

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

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

Name of Management Organisation : MANDAU Palm Oil Mill, PT ADEI PLANTATION & INDUSTRY subsidiary of KUALA LUMPUR KEPONG BHD.

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

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

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

Date of Certificate Issue : 19th October 2012 Date of License Issue : 19th October 2016

Date of Certificate Expiry : 18th October 2017 Date of License Expiry : 18th October 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-4	8 th – 13 th August 2016	Bukti Bagja (Lead Auditor), Marsudi Eko Santoso, Andi Pratama Pasaribu, Radityo Puspanjana, Sahat Simarmata	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-4	30 th October 2016

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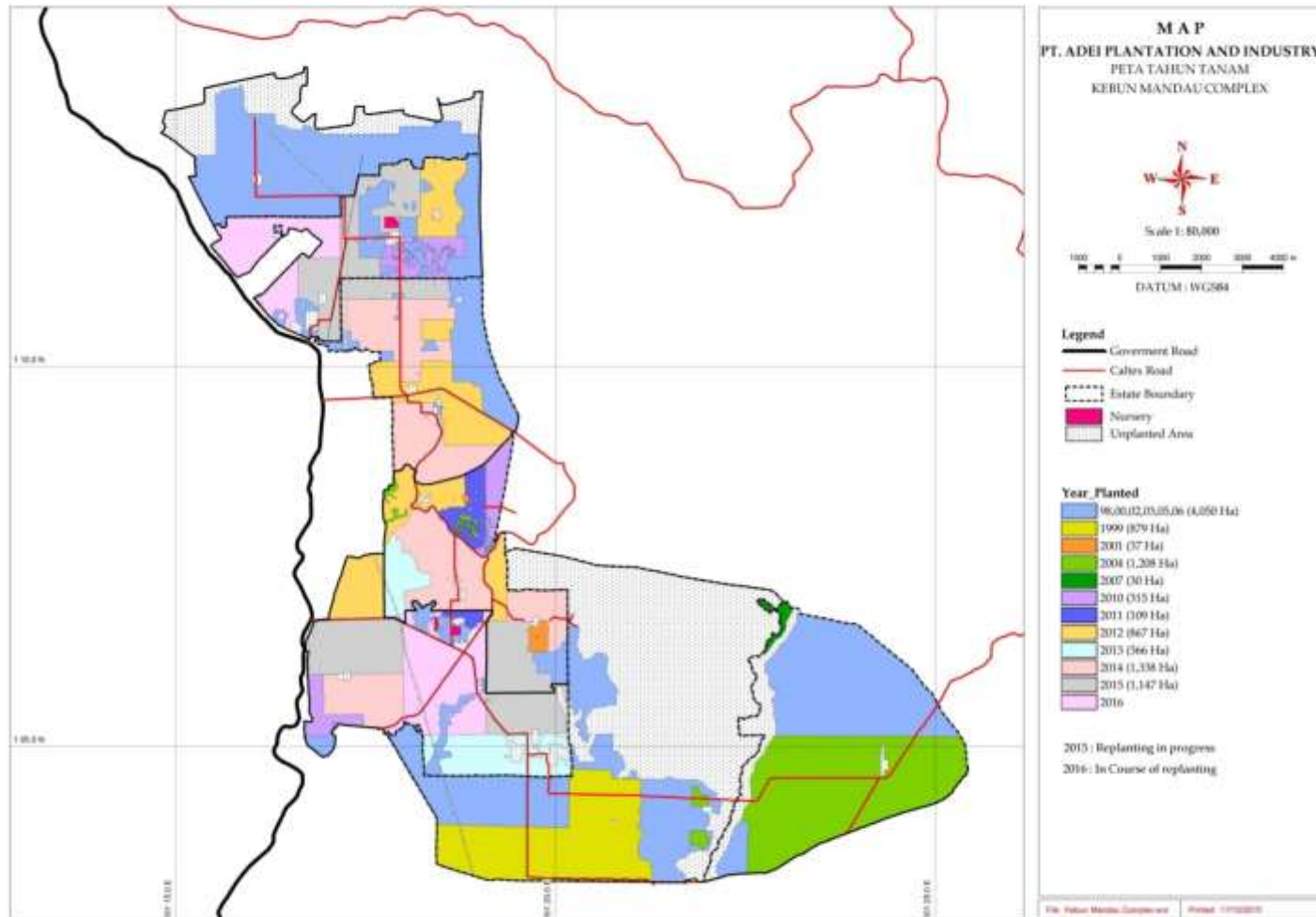
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FIGURE

Figure 1. Location Map of PT Adei Plantation & Industry



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



Glossary

AAR	:	Applied Agricultural Resources
ASA	:	Annual Surveillance Assessment
AMDAL	:	Environmental Impact Assessment
BOD	:	Biological Oxygen Demand
BPJS	:	Worker Insurance
BPD	:	Villager representative committee
BRP	:	Bayovar rock phosphat
CITES	:	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COD	:	Chemical Oxygen Demand
CPO	:	Crude palm oil
CR	:	Critically Endangered
CSR	:	Company Social Responsibility
EN	:	Endangered
EIA	:	Environmental impact assessment
FFB	:	Fresh Fruit Bunch
GHG	:	Greenhouse Gases
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha (<i>Land Use Title</i>)
IPM	:	Integrated Pest Management
ISCC	:	International Sustainability and Carbon Certification
ISPO	:	Indonesia Sustainable Palm Oil
IUCN	:	International Union for Conservation of Nature
Jamsostek	:	Jaminan Sosial Ketenagakerjaan (<i>Social Assurance of Labor</i>)
KMS	:	Kebun Mandau Selatan (<i>Kebun Mandau Selatan</i>)
KMU	:	Kebun Mandau Utara (<i>Kebun Mandau Utara</i>)
LC	:	Land Clearing
LCC	:	Legume Cover Crops
LUCA	:	Land Use Change Analysis
MOP	:	Muriate of Potash
MPOM	:	Mandau Palm Oil Mill
OHS	:	Occupational Health and Safety
OER	:	Oil extraction rate
PK	:	Palm Kernel
PPE	:	Personal Protective Equipment
POME	:	Palm oil mill effluent
POM	:	Palm oil mill
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rare trade endangered
SBRI	:	Serikat Buruh Riau Independen (<i>Riau Independent Labor Unions</i>)
SBSI	:	Serikat Buruh Sejahtera Indonesia (<i>Indonesia Prosperous Labor Unions</i>)
SOP	:	Standard Operating Procedure
SPSI	:	Serikat Pekerja Seluruh Indonesia (<i>Indonesia Labor Unions</i>)
SCCS	:	Supply chain certification system
UKL	:	Upaya Pengelolaan Lingkungan (<i>Environmental Management Efforts</i>)
UPL	:	Upaya Pemantauan Lingkungan (<i>Environment Monitoring Efforts</i>)
WTP	:	Water Treatment Plan
WWTP	:	Wastewater Treatment Plant

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT			
1.1 Assessment Standard Used		<ul style="list-style-type: none"> • <i>RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013.</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 	
1.2.1	Organisation name listed in the certificate MANDAU Palm Oil Mill - PT ADEI PLANTATION & INDUSTRY, Subsidiary of KUALA LUMPUR KEPONG Bhd		
1.2 Organisation Information			
1.2.1	Organisation name listed in the certificate		MANDAU Palm Oil Mill - PT ADEI PLANTATION & INDUSTRY, Subsidiary of KUALA LUMPUR KEPONG Bhd
1.2.2	Contact person		Sin Chuan Engoe
1.2.3	Organisation address and site address		<ul style="list-style-type: none"> • RSPO registered company: Wisma Taiko, 1, Jalan S.P. Seenivasagam, 3000 Ipoh, Perak, Malaysia • Liaison Office: Kompleks Pertokoan Taman Anggrek Blok B2-B5 Jl. Tuanku Tambusai, Pekanbaru - Riau
1.2.4	Telephone		+62-761-571885
1.2.5	Fax		+62-761-571862
1.2.6	E-mail		mi.tiong@klk.com.my
1.2.7	Web page address		www.klk.com.my
1.2.8	Management Representative who completed the application for certification		Stephen Tiong Mee Ing
1.2.9	Registered as RSPO member		1-0014-04-000-00, 18 th October 2004
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit		Palm Oil Mill and supply bases: Mandau Palm Oil Mill, (Kebun Mandau Selatan) KMS 1, KMS 2, KMS 3, KMS 4 and (Kebun Mandau Utara) KMU 5, KMU 6 and KMU 7
1.3.2	Type of certificate		Single
1.4 Locations of Mill and Plantation			
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Mandau Palm Oil Mill	Village of Tenganau, SubDistrict of Pinggir, District Of Bengkalis, Province of Riau	N 1°4'56" E 101° 19' 59"

1.4.2	Location of Certification Scope of Supply Base								
	Name of Supply Base	Location	Coordinate						
			Latitude			Longitude			
	Kebun Mandau Selatan 1	District of Bengkalis, Province of Riau		N 1°4' 39" – 1°9' 6"		E 101° 16' 55" - 101° 20' 7"			
	Kebun Mandau Selatan 2	District of Bengkalis, Province of Riau		N 1°4' 39" – 1°9' 6"		E 101° 16' 55 - 101° 20' 7"			
	Kebun Mandau Selatan 3	District of Bengkalis, Province of Riau		N 1°3' 12 – 1°6' 41"		E 101° 18' 2"-101° 21' 42"			
	Kebun Mandau Selatan 4	District of Bengkalis, Province of Riau		N 1°3' 18" – 1°6' 44"		E 101° 22' 8" - 101° 25' 6"			
	Kebun Mandau Utara 5	District of Bengkalis, Province of Riau		N 1°8' 40" – 1° 11' 9"		E 101° 17' 10" - 101° 19' 25"			
	Kebun Mandau Utara 6	District of Bengkalis, Province of Riau		N 1° 11' 9" – 1° 12' 47"		E 101° 15' 39" - 101° 19' 2"			
	Kebun Mandau Utara 7	District of Bengkalis, Province of Riau		N 1°4' 39" – 1°9' 6"		E 101° 16' 55" – 101° 20' 7"			
1.5	Description of Area Statement								
1.5.1	Tenure								
	• State				14,900 Ha				
	• Community				Ha				
1.5.2	Area Statement								
	• Total area				14,900 Ha				
	• Mature area				7,840 Ha				
	• Immature area				3,323 Ha				
	• Nursery				21 Ha				
	• Mill				41 Ha				
	• Infrastructure (Office/Housing/Roads)				203 Ha				
	• Occupation area (community conservation)				2,540 Ha				
	• Conservation Area (HCV area, riparian, water reservoirs and unplatable swamp)								
	a. HCV Area (local customary of Sakai)				201 Ha				
	b. Riparian and reserves				109 Ha				
	c. Water reservoir for POM				49 Ha				
	d. Unplatable swamp				367 Ha				
		• Others area				206 Ha			
1.6	Planting Year and Cycles								
1.6.1	Age profile of planting year								
	Planting Year	Hectarage (Ha)							
		KMS-1	KMS-2	KMS-3	KMS-4	KMU-5	KMU-6	KMU-7	Total
	1998	97	88	471	-	277	272	1,091	2,296
	1999	-	-	879	-	-	-	-	879
	2000	-	-	338	-	5	26	-	369
	2001	-	37	-	-	-	-	-	37
	2002	-	-	-	-	21	26	-	47
	2003	-	-	199	-	6	8	-	213

