicators applicable for third party verification were not evaluated as per the request of Apical.

The remainder of the indicators were evaluated by the Control Union team. Summary of indicators evaluated, summary of findings and level of assurance is as in the table below.

| Summary of Findings  | Scope and Scoring                   |
|--|-------------------------------------|
| <b>Evidence of monitoring deforestation in supplier operations</b>   |                                     |
| <p>All direct sourcing mills are identified and are evaluated for risk using the Mill Prioritization Process (MPP) system through spatial and non-spatial information. As of 15-07-2020 a total of 407 mills are registered under the MPP system. Details in SR 2019 are also verified where 465 direct suppliers are in Indonesia.</p> <p>The MPP is a risk-based approach used to identify priority mills for deeper engagement. The process involves analyzing geospatial and non-spatial parameters to identify potential sustainability risks associated with the supplying mills. Geospatial parameters identify risks linked to fire, deforestation, protected areas, and peatlands within a 50km radius of a supplying mill.</p> <p>The company has subscribed to the Global Forest Watch Pro (GFW Pro) alert system where they get notified of deforestation alerts from 235 complexes (mills and supply bases) which are made available through GFW.</p> | Comprehensive, external verified    |
| <b>Progress towards commitment to reduce GHG emissions intensity</b>   |                                     |
| <p>The company has a system to calculate and reduce the GHG emissions, but limited to operational units certified for ISCC mentioned below</p> <p>Three refineries (PT Sari Dumai Sejati, PT Asianagro Agungjaya Marunda, PT Kutai Refinery Nusantara), 1 Bio Diesel plant (Bio-Oils La Rabida) and 1 KCP (PT Sari Dumai Sejati)</p> <p>During the external verification, PT Sari Dumai Sejati irrespective of being ISCC certified, did not disclose the GHG calculations or commitment towards GHG reductions.</p>   | Limited Externally verified         |
| <b>Progress towards commitment on water use intensity</b>  |                                     |
| <p>The company has a system to monitor water use where water use is monitored monthly. Water consumption per MT processed is available in HQ. The data is consistent with what is declared in the Sustainability Report 2019.</p> <p>However, the data availability is only for limited operational units. The information is available for 5 refineries and 1 bio diesel plant. Also, no plans were implemented for the reduction in water use intensity.</p>   | Limited Externally verified         |
| <b>Progress towards commitment on water quality (BOD and COD)</b>  |                                     |
| <p>The company has a system to monitor the biological and chemical parameters. However, the data is only available for limited operational units. The information is available for 5 refineries and 1 bio diesel plant and the company is committed to meet the regulatory requirements.</p>   | Comprehensive, externally verified. |



|  |  |
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| <p>Due to regulatory requirements, Only TOC is measured for Bio-Oils discharge. (bio diesel plant in Spain).</p> <p>It is noted that PT Asianagro Agungjaya Tanjung Balai and PT Kutai Refinery Nusantara also implements 100% recycle – zero wastewater and the permit of approval from the local authority is verified. Recorded sampling BOD and COD in June 2020 WWTP and water quality for river in April 2020 which was conducted for internal purposes only before the used water is recycled. These were also below the tolerance limit from the local authority.</p>  |  |
| <p><b>Treatment of palm oil refinery effluent (PORE)</b></p>   |  |
| <p>The company has a system to monitor water use and discharge for all refineries. The company implements 100% recycled - zero wastewater and the permit or letter of approval from the local authority is verified.</p> <p>The information available is for all five refineries under Apical's operations.</p>  | <p>Comprehensive, externally verified.</p> |
| <p><b>Progress on human rights commitment</b></p>  |  |
| <p>Policies available - Sustainability Policy, Grievance Protocol - specifically towards Human Resource Development (HRD)<br/>         External - Supplier engagement twice a year through workshops - Evidence needed<br/>         Internal - Evidence needed</p> <p>The company's Staff Handbook specifies requirements on human rights to all employees under Royal Golden Eagle (RGE) Group where all procedures relating to ethics and human/workers' rights and grievance handling is specified and implemented. Detailed evidence is here:<br/> <a href="https://www.apicalgroup.com/sustainability/policies/#sustainability">https://www.apicalgroup.com/sustainability/policies/#sustainability</a></p> <p>Induction training provided covers the RGE Code of Conduct, which covers aspects of human rights both internally and externally. RGE Code of Conduct is available for all employees in the intranet.<br/>         Training records are maintained and refresher training is conducted annually.<br/>         From the evidence observed:<br/>         New recruits on 30<sup>th</sup> April 2020 at PT Kutai Refinery Nusantara, underwent training on the global Code of Conduct (Kod Etik) available. Training dated on 11<sup>th</sup> June 2018 from SDSCo/HRD F03 observed for PT Sari Dumai Sejati and SOP for Bio-Oil La Rabida Crime Prevention Manual.</p> <p>Stakeholder Engagement is continuous. No cases of Human Rights Violations were reported for the last 2 years.</p> | <p>Comprehensive, externally verified.</p> |
| <p><b>Examples of local stakeholder engagement to prevent conflicts</b></p>  |  |
| <p>There are no mills owned by Apical. There is one crusher PT Sari Dumai Sejati (SDS).</p> <p>Noted that there are records on the stakeholder engagement between the operating units and the stakeholders. Observed that the records of meetings with landscape supplier visit to PT Sawit Nasan Raya minutes meeting and participant list in PT AKC and PT SDS. There are records of stakeholder engagement in PT Asianagro Agungjaya Tanjung Balai (PT AAJ TB) such as Paker Idul Fitri 1441H and rincian Bantuan for Hari Raya details observed.</p>   | <p>Comprehensive, externally verified.</p> |
| <p><b>Progress on commitment to respect all workers' rights</b></p>  |  |
| <p>The commitment to respect all worker's rights is covered by the Sustainability Policy. Procedures and Work Instructions are established covering worker's rights. Observed that each operational level implemented the Code of Conduct (Kod Etik), established a workers union and Manual on the Crime Prevention to ensure the continuous improvement commitment and to ensure compliance at all times with effective regulations. HR handbook is available for the organization. All employees are trained at the orientation level.</p>  | <p>Comprehensive, externally verified.</p> |

|   |  |
|---|--|
| <p>Observed the Sustainability Policy mentions Human Rights and all information has been included in Serikat Pekerjaan (employee appointment letter). During the interview, we noted that there were no issues or complaints from employees or unions for PT AAJTB and induction trainings and annual refresher trainings conducted. PT KRN recorded no union and no grievances from workers. There were no court cases over 2019.</p>  |  |
| <p><b>Progress on commitment to pay minimum wage</b></p>  |  |
| <p>Progress with minimum wages is only available for Indonesia while operations in other countries (China and Spain) comply with its local authorities on wage compliance. It is a requirement to declare an employee's wage to social security.</p> <p>Observed that the minimum wage Keputusan Gerbenur, Perjanjian Kerja/ appointment letter and sample of payslip for verification for operations in Indonesia and collective bargaining agreements for the sector of Chemical Production in place for operations in Spain and effective system is in place to ensure all are paid above the agreed wages as per collective bargaining agreements.</p>  | <p>Comprehensive, externally verified.</p> |
| <p><b>Provision of personal protective equipment and related training</b></p>   |  |
| <p>The company conducts Hazard Identification, Risk Assessment and Risk Control (HIRARC) for all its plants annually to identify the Personal Protective Equipment (PPE) requirements and training needs. Other than that, the facilities conducts a Job Safety Analysis to record the risk assessment needed to be conducted before any task is implemented.</p> <p>PPE trainings recorded and details of training material with participants attendance have been verified and is available.</p> <p>Evidence verified:</p> <ol style="list-style-type: none"> <li>1. Records on replacement PPE (Pemberian dan Penggantian) workers at PT Asianagro Agungjaya, Tanjung Balai. Training record on PPE show that training was conducted dated 12 November 2019, and simulation training for emergency response was observed.</li> <li>2. PPE - safety helmet, safety boots and other included details were in the HIRARC for hazardous PPE. PPE has been identified in HIRARC and Job Safety Analysis (JSA) for each section. The record and risk assessment was observed and verified for PT Kutai Refinery Nusantara.</li> <li>3. Training on PPE dated 5<sup>th</sup> March 2019 for PT Sari Dumai Sejati and PT Apical KAO Chemical by Safety and Health Department. Noted that 24 number participants attended the training for PT SDSand PT AKC.</li> </ol> | <p>Comprehensive, externally verified.</p> |
| <p><b>Number or percentage of suppliers assessed and/or engaged on compliance with company's policy and/or legal requirements</b></p>   |  |
| <p>Apical has implemented Sustainability Anchor Programmes since 2015 for supplier prioritization and engagement as well as capacity building through field visits, face-to-face meetings and workshops. The engagement with suppliers, especially those which have been identified as a high priority, are for the adoption of sustainable practices. This is done through the Priority Supplier Engagement Programme (PSEP) and Shared Value Programme (SVP). To support their suppliers on identifying gaps against the No Deforestation, No Peat and No Exploitation (NDPE) commitments, Apical rolled out a Suppliers Self Assessment (SFA) tool.</p> <p>Noted that they conducted six Priority Supplier Engagement Programme (PSEP) visits in 2019. The workshops in Medan and Jakarta were part of the Shared Value Programme (SVP) with a total of 90 participants from 54 mills. In addition, they engaged with 349 mills as part of their Traceability Outreach Programme (TOP).</p> <p>Apical continued to work with Setara Jambi and Proforest and Daemeter (CORE) on the Responsible Sourcing from Smallholder (RSS) programme at two of their supplying mills and training a total of 220 farmers.</p>  | <p>Comprehensive, externally verified.</p> |
| <p><b>Program to support high-risk mills to become compliant with sourcing policies</b></p>   |  |