2004	1	22	34	1,151	-	-	-	1,208
2005	25	9	45	844	-	12	-	935
2006	-	-	18	158	-	3	-	179
2007	-	-	-	30	-	-	-	30
2010*	88	104	-	-	-	123	-	315
2011*	15	84	-	-	-	-	-	99
2012*	161	227	-	-	305	174	-	867
2013*	239	127	-	-	-	-	-	366
2014*	238	459	-	-	641	-	-	1,338
2015*	462	210	-	-	125	399	-	1,196
2016*	430	0	0	0	0	359	0	789
TOTAL	1,756	1,367	1,984	2,183	1,380	1,402	1,091	11,163

* conversion crops from rubber to oil palm

1.6.2	New Planting area after January 2010	-	Ha
1.6.3	Planting Cycle	2 nd Cycle	

1.7 Description of Mill and Supply Base

1.7.1 Description of Mill

Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
			Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
Mandau	60	216.259,43	47.363,88	21,90	11.087,70	5,13

*Source: FFB processing data in Mandau POM August 2015 – July 2016

1.7.2 Description of Certification Scope of Supply Base

Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/ year)	Supplied to Mill	
					FFB (tonnes/year)	%
Kebun Mandau Selatan 1	1,984	1,756	7,285.63	4,15	7,285.63	3.37
Kebun Mandau Selatan 2	3,334	1,367	9,970.37	7.29	9,970.37	4.61
Kebun Mandau Selatan 3	2,180	1,984	49,636.82	25.02	49,636.82	22.95
Kebun Mandau Selatan 4	2,395	2,183	53,635.94	24.57	53,635.94	24.80
Kebun Mandau Utara 5	1,586	1,380	12,757.83	9.24	12,757.83	5.90
Kebun Mandau Utara 6	1,482	1,402	13,664.07	9.75	13,664.07	6.32
Kebun Mandau Utara 7	1,939	1,091	27,281.92	25.01	27,281.92	12.62
TOTAL	14,900	11,163	174,232.58	15.61	174,232.58	80.57

*Source: FFB Production Data from August 2015 – July 2016

1.7.3 FFB description from other source

Name of sources	Organisation	Location	Supplied to Mill
			FFB (tonnes/year)
CV. Abdi Mandiri	Independent Supplier	District of Kampar, Province of Riau	17,732.64
CV. Karya Abadi	Independent Supplier	District of Bengkalis, Province of Riau	863.81

	CV. Sejahtera Jaya	Independent Supplier	District of Bengkalis, Province of Riau	9,034.91			
	CV. Putra Mandau	Independent Supplier	District of Bengkalis, Province of Riau	12,950.12			
	PT.Sekarbumi Alamlestari (RSPO Certified)	KLK Bhd	District of Kampar, Province of Riau	1,445.00			
	TOTAL			42,026.85			
	*Source: FFB received data in Mandau POM from August 2015 – July 2016						
1.7.4	Product type	FFB, CPO, PK, PKO					
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim October 19 th 2015 to October 18 th 2016 (tonnes/year)	Actual certified product October 19 th 2015 to August 12 th 2016 (tonnes/year)				
	• FFB Production	184,529	174,232				
	• CPO Production	40,910	39,202				
	• Palm Kernel (PK) Production	9,965	8,716				
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Kebun Mandau Selatan 1	1,984	1,756	7,796	4.44		
	Kebun Mandau Selatan 2	3,334	1,367	10,668	7.80		
	Kebun Mandau Selatan 3	2,180	1,984	53,111	26.77		
	Kebun Mandau Selatan 4	2,395	2,183	57,390	26.29		
	Kebun Mandau Utara 5	1,586	1,380	13,651	9.89		
	Kebun Mandau Utara 6	1,482	1,402	14,621	10.43		
	Kebun Mandau Utara 7	1,939	1,091	29,192	26.76		
	TOTAL	14,900	11,163	186,429	16.70		
	*Estimated FFB Production from October 19 th 2016 – October 18 th 2017						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO Out put (ton)	Extraction (%)	Palm Kernel Out put (ton)	Extraction (%)
	Mandau	60	186,429	41,946	22.5	10,254	5.50
	*Estimated CSPO and CSPK Processing October 19 th 2016 – October 18 th 2017						
1.9	Other Certifications						
	ISCC	EU-ISCC-Cert-DE105-83153902 (Expiry date: 28/4/2016)					
	Others	ISPO: MUTU-ISPO/030 (9 th September 2014 – 8 th September 2019)					
1.10	Time Bound Plan						
1.10.1	Time Bound Plan for Other Management Units						
	MANAGEMENT UNIT	LOCATION	Coverage	Time	Status		

			Area (Ha)	Bound	
P O M	Estate (Supply Base)				
INDONESIA					
Berau POM *)	Malindomas Perkebunan	Berau, Kalimantan Timur	7,971	2014	2017
	Hutan Hijau Mas	Berau, Kalimantan Timur	7,288	2014	2017
Jabontara POM	Jabontara Eka Karsa	Berau, Kalimantan Timur	14,086	2014	2017
KMA POM *)	Karya Makmur Abadi	Mentaya Hulu, Kalimantan Tengah	13,127	2014	2017
MAP POM *)	Menteng Jaya Sawit Perdana	Mentaya Hilir Utara, Kalimantan Tengah	6,399	2014	2017
	Mulia Agro Permai	Baamang, Kalimantan Tengah	9,056	2014	2017
Steelindo Wahana Perkasa POM	Steelindo Wahana Perkasa	Belitung, Bangka Belitung	14,065	2012	Certified
Parit Sembada POM	Parit Sembada	Belitung, Bangka Belitung	3,990	2013	Audited 2013
	Alam Karya Sejahtera	Belitung, Bangka Belitung	6,012	2013	Audited 2013
Mandau POM	Mandau	Bengkalis, Riau	14,799	2012	Certified 2012
Nilo POM	Nilo	Pelalawan, Riau	12,860	2012	Certified 2014
	KKPA	Pelalawan, Riau		2017	
Tapung Kanan POM **)	Sekarbumi Alamlestari	Kampar, Riau	6,200	2012	Certified 2013
	KKPA	Kampar, Riau	1,294	2016	2019
Gohor Lama POM (PKS LNK Stabat)	Basilam	Langkat, Sumatera Utara	2,337	2014	2017
	Gohor Lama	Langkat, Sumatera Utara	3,307	2014	2017
	Tanjung Beringin	Langkat, Sumatera Utara	4,157	2014	2017
	Maryke	Langkat, Sumatera Utara	2,827	2014	2017
	Bekiun	Langkat, Sumatera Utara	2,979	2014	2017
	Padang Brahrang	Langkat, Sumatera Utara	2,024	2014	2017
	Bukit Lawang	Langkat, Sumatera Utara	1,482	2014	2017
	Tanjung Keliling	Langkat, Sumatera Utara	2,360	2014	2017
Padang Brahrang POM ***)	No longer in operation due to technical reason				
PENINSULAR MALAYSIA					
Batu Lintang POM	Pelam	Kulim, Kedah	2,526	2012	Certified 2013

	Batu Lintang	Serdang, Kedah	2,355	2012	Certified 2013
	Subur	Batu Kurau, Perak	1,290	2013	Certified 2013
	Ghim Khoo	Kulim, Kedah	434	2012	Certified 2013
Kekayaan POM	Kekayaan	Paloh, Johor	4,436	2011	Certified
	Landak	Paloh, Johor	4,451	2011	Certified
	Voules	Tenang, johor	2,977	2011	Certified
	Bandar Tenggara	Bandar Tenggara, Johor	950	2011	Certified
	New Pogoh	Tenang, johor	1,560	2011	Certified
	Fraser	Kulai, Johor	2,932	2011	Certified
	Paloh	Paloh, Johor	2,029	2011	Certified
	Sungai Bekok	Bekok, Johor	636	2011	Certified
	Ban Heng	Pagoh, Muar, Johor	631	2011	Certified
	See Sun	Renggam, Johor	589	2011	Certified
Paloh POM		Paloh, Johor			Outside Crop
Jerang Padam POM	Ayer Hitam	Bahau, Negri Sembilan	2,640	2012	Certified
	Batang Jelai	Rompin, Negri Sembilan	2,162	2012	Certified
	Jeram Padang	Bahau, Negri Sembilan	2,114	2012	Certified
	Kombok	Rantau, Negri Sembilan	1,915	2012	Certified
	Ulu Pedas	Pedas, Negri Sembilan	923	2012	Certified
	Gunung Pertanian	Simpang Durian, Negri Sembilan	686	2012	Certified
	Sungai Kawang	Lanchang, Pahang	1,889	2012	Certified
	Renjok	Telemong, Pahang	1,578	2012	Certified
	Tuan	Telemong, Pahang	1,353	2012	Certified
Tanjung Malim POM	Tanjung Malim	Tanjung Malim, Perak	1,544	2013	Certified 2013
	Kerling	Kerling, Selangor	619	2013	Certified 2013
	Sungai Gapi	Serendah, Selangor	603	2013	Certified 2013
	Bukit Kato				Certified 2013
	Kampar				Certified 2013
Tuan Mee POM	Tuan Mee	Sungai Buloh, Selangor	1,556	2012	Certified 2013
Kuala Pertang POM	Kerila	Tanah merah, Kelantan	2,191	2013	Certified 2014
	Pasir Gajah	Kuala Krai, Kelantan	2,107	2013	Certified 2014
	Sungai Sokor	Tanah Merah, Kelantan	1,603	2013	Certified 2014
Changkat	Lekir	Manjung, Perak	3,332	2012	Certified