|   |  |
|---|--|
| <p>Apical recorded 33 high-risk mills (as at December 2019) Risk classification is a result of the analysis of both spatial and non-spatial data. In rating, 7-9 is considered high risk, 4-6 is considered medium risk while less than 4 is considered as low risk.</p> <p>Priority Supplier Engagement Program (PSEP) was conducted to mitigate the risks identified. To follow up, an action plan is determined promptly. As of mid-2020, 17 mills were currently in progress under PSEP. From these, four mills have completed all the follow up actions given in the action plan. One example is PTPN V Lubuk Dalam, where all points were addressed. Progress is monitored closely and technical support is also given based on the need.</p> <p>-In 2019, six supplying mills were visited to monitor legal compliance, the protection of key conservation areas including peatland, social issues involving labour and human rights, traceability, and creation of shared values of suppliers.</p> <p>PSEP is conducted internally- an action plan is drafted and shared, a person-in-charge is assigned and a deadline to fulfill all action given.<br/>The verification was conducted on 24<sup>th</sup>-28<sup>th</sup> February 2020. All action plans are to be completed within 2020.</p> | <p>Comprehensive, externally verified.</p> |
| <p><b>Regularly engages with a subset of high-risk mills</b></p>  |  |
| <p>The Mill Prioritisation Process (MPP) is a risk-based approach used to identify priority mills for deeper engagement. The process involves analyzing geospatial and non-spatial parameters to identify potential sustainability risks associated with the supplying mills. Geospatial parameters identify risks linked to fire, deforestation, protected areas, and peatlands within a 50km radius of a supplying mill. Non-spatial parameters focus on identifying issues related to communities, smallholders, and ongoing grievances that may occur in a mill's FFB supply chain, based on publicly reported information from sources such as the media and external reports. High-impact suppliers that have long-term business relations with Apical are also prioritized for engagement.</p> <p>All Apical suppliers are assessed under the MPP. Risk levels are updated yearly based on the parameters of the MPP. As of 31 December 2019, 33 supplying mills were identified as having significant potential environmental and social impacts including deforestation, development on peatland, FFB sourcing from protected areas, violation of human rights, illegal burning and worker exploitation. These mills were prioritized for engagement through PSEP.</p>                         | <p>Comprehensive, externally verified.</p> |
| <p><b>Regularly assesses and categorizes the risk level of all own and third-party supplying mills</b></p>  |  |
| <p>There are no mills owned by Apical. The Mill Prioritization Process (MPP) assessment is done monthly only to their supply chain in Indonesia to assess the risks of all mills based on spatial and non-spatial information. A detailed assessment is done by the company's Geographic Information System (GIS) team based in Indonesia on the process.</p> <p>Apical's oleochemical plant's supply is only from PT SDS. Therefore, traceability to the mill is already captured. The same applies with their three bio diesel plants - the palm oil supply is limited from its own refineries in Indonesia</p> <p>The MPP is monitored on a monthly basis. Examples observed for Agro Nusa Abadi - April 2020 - score 5, March 2020 - score 5, May 2020 - score 7 (improved from medium risk to high risk) As a result, a new category was added - FFB suppliers (1 point), publically available information on environment (1 point) through the assessment done by the company.</p> <p>The refinery in China processes refined products sourced from refineries in China and PT AAJTB in Indonesia. Therefore, the sources of oil palm apart from PT AAJTB are unknown/not declared, and currently not part of MPP process.</p>  | <p>Limited, externally verified.</p>       |