Chermin POM					2013
	Changkat Chermin	Manjung, Perak	2,540	2012	Certified 2013
	Raja Hitam	Manjung, Perak	1,497	2012	Certified 2013
	Allagar	Trong, Perak	805	2013	Certified 2013
	Glenealy	Parit, Perak	1,059	2013	Certified 2013
	Serapoh	Parit, Perak	936	2013	Certified 2013
	Kuala Kangsar	Padang Rengas, Perak	843	2013	Certified 2013
SABAH, MALAYSIA					
Mill 1		Tawau, Sabah		Outside Crop	
Mill 1	Jatika	Tawau, Sabah	3,508	2009	Certified 2009
	Sigalong		2,864	2009	Certified 2009
	Pangeran		2,855	2009	Certified 2009
	Sri Kunak		2,770	2009	Certified 2009
	Pang Burong		2,548	2009	Certified 2009
Pinang	Pinang	Tawau, Sabah	2,420	2009	Certified 2009
	Tundong		2,155	2009	Certified 2009
	Ringlet		1,834	2009	Certified 2009
Lungmanis	Lungmanis	Lahad Datu, Sabah	1,656	2010	Certified 2010
	Sungai Silabukan		2,654	2010	Certified 2010
Rimmer	Rimmer	Lahad Datu, Sabah	2,730	2010	Certified 2010
	Tungku		3,418	2010	Certified 2010
	Bukit Tabin		2,916	2010	Certified 2010
Bornion	Bornion	Kinabatangan, Sabah	3,233	2010	Certified 2010
	Segar Usaha	Kinabatangan, Sabah	2,792	2010	Certified 2010
	<p><i>Note:</i></p> <p><i>*) Time bound plan changed from 2014 to 2017 because it prioritizes mandatory ISPO certification.</i></p> <p><i>**) KKPA Sekar Bumi has modified time bound plan from 2016 into 2019 based on the actual conditions at this time according to the recommendations in the Report of RSPO Internal Audit on 12/2/2016</i></p> <p><i>***) Padang Brahrang POM was no longer in operation due to technical reason.</i></p>				
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard				
	PT ADEI Plantation & Industry Mandau Estate has no associated Smallholders Scheme ther is only independent FFB suppliers, so there is no plans to put others sources into certification scope of Mandau POM.				

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-4	<ul style="list-style-type: none"> • Bukti Bagja (Lead Auditor). Indonesian citizen. Master of Science in Environmental Science from University of Indonesia. More than 10 years experience in various national and international forestry and environmental projects. Certified RSPO Lead Auditor (2013) and has been involved in various RSPO assessment in Indonesia and Malaysia. He too experienced in numbers of international environmental projects in Indonesia. Had attended various relevant training i.e. Auditor/Lead auditor Management System Certification (ISO 9001-2015), EIA (AMDAL), HCV assessment, Indonesian Sustainable Palm Oil Lead auditor. Has competency in digital mapping such as: ArcGIS, MAPInfo, ER MAPPER, ERDAS Imagine. During this ASA-4 audit, he assigned to verify environmental, social conflict, conservation and supply chain aspect. • Marsudi Eko Santoso (Auditor). Bachelor degree of Agrotechnology. He has attended Auditor/Lead Auditor Management System ISO 9001-2008, awareness HACCP, Comprehension of RSPO Certification System, training of RSPO Lead Auditor, ISPO Lead Auditor Training, Awareness GHG, SMK3 Training. He works at Independent Certification Body as an auditor. During this ASA-4 audit, he assigned to verify long-term plan, land legality and OHS aspect. • Andi Pratama Pasaribu (Auditor). Bachelor of Agriculture from the Department of Agribusiness, Faculty of Agriculture, Jember University. Has attended several training such as: Auditor for Indonesian Sustainable Palm Oil (ISPO) training, Awareness RSPO, Awareness ISO 22000, Lead Auditor ISO 9001:2008 and High Conservation Value. Previously worked as an operational staff in private oil palm plantations. Currently worked as an auditor at Certification Body. In this ASA-4 audit, he focused on social and worker welfare aspects • Radityo Puspanjana (Trainee). The Agriculture Scholar of Andalas University, Padang, West Sumatera. He was working as honorarium Officer at the Riau Province Plantation Agency in the division of huge estate for 1 year. The participated trainings are Survey and Mapping (GIS) Training which was held by National GMT, ISPO auditor training and RSPO Awareness In House Training. During this audit, he covered conservation, transparency and complain mechanism. • Sahat Simarmata (Auditor). Bachelor in Agriculture Protection, Faculty of Agriculture, University of Sumatera Utara, Medan. Holds Master of Science in Environmental Biology, School of Environmental Science and Management, University of the Philippines Los Banos, Filipina. Works in Directorate General of Plantation, Ministry of Agriculture for 32 years. Was active in field test of P&C RSPO implementation, team of ISPO P&C formulation and socialization. Attended various formal training: ISPO auditor, In house training training and awareness of RSPO certification. During this ASA-4 audit, he assigned to verify best management practices and integrated pest management.
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ASA-4	Number of auditors : 4 auditors Number of days for ASA-4 at site : 5 days Number of working days for ASA-4 at site : 20 Working days
2.2.2	Assessment Process
ASA-4	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Adei Plantation & Industry to the requirements of RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013, and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</p> <p>The assessment was conducted in three methods: (1) document review, aiming at observing the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ASA-4 delivered by the MUTU auditor to the management unit and</p>

the results are the subject will be verified at the next assessment phase (**Recertification**).

Improvement of previous assesment findings were observed by auditors at this **ASA-4** assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **ASA-4**.

The complete assessment program can be found in Appendix 2

2.2.3	Location of Assessment
ASA-4	<p>The number of management units are 7 Estates (4 estates in Mandau Selatan and 3 estates in Mandau Utara) that supplies FFB material to Mandau palm oil mill. In conducting the assessment, auditor team use the formula $0.8\sqrt{y}$ to determine level of sampling and consider the issues that arising from the stakeholders. Based on this formula, the auditor team was determine the location of the sample is 1 unit mill and 3 Estates (Mandau Selatan 3 Estate, Mandau Selatan 4 Estate and Mandau Utara 7 Estate).</p> <p>Mandau Selatan 1 (KMS-1) Estate:</p> <ol style="list-style-type: none"> Fire fighting facilities of South Mandau Complex at KMS 1: All fire fighting facilities were in status of ready to use, consists of 2 mobile tanks with capacity 5000 litres each, equipped with three intergrated water pumps, hose, nozzles, PPE for fire fighting team (helmet, wearpack, eyeglass, and sagerty shoes). Temporary hazardous waste storage (TPS LB3) for South Mandau Complex at KMS 1 estate: Temporary storage has complied to standard requirements such as: separated from surrounding environment, ventilation, and fire proof material, eye shower for emergency cases, arrangement of waste items by category, SOP of waste handling and waste logbook. Central Fertilizer Store of South Mandau complex in KMS 1 estate: fertilizer sacks have been kept separated from other materials, isolated from surrounding environment, equipped with ventilation. Safety signboard available properly. All items have been well arranged by category, Material Safety Datasheet (MSDS) available. Pesticide Warehouse. Observation of pesticide storage area, equipped with pallets, symbol, label type of pesticide, flow trap, first aid box, the availability of fire extinguisher and MSDS. <p>Mandau Selatan (KMS-3) Estate:</p> <ol style="list-style-type: none"> HGU boundary markers number 98, 100, 102, and 213 at Block 1 Division 8, KMS 3: All HGU markers were in good condition and well maintained. Company esatblished ditch to prevent FFB stealing. Domestic Waste Disposal (TPSA) at KMS 3 Estate, Block PR 13B, Division II, estate KMS 3: All domestic waste from estates and mills goes to the waste disposal (landfill). Organic and anorganic waste still mixed. Some items of hazardous waste (oile filters) found dumped in to the landfill, and the area is open to trash picker. Harvesting at KMS3; Division 10; Block P08: Observation and interview with harvester and harvesting supervisor regarding to harvesting procedures, payments, PPE usage and knowledge about company's policy, animal protection and conservation area. Fertilizing in Division 10, Block P14: Observations and interviews with workers spraying regarding restrictions on pregnant and lactating women working in the areas of chemicals, so workers transferred on work light and is free of chemicals, all employees of the status of permanent employees, granting of maternity leave for 3 months, granting menstruation leave for 2 days, workers mandatory use of PPE, PPE damaged will be replaced, there are no complaints of workers, workers aged at least 18 years, the extract pudding, socialization of the animals being protected and HCV areas, periodic health examinations, workers know Gender Committee to handle problems related to gender. Spraying in Division 10; Block P08 (140 Ha): Observation and interview with chemical applicator regarding to chemical weeding procedures, safety herbicide application, PPE usage, former herbicide jerry management and payments. Premix area in KMS 3 central office complex: Observation and interview with premix area officer to clean floor, sloping surface, drying room, PPE, secondary containment, and body shower. Integrated Pest Control (barn owl box) in Division 10, Block P14, Gupon number SB09: BoB number

- SB09 was in good condition and functions well. The barn owl was still active and healthy.
8. **Integrated Pest Control (beneficial plant) in Block P09, Divisi 10:** beneficial plant, consist of *Turnera subulata*, has been well maintained along the roadside
 9. **Protected areas of Penaso River Buffer zone in Estate KMS 3:** HCV area signboard available, no indication of chemical treatment, natural vegetation maintained.
 5. **Housing complex of KMS:** Observation of the availability of infrastructure such as employee housing facilities, water facilities, educational facilities, religious facilities, health facilities, waste management, fire extinguishers and response to the employee complaint.
 6. **Harvesting, blok PE08 Division 10.** observation and interview with harvester and supervisor regarding to harvesting activity, payments and PPE usage.
 7. **Manuring, Block PE014 Division 10.** Observation and interview with fertilizer applicator regarding to manuring procedures, PPE usage, payments, complain mechanism etc.
 8. **Barn owl box, Block P014 Division 10.** Observation rat control by using natural predator *Tyto alba*.
 9. **Chemical weeding, Block P08 Division 10.** Observation and interview with pesticide applicator and supervisor about application procedures, payments, occupational safety and health implementation and non chemical area.
 10. **Housing complex.** Observation and interview with employee regarding to housing facilities, domestic waste management and company policy's implementation.

Mandau Selatan (KMS-4) Estate:

1. **Spraying in Division 2; Block BN05 (160 Ha):** Observation and interview with chemical applicator regarding to chemical weeding procedures, safety herbicide application, PPE usage, former herbicide jerry management and payments.
2. **Harvesting in Division Divisi 3; Blok BN09L:** Observation and interview with harvester and harvesting supervisor regarding to harvesting procedures, payments, PPE usage and knowledge about company's policy, animal protection and conservation area.
3. **Fertilizing in Divisi 16, Blok BN08:** Observation and interview with fertilizer applicator regarding to chemical weeding procedures, safety herbicide application, PPE usage, former herbicide jerry management and payments.
4. **Premix area in KMS 4 central office complex:** Observation and interview with premix area officer to clean floor, sloping surface, drying room, PPE, secondary containment, and body shower.
5. **Integrated Pest Control (barn owl box) in Division 16, Block BN17:** BoB in good condition and functions well. The barn owl was still active and healthy.
6. **Integrated Pest Control (beneficial plant) in Block BN17, Divisi 16:** beneficial plant, consist of *Turnera subulata*, has been well maintained along the roadside
7. **HGU boundary markers number 98, 100, 102, and 213 at Block 1 Division 8, KMS 3:** All HGU markers were in good condition and well maintained. Company established ditch to prevent FFB stealing.
8. **Warehouse of KMS 4:** Observations and interviews with the head of the warehouse and worker, regarding salary, promotion, performance appraisal, the existence of labor union, compliance with PPE use, regular health checks and worker complaints submitted directly to the supervisor.
9. **Workshop on KMS 4:** Observations and interviews with the heads of the workshop and workers regarding the use of PPE, implementation of Occupational safety and health.
10. **Clinic:** Interviews with doctors from the company, the trend diseases employee, report workplace accidents, health care of workers, periodic medical examinations, assessment of house environment, the work program committee of gender, facilities and infrastructure of medicine, the discussion of workplace accidents, meeting P2K3 routinely done every month to discuss about Occupational Health and Safety.
11. **Landfill, Block BN 03.** Domestic waste management.
12. **Boundary pole no. BPN 86, BPN 88 and BPN 81.** Observation of boundary pole maintenance.
13. **Agrochemical storage:** Observation agrochemical management, OHS implementation and emergency response.
14. **Generator set.** Observation and interview with operator regarding to OHS implementation and environmental management.

Mandau Utara (KMU-6) Estate:

1. **Final domestic waste disposal facility (TPSA) in KMU 6 estate, Block I27, Divisi 4:** Company has provided domestic waste disposal (landfill) facility for organic and anorganic waste. No indication of pollution from open dumping.
2. **Fire fighting facility for Kebun Mandau Utara complex at KMU 6 estate:** All fire fighting facilities located at Central Workshop of Kebun Mandau Selatan in KMS 1 estate. All fire fighting facility were in status of ready to use, consists of 2 mobile tanks with capacity 5000 liter each, each tanks was equipped with three pump machine, hose, nozzles, PPE (helmet, wearpack, eyeglass, and sagerty shoes).
3. **Temporary hazardous waste storage (TPS LB3) for Kebun Mandau Utara in Estate KMS 6 store:** Temporary storage complied to standard requirements such as: separated from surrounding environment, ventilation, and fire proof material, eye shower for emergency cases, arrangement of waste items by category, SOP of waste handling available as well as waste logbook.
4. **Central Fertilizer Storage of North Mandau complex in KMS 6 estate:** fertilizer stocks have been all kept separated from other materials, isolated from surrounding environment, has proper ventilation. Safety signboard available and all items has been arranged by category. Material Safety Data Sheet (MSDS) available for all materials.

Mandau Utara (KMU-7) Estate:

1. **HGU marker poles number 6, 7, 8 in KMU 7 estate:** All HGU markers were in good condition and well maintained. Company established trench to prevent FFB theft.
2. **Harvesting in Block 98B3:** Observations and interviews on labor issues, include: remuneration in accordance with applicable regulations, the worker's age at least 18 years, P2K3 regularly conduct meetings every month, the evaluation of the suitability of PPE goggles by experts OSH, compliance with the use of PPE for workers.
3. **Fertilizing in Blok PM98B (TP09-107):** Observations and interviews with workers manuring regarding restrictions on pregnant and lactating women working in the areas of chemicals, so workers transferred on work light and is free of chemicals, all employees of the status of permanent employees, granting of maternity leave for 3 months, granting menstruation leave for 2 days, workers mandatory use of PPE, PPE damaged will be replaced, there are no complaints of workers, workers aged at least 18 years, the extract pudding, socialization of the animals being protected and HCV areas, periodic health examinations.
4. **Spraying in Block 98B2 (79):** Observations and interviews with workers spraying regarding restrictions on pregnant and lactating women working in the areas of chemicals, so workers transferred on work light and is free of chemicals, all employees of the status of permanent employees, granting of maternity leave for 3 months, granting menstruation leave for 2 days, workers mandatory use of PPE, PPE damaged will be replaced, there are no complaints of workers, workers aged at least 18 years, the extract pudding, socialization of the animals being protected and HCV areas, periodic health examinations, workers know Gender Committee to handle problems related to gender.
5. **Integrated Pest Control in Block 98B4 (107):** BoB was not in good condition. However the barn owl was still active and found three eggs.
6. **Integrated Pest Control (beneficial plant) in Block PR15B:** beneficial plan, consist of *Turnera subulata*, has been well maintained along the roadside
7. **Premix area in KMU 7 central office complex:** Observation and interview with premix area officer to clean floor, sloping surface, drying room, PPE, secondary containment, and body shower.
8. **Health facility.** Observation and interview with medical officer regarding to clinic management, hazardous and poisonous waste management.
9. **Workshop.** Observation and interview with workshop officer (mechanic, welder and wheel tractor operator) regarding to worker competency, environmental management and emergency response system.
10. **Generator set.** Observation and interview with operator regarding to OHS implementation and environmental management.
11. **Cooperative.** Observation of water facility for worker.
12. **Housing complex.** Observation and interview with employee regarding to housing facilities, domestic waste

management and company policy's implementation.

Mandau POM

1. **Weighbridge:** Observations and interviews on how grading, sampling up to the criteria in grading FFB
2. **Loading Ramp Mandau POM:** Observations and interviews on how grading, sampling up to the criteria in grading FFB
3. **Biogas Installation:** Total capacity is 36.000 Kw per days, generated from POME processing with capacity 720 m³ per day. The installation has two units of generators with 1 MW each. The installation can processes 25.000 – 27.000 m³ of methane / day.
4. **Waste Water Treatment Installation (WWTP):** WWTP ponds were all in good condition and functioning well. Height of waste water surface around 50 – 100 cm. No indication of leakage to natural water ways as all outer dykes were all maintained. Nevertheless, some inner dykes (between ponds) were not yet well maintained and needs improvement. Sighted in sedimentation pond that peoples could broke into the pond easiliy, mostly for picking wild watercress (kangkung), no appropraite safety signboard or fences to prevent peoples from breaking in to the ponds.
5. **Land Application in Block PE 08 T5, Division 2, KMS 3:** In general, no indication of POME leakage from land application activities. All flat bed functioning well. Some flatbeds found nearly over flowing (observastion).
6. **Ground water monitoring well in Block PE 08 T6, Division 2, KMS 3:** Monitoring well functioning properly, ground water had normal pH level and no indication of ground water pollution by land application intrusion.
7. **Security gate.** Interview with security officer regarding to FFB receiving procedures and CPO/PK dispatch procedures.
8. **Processing station** (sterilizer, thresher, tippler, boiler, engine room, water treatment plan, hazardous and posionous storage and dispatch station). Observation and interview with operator regarding working competency, OHS implementation, environmental management and company policy's has been socialized.
9. **Processing stations** (sterilizer, thresher, tippler, boiler, engine room, water treatment plan, hazardous material, hazardous waste material and despatch station). Observation and interview wiith operator in each stations regarding to working competency, implementation of OHS and environmental management, payments and awareness of company's policy.

2.3 Stakeholder Consultation and Stakeholders Contacted	
2.3.1	Summary of stakeholder consultation process.
ASA-4	Summary of stakeholder consultation process Consultation of stakeholders for PT Adei Plantation & Industry was held by: Public Notification 14 days on Mutuagung Website before Assessment Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local stakeholders on 9 and 10 August 2016. Numbers of input from stakeholders were clarified by PT Adei Plantation & Industry – Mandau Estate
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4 Determining Next Assessment	
	The next visit (Recertification) will be planned on <i>July 2017..</i>

3.0 ASSESSMENT FINDINGS

1.6.2 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Mandau POM – PT Adei Plantation & Industry Subsidiary of Kuala Lumpur Kepong Bhd operation consisting of one (1) mill and seven (7) oil palm estates.

During the assessment, there were one (2) Nonconformities were assigned against Major Compliance Indicators, three (3) Nonconformities were assigned against Minor Compliance Indicator(s), and four (4) opportunity(s) for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s) e.g. (document record/photographic/etc.). Those corrective action(s) taken that consist of two (2) Major non-conformities had been closed out shall be verified during next assessment.

The corrective action consisting of two (2) Major nonconformities have been fulfilled and will be re-verified in the next assessment visits.