|   |                                     |
|---|-------------------------------------|
| <b>Regularly reports the risk level of all own and third-party supplying mills identified in its supply chain</b>   |                                     |
| All Indonesian suppliers are assessed under the MPP. Risk levels are updated yearly based on the parameters of the MPP. As of 31 December 2019, 33 supplying mills were identified as having significant potential environmental and social impacts including deforestation, development on peatland, FFB sourcing from protected areas, violation of human rights, illegal burning and worker exploitation. These mills were prioritized for engagement through Apical's PSEP.   | Comprehensive, externally verified. |
| <b>Progress on commitment to ethical conduct and prohibition of corruption</b>  |                                     |
| Noted that the Ethical Conducts mentioned in Surat Perjanjian Kerja for employees and Apical's Whistler Blowing Procedure (Dukung Kamu Menciptakan Perusahaan yang Bersih). This SOP coverage is for Indonesia, Malaysia and Singapore and the Anti-Corruption Policy for other countries has been applied.   | Comprehensive, externally verified. |
| Observed the RGE Core Values established and training conducted for all newcomers. Regular harmonization trainings observed to be conducted for all workforce.  |                                     |
| <b>Implementing a landscape or jurisdictional level approach</b>  |                                     |
| Landscape level considerations are captured in the Mill Prioritization Process (MPP) which is practiced only for Indonesia. A 50 km radius is assessed for each mill irrespective of the size. Monitoring is done every month using Global Forest Watch (GFW).  | Limited, externally verified        |
| As a result of the grievance assessments conducted, certain suppliers have been laid off.   |                                     |
| MPP checklist considered LPA (Legal Protected Areas) based on the publically available information KBA Kawasan Bio-Diversity.   |                                     |
| <b>Waste management system in place to avoid negative impacts</b>   |                                     |
| The company is committed to improve waste management as stated in the Sustainability Report which also links the United Nations Sustainable Development goals (UN SDGs). This is handled at the operational level.  | Comprehensive, externally verified. |
| Noted that the inventory available and management by own operating units for all operational sites. SOP Penganagan Fly/Bottom ASH, Batere Bekas, Oli Bekas and others LB3 dated May 2018, SOP Pengelolaan Limbah Cair has been established by Victor P (HSE Officer), verified by Juni Supiandi (Head HSE Dept) and approved by Julianus Taringan (GM), SOP Limbah Penegelolaan B3 and Non B3 1 Nov 2017 (revision 1). Procedure identification of waste management, storage and disposal of waste and SOP Pengelolaan Limbah Padat Revisi 1, dated 1 Nov 2017. |                                     |
| Permit records for approved contractors are available. PT Mallolo and approval storage hazardous waste verified from Dinas Lingkungan Hidup. Disposal Record - Manifest Limbah Bahan Berbahaya dan Beracun (B3) dated 21 Feb 2020, Transporter PT Indostar Cargo and PT Salam Pacific Indonesia Lines. Disposal to PT Waste International also has been observed.   |                                     |
| Waste Management at Bio Oils is as per legal legislations. Facility is also certified for ISO 14001 where certification is valid until 23 July 2021.  |                                     |
| <b>Progress on commitment to eliminate gender related discrimination with regards to employment</b>   |                                     |
| The company provides evidence of actions taken to implement its gender policies, e.g. providing training to employees on preventing discrimination and harassment, setting up dedicated teams or committees, putting processes in place to identify and tackle discriminatory practices, and having a complaints system that specifically includes gender discrimination or harassment.   | Comprehensive, externally verified. |
| Noted that each operating unit commits to eliminate gender-related discrimination by establishing a gender committee in operations, noted in perjanjian perusahaan and PKB (perjanjian Kerja Bersama) for women only as per authority requirements and also mention in BOE (Boletin Oficial Del Estado) for Spain.  |                                     |