MUTUAGUNG LESTARI found that Mandau POM – PT Adei Plantation & Industry Subsidiary of Kuala Lumpur Kepong Bhd complied with the requirements of **RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria for Sustainable Palm Oil Production on April 2013 (Generic Standard) and Supply Chain Requirement for CPO Mill, November 2014.**

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **Continued**.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
1.1.1	Information that has to do with issue of environment, social and legal are given by PT Adei Plantation & Industry to several parties in form of reports like report of plantation business progress during period of July – December 2015 and on period of January – June 2016. The management unit showed the evidence that the report has been received by Bengkalis District Plantation and Forestry Agency on August 6th 2015.	
1.1.2	Record of information request and response are written on the <i>logbook</i> of information request or socialization and consultation. For example, Mandau POM received 6 letters during period of 2016. For example, letter from Bengkalis District Environment Agency on January 21 st 2016 in form of request for: request information and field visit ensure contamination penaso river, for a while for the time being cannot be ascertained because the results of laboratory tests. Company responding to information requests by referring verification greffrance stakeholders base on questionnaire.	

Company conduct socialization to stakeholders, such as of the socialization conducted on April 30 2016 related to the list of stakeholders and mechanisms of information requests, which involved the local community. Base on interview with village head Muara Basung, Tenggenu and Penaso, Companies providing fast responses to information requests from stakeholders and surrounding community has been understand the mechanisms of information requests.

Status : Comply

1.2

Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

1.2.1

Well documented on the list of main documents which were revised on April 13th 2015. It was approved by Senior General Manager. List of main documents classified the documents into publicly-accessed documents and confidential documents. The confidential documents is for example the Statistic of Statistik and the publicly-accessed documents are the documents that have to do with RSPO principles. The documents are composed based on code. For example: Code of RSPO – 1 in term of RSPO criteria and its description.

Code of RSPO – 2 in term of RSPO SOPs

The publicly-accessed documents are: Documents in term of RSPO Criteria and Principle, Logbook of information request/socialization, consultation and communication, Logbook of complaint/disgruntle and assistance request, File of individual training, List of training attendance and assessment, Internal audit, External Audit, HCV Report, Report of Water Analysis Result

The publicly-accessed OHS documents are: Training Program, Report of Medical Check Up, PPE Purchase Cost, Costing book of chemicals, Minute of meeting of Gender Committee, Report of Work Accident, Minute of Meeting of OHS Guiding Committee. The document's retention period is 5 years.

Companies have a document of general the are in each estate office, for examples of mandatory reports submitted by the company to the relevant agency, for example LPUP, WLTk, P2K3 and Implementation report RKL –RPL. The Company has a reporting program implementation and realization are then submitted to the relevant stakeholders.

Meanwhile, the confidential documents are: Incoming letter from General Manager, Internal Audit Accounts, Progress Report, Yield Statistik, Management Meeting.

Status: Comply

1.3

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

1.3.1

Commitment over the ethic behaviour on entire operational and transaction is written on the guideline of attitude for employees dated October 1st 2014. The ethic behaviour is attached on point 4.6 in term of law compliance like: "the groups should comply all the applied law, regulation and rules of the government, authority and general term on the legal area where the group is operating. The employees are expected to understand and aware of the policy and regulation of the position and/or their job including not only to the Act that have to do with anti money laundering, funding over terrorism, anti corruption, protection over personal data and rivalry. The group has right to report any actions or program that has to do with criminality to police or related institution. The results of interviews with workers, contractors and local community recognized that the policy has been informed to them.

The Company has conducted socialization related to the ethical conduct policy to workers and staff, conducted by field assistants every morning briefing. Disseminating a nonverbal, for example installation of the policy board on the office wall estate and mill office.

Based on interviews with employee related to understanding of policies related to ethical behavior performed on various lines of workers, for example head of administration, officers of scales, foreman and sortation officers.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

2.1.1

The company has record of compliance with local, national and international regulations, such as:

- The document land rights of concession and location permit for all operating areas.
- Plantation Business Documents for oil palm plantation and Palm Oil Mill.
- Document of the environmental impact assessments for all its operations.
- Documents of temporary storage permit for Hazardous waste.
- Provide workers' wages in accordance with the minimum wage set by the government.

2.1.2

The company has a mechanism to identify, implement and evaluate compliance with laws related to oil palm plantations that are described in the SOP 2. Regulatory and the law Compliance. Based on this mechanism, the company identified 250 laws and regulations that must be met and all copies of the regulations stored at the office, for example:

- National regulations: PP 46 2015 on the implementation of old age security program;
- Riau Governor Decree No. 573 2016 About the Minimum Wage Sub Sector Oil Palm And Rubber Plantation Industries And in Riau Province Year 2016.
- Regulation of the Minister of Agrarian and Spatial No. 18 2016 on the Control of Land Tenure Agricultural land use in accordance with Land Use Permit (plantations)

2.1.3 & 2.1.4

The evaluation of the regulations, carried out once a year through the monitoring the regulations by personnel responsible activity, and the results are documented in the regulatory compliance, conformity status, expiry date, and the person in charge of implementation. There are records of the results of evaluation of evidence the regulations, which have been filled (up date in June 2016)

Status: Comply

2.2

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

2.2.1

The Company has the right to land in the form of Land Use Permit No. 1 based on the decree of the Head of BPN No12 / HGU / 1990 dated July 10, 1990 covering an area of 14,900 hectares, is valid from 10 July 1990 s / d 31December 2020 is located in the village of Tengga

nau, Balai Raja, Muara Basung, Semunai, Titian Antui, District of Pinggir.

2.2.2

The company has been monitoring the legal boundary markers every 6 months. Test results July 13, 2015 and 19 April 2016 shows that all the conditions boundaries pole (34 boundary markers) in PT Adei – Mandau in good condition. The results of the field visit showed that the legal boundary markers 6, 7, 8, 100, 102, 98, 213, 86, 88, 81 are found in maintained condition.

2.2.3

There is no issue of land dispute or conflict during period of 2015 – 2016. It is supported by the result of interview with the locals of nearby estate such as Muara Basung, Semunai and Penaso Village. Meanwhile, the conservation area for Sakai tribes indigenous people has been agreed by the parties and has been obviously mapped.

2.2.4

Based on documents review, it was noted that no ongoing land disputes occurred upon implementation of the surveillance audit. The most recent land dispute case was in 2004 and had been resolved through negotiation and compensation payments. According to area statement document, planted area of PT. Adei P & I in the last two years tends to increase due to the conversion of the rubber into oil palm, while there was no decrease caused by land claims.

Hectare statement of year 2016 records some enclaved areas inside HGU that can not be acquired by the company because people had been utilized the land prior to the issuance HGU of PT. Adei P & I. The enclaved area are: enclave Tanah Putih in KMU 7 of 919 hectares, enclave Simanjuntak and Butar-butur in KMS 3 area of 4.5 hectares, and Jiat enclave in the Penaso Village area of 1621 hectares.

The following public consultation result confirmed that there was no indication of conflict between PT. Adei with surrounding communities or the public:

- Interviews with a representatives of people from the village of Kuala Penaso, Muara Basung, and Village Semunai. on August 10, 2016
- Field verification in sample estates on 9 November 2016
- Consultation with Land Administration Office (BPN) Bengkalis Bengkalis and Plantation Office.

2.2.5

For conflict resolution with the community (if there is any), the company has SOP No. 26 regarding the Procedure of Land Dispute Settlement. The SOP describes methods of conflict resolution for three types of disputes: land dispute / boundary dispute, Land Occupation (Squatter Dispute), and other social conflicts.

PT. ADEI P & I has communicated the SOP to the relevant parties, including surrounding communities, for example: socialization with the Muara Basung and Tenggau village in KMS2 Office on April 17, 2012 (available list of attendance including socialization materials: RSPO principles and criteria, HCV, complaints and procedures, and human-elephant conflict), socialization in KMS4 for peoples from Ds Beringin and other villages around oil palm plantations April 21, 2012.

2.2.6

PT Adei P & I has a policy for conflict resolution without use of forces and para-military deployment. The policy was signed by GM PT. Adei P & I (Mr. Syed Zainal), dated August 12, 2015 with the contents of policies:

1. Commitment to not using para military and forces in the plantation operations.
2. The use of state security forces (such as the army or police) is only allowed temporary and / or if there is an incident involving security issues.

A field visit in the village of Muara Basung and Penaso confirmed that there was no indication of the use of force and the military in dispute resolution. Example of cases:

- All cases of fruit theft by unscrupulous people handed over to the police office (local police and district police).

Not coercing to get concession land including on lands that can not be acquired.

Status: Comply

2.3

Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

2.3.1

Based on public consultation with related stakeholder such as government agency and local community leader in Kuala Penaso, Semunai and Tenggau Village, there is no customary land in the operational area. The HCV report on 2011 shows that there is HCV 6 as sacred cemetery of Datuk Berdarah Putih (sacred figures of Sakai Tribes). Enclave area of Sakai Tribes has been mapped with scale 1 : 70.000.

2.3.2, 2.3.3 and 2.3.4

Traditional right within PT ADEI P&I Mandau Estate area is the land of Sakai Melayu tribe. Therefore, the company has admitted the traditional right through declaration letter of Regional Director of PT ADEI P&I Mandau Estate No. TKY/2013/047, dated December 4th 2013 in term of site determining for Mandau Estate status.

According to the letter, the conservation area of indigeneous people (Sakai Melayu Tribe) within Land Use Title (HGU) area of PT ADEI P&I for ± 2,540 Ha. It complies the result of "Resume of Meeting for determining area discussion for conservation area of PT ADEI P&I and area of HTI PT ARARA ABADI Duri District as the replacement for PT ADEI P&I estate area on April 13th 2000 from the Riau Province Forestry and Plantation Department.

The area has been expelled from the estate operational area despite the area still officially belong to the company's Land Use Title (HGU). All form of communication (oral and written) to the associated parties including the indigenous people nearby estate is using Bahasa Indonesia.

Process of land compensation has been conducted by the company during the early period of land clearing during 2003 to 2007. Document of declaration paper, official record of Sagu Hati Tanah payment, map of collective cadastral measurement between the company and land owner to the land owner. All documents are known by the representatives of their community like chief of village, Batin Suku Sakai and Headman of Sub-District (associated).

Status: Comply

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

3.1

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

3.1.1

The company has the financial documents estimate for the period 2014/2015 - 2016/2017 in this document contains information concerning the operational expenditure estimates in POM and Estate, the company revenue estimation (POM and Estate), estimates the company's profit from the period 2013/2014 up to 2023 / 2024. Annual Budget (Estimate for financial year 2013/2014). Plants and financial projections for 5 years. The Company also has SOP 50. Monitoring to increase best practice.

There is a recording of a performance evaluation meeting (Exco Meeting) as the meeting dated 30 November 2015 which was attended by the President Director, Reginal Director, GM Mandau and Senior Manager. The meeting discussed regarding labor, production achievement, review of the costs, EFB and Decanter program, slow moving stock, vehicle Adequacy and achievement of OER.

3.1.2

There are no replanting program, but there's a conversion from rubber to oil palm. The Company has a Letter of Agreement Extension Conversion of rubber trees to oil palm of Integrated Licensing Service Agency No. 503 / BP2T-IR / 360 is valid until 2016. At ASA 4 assessment, known that the PT Adei Plantation - Mandau fully cultivate oil palm with a total area planted is 11,184 ha (all is oil palm planted area). Planting the last in March 2015 - April 2015 was 933 hectares.

Status: Comply

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

The company has SOP for each work item whether cultivation or processing stage. For example:

- **SOP of Agronomy Practices**

SOP of cultivation is written on the technical guideline of Palm Oil Mill of PT KLK Agriservindo. It describes the work technical:

- Replanting which covers zero burning land clearing (written on SOP 4/ of Replanting and GP/AGRIC/OP7).
- Nursery (GP/AGRIC/OP7 part of replanting).
- Block Identification (GP/AGRIC/OP9).
- Road construction and drainage digging (GP/AGRIC/OP10).

- Land maintenance including weed control (GP/AGRIC/02).
- SOP in term of Nutrition/manuring (SOP 12. Estate and GP/AGRIC/03).
- Palm oil plant planting on mineral soil (SOP 34).
- Palm oil plant planting on peat soil (SOP 32).
- There is a recommendation of manuring program from PT AARI and safe manuring method on the Safety Operating Procedure on point 10.
- SOP of integrated pest management (SOP 7. and GP/AGRIC/OP5).
- Soil and Water Conservation (GP/AGRIC/OP5).
- Erosion Control (SOP 13. Estate).
- Conservation area identification and management i (SOP 15. Estate).
- Harvesting (SOP ISPO 37).

SOP of Mill Processing

Procedure of FFB processing is written on the SOP for Mill Operation in form of the standard procedure for palm oil mill the procedure covered the Sop for weightbridge, loading ramp, rebusan, tippler and tresher, digester, press, oil room, depericarper, nut cracker, kernel silo, boiler house, power plant and EFB mulching Station, FFB receipt (SOP for Weighbridge Station), FFB processing on the SOP of each Station (Loading Ramp Station; Sterilization Station, Hoist and Threshing Station, Digester Station, Press station, Depiricarper station, Nut Cracker Station, Kernel Silo, Boiler House, Power station and CPO Dispatch).

Based on interviews with mill workers and estate workers, known to the workers understand the SOPs and has been applied by workers.

According to the result of field visit and public consultation with the agencies and the locals nearby estate, the land clearing has concerned the environment principles like zero burning. Based on the result of field visit and interview with the manurers, the manurers have known the procedure of manuring program such as fertilizer dose, method of spreading, PPE use and environment aspect. It showed that the implementation of manuring program based on proper dose of the manuring recommendation derived from the research outcome has been conducted. It is supported by the result of field visit that for POM operational, the workers have been working based on the SOP.

4.1.2

The company has inspected the procedure implementation regularly for estate and POM like Harvest Audit conducted by Internal Auditor the Company, that SOP GAP managing soil fertility (fertilization) has been implemented. For example fertilization audit result of Estate of Mandau Utara 7 on 9th April 2015 that fertilization has done well (value 94), consist of fertilizer placement correctly, fertilizer evenly and circle clean.

4.1.3

Records of monitoring and implementation that must be well maintained and available in form of:

1. Record of the result of estate operational written on the monthly period on the Progress Report for North and Mandau Selatan Estate which are the accumulation of each Estate (Estate of Mandau Selatan 1; Mandau Selatan 2; Mandau Selatan 3; Mandau Selatan 4; North Mandau 5; North Mandau 6 and North Mandau 7).
2. Record of mill's operational on Valuation of Mandau POM 6th August 2016 by Mandau Central Laboratory Team (MCL) consist of CPO production, FFA, Moisture, kernel production, shell production, Oil Extraction ratio (OER), Kernel Extraction Ratio (KER).

4.1.4

For the purposes of the application of the supply chain system, company has compiled:

1. SOPs for incoming FFB verification, either from its own sources or from outside sources.
2. SOP number 45 dated April 4, 2015 regarding FFB reception procedures. The SOP explains that requirement of all outside FFB, including conditions that all FFB should originated from legal sources and not from state forest area encroachment. All approved supplier are required to make a self-declaration of willingness to supply the fruit from legal sources.

All contractors are bound to be a supplier based on contract. At the time of the ASA-4 audit, there are 4 active contractors supplying FFB. Examples of the contract are as follows:

- CV. Abadi Mandiri in accordance with contract number MDU-060 / TBS / I / 2015 dated January 5, 2016
- CV. Karya Sejahtera with contract number Adei-MDU / 058 / TBS / VII / 2015 dated July 22, 2015

a. Certified FFB source

Details	Planted Hectarage (Ha)	Incoming FFB (MT)	
		Total	%
Ladang KMS 1	397.00	5,805,130	3.32
Ladang KMS 2	571.00	7,952,640	4.55
Ladang KMS 3	1,984.00	38,168,900	21.85
Ladang KMS 4	2,183.00	41,316,960	23.66
Sub total KMS	5,135.00	93.243.630	53.38
Ladang KMU 5	309.00	10,246,810	5.87
Ladang KMU 6	495.00	10,791,840	6.18
Ladang KMU 7	1,091.00	21,291,770	12.19
Sub total KMU	1,895.00	42,330,420	24.24
Total	7,030.00	135.574.05	77.62

b. Uncertified FFB source:

Details	Incoming FFB (MT)	
	Total	%
CV Abdi Mandiri	17,321,100	9.92
CV Sejahtera Karya	7,906,780	4.53
CV Putra Mandiri	13,363,096	7.65
PT Sekarbumi Alamlestari	498,850	0.29
Total	39,089,820	22.38

Status: Comply
4.2
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.
4.2.1

The company has had the SOP of Soil Fertility Management for Optimum Productivity that describes e.g. recycle of Palm Oil Mill waste and fronds residue of pruning, mangement of marginal land - sandy, poor organic matter, podzolic, peat soil.

Such SOP has been implemented and been monitored. For example, application of empty bunch in f.y. 2015/2016 in Kebun KMS4 (3 tons/Ha), they are in Block BN04A (2,937 tons), Block BN04B (1,743 tons), Block BN04C (869 tons), Block BN05A (105 tons), Block BN05B (2,006 tons), and Block BN06B (57 tons).

The result of Harvest Audit conducted by the Company Internal Auditor shows that SOP of Good Agricultural Practices of Soil Fertility has been carried out properly. For example, manuring in Kebun KMU7 on 9th April 2015 has been done thoroughly (score 94), comprising of good fertilizer placement, good fertilizer distribution, and clean plant circles.

4.2.2

The company has had manuring record. For example, according to Progress Report of Kebun Mandau Utara – June 2016, manuring has been done in Block PM 988/01 (124 Ha), they were on January 2016 using NK (17:28) 37,100 kg (2.50 kg/plant); April 2016 using NK (17:28) 37,100 kg (2.50 kg/plant); and on May 2016 using BRP 33,350 kg (2.25 kg/plant).

Fertilizer application has been done in line with recommendation of Agronomist. For example, manuring recommendation in Kebun KMS3, Block P01 is on May 2016 using BRP (2.00 kgs/plant). Based on the Report of Manuring Efficiency - Kebun Mandau Selatan, fertilizer application has been carried out on May 2016 in Block P01 (54 Ha) using 279 sacks (13,950 kg) BRP (2.00 kg/plant).

The company has had record of fertilizer used per ton FFB. For example, from October 2014 to September 2015 in Kebun KMS3 (1,994 Ha), used 917,810 Kg of MOP, FFB production 52,477.71 tons (17.48 kg/ton FFB).

4.2.3

The company has had SOP of Management of Soil Fertility for Optimum Productivity that describes, e.g. soil and leaf analysis. The Leaf analysis has been conducted on yearly basis as well as soil analysis on 3-year or 5-year basis.

Based on Oil Palm Manuring Recommendation f.y. 2015/2016 in Kebun Mandau Utara, leaf samples has been taken on 8th March 2015 from 28 blocks that scattered in Kebun KMU5, KMU6, and KMU7. The company is still using the result of soil analysis in 2014 performed by PT. AAR, where soil samples were taken from 6 blocks in the same Kebun the above mentioned, that is from inter row and plant circle of >5 year old plant (0 - 15 cm and 15 - 45 cm in depth).

Leaf analysis result conducted on 18 March 2015 has been available. For example, level of leaf nutrient contents in Kebun KMU7 are element N (moderate to very high), P (very low to low), K (extremely low to high), Mg (high) and B (moderate).

Example of soil analysis in Block 7PM11998 B3 Kebun KMU5, KMU6 and KMU7, are as follows :

- Inter row (0 - 15 cm depth) : pH (moderate); %Org.C (moderate); %N (moderate); P (ppm) : Total (high) and Availability (high); Exchange Cation : K (high) and Mg (high); CEC (m.e)% - very low;
- Plant circle (15 - 40 cm depth) : pH (moderate); %Org.C (-); %N (-); P (ppm) : Total (high) and Availability (very high); Exchange Cation : K (marginal) and Mg (extremely low); CEC (m.e)% (-).