| Programme to support scheme/plasma smallholders   |  |
|---|--|
| <p>Manual untuk Pasokan yang Bertanggung Jawab (Responsible Sourcing Manual) 2018:</p> <p>Consolidated Report; Traceability - RSS pilots with TWKL and ASL by CORE September 2019</p> <p>Rurality - Annual Report 2018; February 2019 Responsible Sourcing Manual (RSM) is developed by Apical and published to all the supplying mills considered as direct suppliers on responsible sourcing in 2018. The suppliers are encouraged to implement the best practices given in the manual which is also part of the engagement framework by Apical through the Shared Value Programme (SVP).</p> <p>The effort is undertaken in partnership with Earthworm Foundation, Proforest and Demeter, where Apical has delivered workshops through their SVP for priority suppliers on a selection of topics that take into account regional issues specific to the location of suppliers. The SVP covers the latest market trends and how international certifications such as RSPO and ISCC can be beneficial. Participants gain insights into the importance of palm oil traceability and responsible sourcing and also aspects on Indonesia's regulations on peat, mill operations and plantations, and High Conservation Value (HCV) and High Carbon Stock (HCS) requirements are also covered.</p> <p>Apical is conducting two workshops on an annual basis and in 2019, workshops in Medan and Jakarta engaged 90 participants from 54 supplying mills.</p> <p>Between 2018 and 2019, Apical conducted two pilots on Traceability and Responsible Sourcing from Smallholders (RSS) with suppliers Bunga Raya Mill, PT Teguhkarsa Wanalestari (TKWL), Buntan Besar Village in Siak District and PT ASL Mill, PT Asia Sawit Lestari (ASL), Batanghari in Jambi District. The pilots focused on mapping the supply chains of the mills to plantations and smallholders (Independent Smallholders through Dealers as well as Cooperatives/ Associated/Scheme Smallholders) and development of an app-based traceability framework where FFB can be traced from its origin to the mill.</p> <p>The RSS deployment has focused on farmers' needs to improve their livelihoods with these intended outcomes to the mill:</p> <ul style="list-style-type: none"> <li>- Assessment of environmental and social risks in the smallholder's supply base</li> <li>- Continuous improvement on risks including NDPE policy and workers' rights and reassurance of regulatory, operational, physical and reputational risks</li> <li>- Close working relationships and evidence of commitment to SHs and their communities</li> <li>- Increased SH production and quality</li> <li>- Better organization of smallholder suppliers</li> <li>- Process to monitor and communicate on work</li> <li>- To improve loyalty from FFB suppliers</li> </ul> <p>As part of the process, training has been conducted on aspects such as Harvesting, Standardization and Sortation, Health and Safety, Child Labour, IPM, fertilization, and on Burn policies.</p> <p>A total of 120 (TKWL), 100 (ASL) SH has been engaged in the piloting process. Apical is developing plans to scale up similar engagement activities.</p> <p>A similar initiative is undertaken together with Johnson &amp; Johnson and Norad at Sei Nilo Mill of PT Surya Bratasena Plantation (PT SBP) located in Riau Province under Rurality a program launched through Earthworm Foundation. A total of 777 smallholders were engaged in the process.</p> | <p>Comprehensive, externally verified.</p> |