The company has used the manuring recommendation of Agronomist in manuring program (type and rate of fertilizer) fiscal year 2015/2016. For example, manuring program in 2016 :

- Kebun KMU7, Block 7PM1998 A1(TP01), hectareage 97 Ha (139 plants/ha), January 2016: NK (17:28) 2.50 kg/plant; April 2016: NK (17:28) 2.25 kg/plant; May 2016: BRP 2.25 kg/plant; and August 2016: NK (17:28) 2.25 kg/plant.
- Kebun KMS3, Block 3PM1999B8(PE10), hectareage 44.70 Ha (128 plants/Ha), January 2016: NK (17:28) 2.50 kg/plant; March 2016: Fertibor (0.20 kg/plant); April 2016: NK (17:28) 2.50 kg/plant; May 2016: BRP 2,00 kg/plant; June 2016: ESTA KS 2,00 kg/plant; and August 2016: NK (17:28) 2.50 kg/plant.
- Kebun KMS4, Block 4PM2004 A4, hectareage 68.70 Ha (135 plants/Ha), January 2016: NK (17:28) 2.50 kg/plant; March 2016: Fertibor (0,20 kg/plant); April 2016: NK (17:28) 2,50 kg/plant; May 2016: BRP 2,00 kg/plant; June 2016: ESTA KS 2,00 kg/plant; and August 2016: NK (17:28) 2.50 kg/plant.

4.2.4

Strategy to recycle the nutrient has been implemented for example:

1. Utilization of Palm Oil Mill Effluent on the ground as a land application, such as in Block PE-08, Division 10 KMS
2. Based on field observation in new planting area (conversion from rubber plant) in blocks B126 KMU6;Block 14A KMS2 and Blok 15 B KMS1 obtained information the residues of rubber plant after conversion are collected an organic source.

	Status: Comply	
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4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

Based on the Soil Type Distribution Map (scala of 1 : 120.000) owned by PT. Adei Plantation & Industry and the result of soil sample analysis conducted by PT. Applied Agricultural Resources (AAR) Indonesia, there is no marginal land nor critical land within the area of PT. Adei Plantation & Industry. Generally, the soil type is sandy clay.

Based on Soil Type Map(scala 1: 20.000) owned by the company,soil types inKebun Mandau Utara andKebun Mandau

Selatan are order of *Ultisol*, *Inceptisol* and *Oxisol* which are categorized as mineral sandy clay soil. Meanwhile, according to association of soil group of land unit, it is classified as *Kandiudults*, *Dystropepts*, *Hapludox*, *Tropaquepts*, and *Tropaquods*. There is no peat soil within the area of PT Adei Plantation & Industry.

4.3.2

The company has had SOP of Erosion Mitigation that describes planting management on slope and steep area, e.g. constructing contour terrace, planting and conserving fern growing in inter row, putting fronds residues of pruning along contour terrace, making flat bed (**rorak**), applying empty bunch in potential landslide areas, avoiding blanket herbicide application.

The company has conducted planting management in sloping area. For example, field observation result in sloping area in Kebun KMS4, Division 16, Block BN17 (100 Ha) shows, that contour terraces have been constructed, planting of leguminous cover crop - such as *Mucuna bracteata*, conserving fern *Nephrolepis biserrata* growing in inter row and putting fronds residues of pruning along contour terraces.

4.3.3

The company has had road maintenance program supported by appropriate budget. For example, road maintenance program on April 2016 in Kebun KMS3 Block P01 using grader for 5.900 m length. The company has had record of road maintenance in Program and Actual Road Maintenance. For example, road maintenance in Kebun KMS3 Block P01 was conducted using grader of 5,900 m length. The cost is of Rp.35,000/Ha and sand-coral is of Rp.280.000/M³.

4.3.4

Based on the Soil Type Map (scala of 1: 20.000) owned by the company, soil types in Kebun Mandau Utara and Kebun Mandau Selatan are order of *Ultisol*, *Inceptisol* and *Oxisol* which are categorized as mineral sandy clay soil. Meanwhile, according to the soil group, it is classified as *Kandiudults*, *Dystropepts*, *Hapludox*, *Tropaquepts*, and *Tropaquods*. There is no peat soil within the area of PT Adei Plantation & Industry.

The result of field observation and field workers interview, e.g. in Kebun KMS3, Block P14 shows that there is no peat soil in that area.

4.3.5

Based on the Soil Type Map (scala of 1: 20.000) owned by the company, soil types in Kebun Mandau Utara and Kebun Mandau Selatan are order of *Ultisol*, *Inceptisol* and *Oxisol* which are categorized as mineral sandy clay soil. Meanwhile, according to the soil group, it is classified as *Kandiudults*, *Dystropepts*, *Hapludox*, *Tropaquepts*, and *Tropaquods*. There is no peat soil within the area of PT Adei Plantation & Industry.

The result of field observation and field workers interview, e.g. in Kebun KMS4, Block BN08 shows that there is no peat soil in that area.

4.3.6

Based on the Soil Type Map (scala of 1: 20.000) owned by the company, soil types in Kebun Mandau Utara and Kebun Mandau Selatan are order of *Ultisol*, *Inceptisol* and *Oxisol* which are categorized as mineral sandy clay soil. Meanwhile, according to the soil group, it is classified as *Kandiudults*, *Dystropepts*, *Hapludox*, *Tropaquepts*, and *Tropaquods*. There is no peat soil within the area of PT Adei Plantation & Industry.

The result of field observation and field workers interview, e.g. in Kebun KMU7, Block PM98B shows, that there is no peat soil in that area.

Status: Comply

4.4

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

4.4.1

The company has a management plan to maintain underground and surface water management plan. Such as mill effluent management on POME Pond before applied to the ground (land Application), conservation on riparian area, not

using chemical on the riparian area, mill effluent quality test, underground and surface water test annually, and report it to the related institution.

4.4.2

The company has conducted surface water quality test and evaluation. Water surface that test has been conducted on 22 – 28 April by research team, The tested parameters are the suspended residue, pH, BOD₅, COD, NH₃, Fat and Oil. There are some parameter not meet with threshold such as BOD (7 mg/l) and COD (40 mg/l). The company can show evidence of an evaluation of the parameters that are not in accordance with threshold. Based on the evaluation of the first half of 2016 RKL RPL upstream unknown number have high BOD and COD, to keep this, the company prohibits the use of pesticides in riparian and the use of fertilizers appropriate technical recommendations.

According to the result of field observation, the condition of WWTP pond is well maintained, well functioned, *flometer* and there is an effluent debit monitoring for effluent used to the ground in unit of m³, mill's effluent has been used on the permitted block such as block PE08. There is no leakage nor overflow to the environment (trench nor river). The Officer has been equipped with PPE, wage based on the applied minimum wage standard, settlement, clean water, clinic and health insurance.

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According to the result of observation on block P08 on Punggur River, the protection on waterway including riparian area is conducted by the company by installing bufferzone boundary signboard, spray boundary signboard installation on the left and right off the river and installing the signboard of chemicals application prohibition on riparian area.

4.4.3

The management unit has tested mill's effluent on inlet and outlet pond regularly. The result of the test is recorded on the report of implementation of environmental management and monitoring plan per semester and report of monthly test result. The tested parameters are pH, BOD₅, COD, Fat & Oil, Kadmium, Chopper, Lead and Zinc, Nitrogen Total, Amonia, TSS. According to the result of the test, the quality of effluent is in line with the applied quality threshold (Environment Ministry Decree No. 28 Year 2003).

Based on the result of interview with the management unit and Bengkalis District Environment Agency, the management unit has tested mill's effluent quality and has it reported regularly. For example, for period of April 2016 was reported on July 28 July. The reporting is also conducted in each semester like on August 8th 2016. According to the result of interview, there is no issue nor report from other parties in term of the negative impacts caused by the mill's effluent management.

The company has had a permit to use liquid waste on palm plantations, published by District Head Number. 70/KPTS/II/2012 on January 17 2012 valid for 5 years.

The company has been testing the quality of liquid waste, quarterly and there are no test results that exceed these hold set Kepmen LH 29 2003.

4.4.4

According to the result of document review on the record of mill's water consumption monitoring on January to April 2016,

exceeding the target(2,27 m3/Ton FFB s/d 2,75 m3/Ton FFB). a while Mei to July 2016, of mill's water consumption

monitoring (1,90 m3/Ton FFB s/d 2,04 m3/Ton FFB), is in conformity with the plan of usage (up to 2.20 m3 / Ton FFB).

Mill's explained that the target water consumption is a maximum of 2.20 m3 / Ton FFB. In January to April 2016, the use of water for processing exceeded the maximum target FFB that is 2,27 m3/Ton FFB s/d 2,75 m3/Ton. it caused to high levels of chloride in the water reservoir,

According to the field observation to WTP, the *flowmeter* of inlet and outlet water is well functioned. Based on the result of interview with WTP officer, the recording of mill's water is conducted based on the review on data of early and final flowmeter. The Officer has also been facilitated with PPE, wage based on the applied minimum wage standard, settlement, clean water, clinic and health insurance.

Status: Comply

4.5

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

4.5.1

The company has had the IPM implementation program in f.y. 2015/2016. They are monitoring of pest and diseases routinely performed by field workers on daily basis, census of fireworm (every 2 months), rat (every 6 months), termites (every 4 months), *Ganoderma* (every year), planting of beneficial plants (*Turnera* sp. and *Cassia* sp.), and monitoring of owl (*Tyto alba*) – rat predator (every 6 months).

The potential pest and diseases was identified by conducting pest and disease census, in order to know the potential kinds of pest and disease attacking oil palm and their economic threshold levels; identification of pest and disease through symptom of attack when conducting census and hearing information given by other field workers, such as harvesters and field workers who maintain the farm. For example, the rat infestation can be identified from new bites (damages) on the harvested fruits (FFB).

Conducted biological control using the local specific of natural enemies, such as owl (*Tyto alba*) as rat predator and host plants of the natural enemies of bagworm and fireworm, like *Turnera subulata* and *Cassia cobanensis*.

The company has had policy on limiting the use of pesticides. For example, since 1st June 2015, the company did not purchase paraquat herbicide (Memorandum of General Manager of Kebun Mandau dated 1st June 2015).