| Programme to support independent smallholders/outgrowers   |  |
|--|--|
| <p>Responsible Sourcing Manual (RSM) is developed by Apical and published to all the mills considered as direct suppliers on responsible sourcing in 2018. The suppliers are encouraged to implement the manual which is also part of the engagement framework by Apical through the Shared Value Programme (SVP).</p> <p>The effort is undertaken in partnership with Earthworm Foundation, Proforest and Daemeter, where Apical has delivered workshops through the SVP for their priority suppliers on a selection of topics that take into account regional issues specific to the location of suppliers. The SVP covers the latest market trends and how international certifications such as RSPO and ISCC can be beneficial. Participants gain insights into the importance of palm oil traceability and responsible sourcing and also aspects on Indonesia's regulations on peat, mill operations and plantations, and High Conservation Value (HCV) and High Carbon Stock (HCS) requirements are also covered.</p> <p>Apical is conducting two workshops on an annual basis and in 2019, workshops in Medan and Jakarta engaged 90 participants from 54 supplying mills.</p> <p>Between 2018 and 2019, Apical conducted two pilots on Traceability and Responsible Sourcing from Smallholders (RSS) with suppliers Bunga Raya Mill, PT Teguhkarsa Wanalestari (TKWL), Buntan Besar Village in Siak District and PT ASL Mill, PT Asia Sawit Lestari (ASL), Batanghari in Jambi District. The pilots focused on mapping the supply chains of the mills to plantations and smallholders (Independent Smallholders through Dealers as well as Cooperatives/ Associated/Scheme Smallholders) and development of an app-based traceability framework where FFB can be traced from its origin to the mill.</p> <p>The RSS deployment has focused on farmers' needs to improve their livelihoods with these intended outcomes to the mill:</p> <ul style="list-style-type: none"> <li>- Assessment of environmental and social risks in the smallholder's supply base</li> <li>- Continuous improvement on risks including NDPE policy and workers' rights and reassurance of regulatory, operational, physical and reputational risks</li> <li>- Close working relationships and evidence of commitment to SHs and their communities</li> <li>- Increased SH production and quality</li> <li>- Better organization of smallholder suppliers</li> <li>- Process to monitor and communicate on work</li> <li>- To improve loyalty from FFB suppliers</li> </ul> <p>As part of the process, training has been conducted on aspects such as Harvesting, Standardization and Sortation, Health and Safety, Child Labour, IPM, fertilization, and o Burn policies.</p> <p>A total of 120 smallholders for TKWL and 100 smallholders for ASL were engaged in the piloting process. Apical is developing plans to scale up similar engagement activities.</p> <p>A similar initiative is undertaken together with Johnson &amp; Johnson and Norad at Sei Nilo Mill of PT Surya Bratasena Plantation (PT SBP) located in Riau Province under Rurality a program launched through Earthworm Foundation. A total of 777 smallholders were engaged in the process.</p> <p>Manual untul Pasokan yan Bertanggung Jawab (Responsible Sourcing Manual) 2018</p> <p>Consolidated Report; Traceability - RSS pilots with TWKL and ASL by CORE September 2019</p> <p>Rurality - Annual Report 2018; February 2019</p> | <p>Comprehensive, externally verified.</p> |

### 3.2 Signing by the Lead Verifier

I the undersigned, being the Lead Verifier, confirm that this report is an accurate record of the findings and of the closing meeting. I further confirm that the summary of the findings as presented in this report are a true representation of the actual findings of the Verification team.

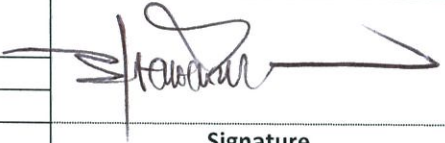
|                         |                |   |
|-------------------------|----------------|---|
| <b>Acknowledged by:</b> |                |  |
| Name:                   | Supun Nigamuni |   |
| Position:               | Lead Verifier  |   |
| Date:                   | 08-09-2020     |   |
|                         |                | <b>Signature</b>  |

### 3.3 Signing by the Client

I the undersigned, being the most senior relevant management representative of the operation seeking or holding certification, agree with the contents and verification findings as presented in this document.

I also confirm:

- Acceptance of liability in execution of the instructions given.
- That this company was made aware that the findings of the verification team are tentative; pending review and decision making by the duly designated representatives of Control Union Certifications.
- That during the closing meeting all agenda items was covered by the Lead Verifier.

|                         |                        |  |
|-------------------------|------------------------|--|
| <b>Acknowledged by:</b> |                        |  |
| Name:                   | Shreenu Singh          |  |
| Position:               | Head of Sustainability |  |
| Date:                   | 9/9/2020               |  |
|                         |                        | <b>Signature</b>   |