According to company management (Senior Manager of Kebun Mandau Utara), the company has never used pesticide as prophylactic purposes.

Based on SOP of the IPM, the use of pesticides have been reduced by implementing Early Warning System (EWS) wherein chemical control is carried out only if pest and disease census results has achieved economic threshold level. For example, fireworm (5 larvae per prond), rat (percentage of the new infestation/damage >5%).

Based on SOP Land Clearing, cogon grass can be controlled using herbicide. When land clearing was done (due to conversion of rubber trees to oil palm) the company still applied paraquat herbicide, e.g. land clearing in f.y. 2014/2015 in Kebun KMS1.

The company has had SOP of The IPM Management that describes on key pest, fundamental of IPM and criteria of census, the Early Warning System, control techniques/methods (biological, cultural practices, chemical), inspection, assessment and data saving (store).

Monitoring and evaluation of estate management activities is carried out through monthly meeting. For example, monthly meeting was done on 17th December 2015, chaired by the General Manager and attended by Senior Managers and Managers of Kebun (Kebun Mandau Utara and Kebun Mandau Selatan), and manager of Palm Oil Mill (POM) to discuss, among others, the IPM activities in Kebun KMS1 and KMS2, that is chemical control of rhinoceros beetle using Cypermethrin throughout area of planting year 2014, 2015, and 2016 with target of "0" (zero) damaged.

Result of census of pest and disease is recorded in the census form of pest and diseases, through which the company know the emerging kind of pest and diseases. For example:

- On 23rd April 2016, in Block PE10 KMS3, there was fireworm infestation (1.7 larvae per plant in average), which was still below economic threshold level (5%). Biological control was practiced by routinely maintaining (conserving) host plants of the natural enemies, such as *Turnera subulata*.
- On March 2016, rat infestation in Kebun KMU7 was still below economic threshold level (5%). Biological control was done by constructing 9 units of artificial nest box of rat predator (owl - *Tyto alba*). Monitoring was done on 30th June 2016. It was found that 8 units of those artificial nest boxes were still active (dwelled by owl).

4.5.2

The company has trained workers who involve in the implementation of IPM. The report and list of training attendants, is available. For example :

- The IPM Training, held on 3rd August 2013 in Kebun Mandau Selatan attended by 57 workers. The topic of training was pest and diseases of oil palm and their control.
- Training on Early Warning System (EWS), held on 21st September 2013 and 3rd October 2013 in Kebun KMS1.

Status: Comply

4.6

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

4.6.1

The company has had policy on safety in using chemical (SOP of Safety of Estate Chemical Usage). For example, only the registered and legal chemicals that can be used.; The pregnant and breast feeding woman is strongly prohibited to work on spraying; Operator must use Self-Protective Equipment when using chemical, etc.

The company has had SOP on the use of selective product which is very specific to target pest, weeds, and diseases, and has minimum impact to out of target species. In SOP of Safety Use and Store of Chemical, including Hydrocarbon is explained the synchronization of chemical use. For example, Garlon (trichlophir) herbicide to control woody weeds, Ally (metyil metsulphuron) to control broadleaves weeds, Carbofuran to control rhinoceros beetle, etc.

In order to avoid resistancy, the company conducted chemical weed control by using different active ingredients of herbicides. For example, weed control in f.y. 2015/2016 in Block PM98A 01 KMU7, that is circle and path weeding using Amiphosate (Isopropil amina glyphosate 480 g/l), selective spraying using Kenlon 480 EC (Triklafir 480 g/l), and control of *Asystasia* sp. using Dacomin (2,4-D dimetil amina 865 g/l).

The company has had list of pesticides and target species used in f.y. 2015/2016, such as Amiphosate 540 SL (Isopropil amina glyphosate 480 g/l), target species (weed), registration number (RI. 01030120041949), legal permit (31/12/2018).

The company has justified pesticide use by considering alternative which is harmless and IPM. For example, herbicide glyphosate to control grasses and cogon grass; Basta (Ammonium glufosinat) to control broadleaves weeds; and insecticide Cypermethrin to control rhinoceros beetle, fireworm, *Apogonia* beetle, etc.

The company has implemented such SOP in the field. The result of field observation and interview with herbicide applicator shows, that herbicide application has been done in line with SOP. For example :

- Chemical control of *Asystasia* sp. weed in Block BN05 KMS4. using 2,4-D amine.
- Chemical control of grasses in circle and path in Block 98B2 KMU7 using glyphosate.

4.6.2

The company has had pesticide application program. For example, according to Progress Report of Kebun Mandau Utara, June 2016, pesticide application program in f.y. 2015/2016, are as follows :

- The Mature Area: Circle and path spraying (2,911 Ha), selective spraying (763 Ha), spraying *Asystasia* sp. (788 Ha), and spot spraying of woody weeds (1,091 Ha).
- The Immature Area: Circle spraying in Block PR14 (5,128 Ha), selective spraying in Block PR 15 (1,282 Ha), spraying cogon grass in Block PR 16 (718 Ha), spraying *Asystasia* sp. in Block PR 14 (377 Ha), insect pest control

in Block PR 16 (2,628 Ha), selective spraying (1,561 Ha), spot spraying of woody weeds (2,526 Ha), preplant spraying (1,408 Ha), spraying ditch (79 Ha), and path spraying (161 Ha).

The company has had record of pesticides usage in 2016. For example, pesticide usage from October 2015 to June 2016 in Mature Area, Block PM98A 01 KMU7, they are circle and path spraying using 42 lt Amiphosate 540 SL (97 Ha) and 1,575 gr Amiron 20 WP (95 Ha); selective spraying using 6,70 lt Kenlon 480 EC (37 Ha), and spraying *Asystasia* sp. using 2,7 lt 2,4-D amine (51 Ha).

The company has recorded pesticides usage in "Costing Book", comprising active ingredient of herbicides used, LD50 of active ingredient, targeted area (Ha), and number of application. For example, the use of herbicide on July 2016, in Kebun KMU7 (232 Ha) using 92 lt glyphosate 480 g/l (44,16 kg ai/Ha) dan 3,450 ml Ally 20% (0,66 kg a.i/Ha).

The company has had the IPM program for f.y 2015/2016. For example, monitoring of pest and symptom of disease done in daily basis, census of fireworm (every 2month), census of rat (every 6 months), census of *Ganodermasp.* (every year), planting of beneficial plants (such as *Turnerasp.* and *Cassiasp.*), and monitoring of owl (*Tyto alba*) - rat predator (every 6months).

4.6.3

The company has carried out the IPM and was well documented. For example :

- Inventory of oil palm infested by *Ganoderma* sp., was done on 11st December 2015 in Block TP01 (97 Ha), 12nd December 2015 in Block TP02 (69 Ha), and 14th June 2016 in Block TP01 (97 Ha) and Block TP02 (69 Ha). There was no oil palm infested by *Ganoderma* sp.
- Census of fireworm, was done on 23rd December 2015 and 10th June 2016 in Block TP01 KMU7. There was no attack of fireworm.
- Census of rat, was done on 7th March 2016 in Block PE01/98A. There were 4 oil palm trees (0.2%) attacked, which was still below economic threshold level (5%).

The IPM implementation in every Kebun (Estate) can be monitored through report of census workers of pest and disease, and workers who monitor artificial nest of owl (*Tyto alba*)

The company has had record that the use of pesticides has been minimized. For example, from October 2015 to July 2016, never been used rat bait in Kebun KMS3, KMS4 and KMU7, since level of rat infestation was still below economic threshold level (5%). Biological control was done by putting-up artificial nest box of owl (*Tyto alba*), the rat predator.

The IPM implementor and Field Assistants in Kebun KMS3, KMS4, and KMU7 explained, that the company has never been applying pesticide as prophylactic.

4.6.4

The company has had list of pesticides used in f.y 2015/2016 (from October 2015 to 25th July 2016) which are not categorised by the World Health Organisation as Class 1A or 1B, nor listed in Stockholm Convention or Rotterdam. For example :

- Amiphosate 540 SL (Isopropil amina glyphosate 480 g/l): Registration No. (RI.01030120041949), Legal Permit (31/12/2018), LD₅₀ (mg/kg) Oral (>2.000) and Dermal (>4.000), Target Species (weed);
- Furan 3G (Carbosulfan 3%): Registration No. (RI.010101197416), Legal Permit (23/06/2016), LD₅₀ (mg/kg) Oral (>50 - 500), Target Species (rhinoceros beetle);
- BM Promax (Asefat 75%): Registration No. (RI.01010120031814), Legal Permit (25/09/2018), LD₅₀ (mg/kg) Oral (1.846) and Dermal (>2.000). Target Species (insect leaf worm).

The company has had document of policy on the use of paraquat herbicide, that is Memorandum of General Manager Kebun Mandau dated 1st June 2015 addressed to Senior Manager of KMS and KMU asking for reduction use of paraquat herbicide. Since 1st June 2015 there was no more purchasing of paraquat herbicide.

The company has had the record of using of paraquat herbicide that has been reduced during the last 5 years, that is in 2011 (10,456 lt), 2012 (9,132 lt), 2013 (6,227 lt), 2014 (6,685 lt), and 2015 (1,715 lt).

The company has used pesticide properly in line with guidance of national GAP. For example, the government of Indonesia has considered paraquat herbicide as the limited-use pesticide and the applicators must hold training certificate of The Limited-use Pesticide conducted by the Commission of Pesticide of Indonesia.

Result of field visit, observation and interview with workers of Premix Area in KMU7 shows, that there were 2 kinds of herbicides in Premix Area that will be used, they are Amiphosate 480 SL (Isopropil amina glyphosate 480 g/l) and Kenlon 480 EC (Triklofir 480 g/l).

4.6.5

The company has had SOP on Mixing Agrochemical in Premix Area and has had program on training for workers who are involved in pesticides handling in f.y. 2015/2016. For example, Training on Maintenance of Sprayer "Inter" for herbicide applicators in KMS4 is planned to be conducted on January 2016. The training has been done on 21st January 2016, attended by 4 participants (herbicide applicators). There is training report and list of attendants, among others Sri Wayuni, and training documentation (pictures).

The company has had SOP of Safety of Estate Chemical Usage that describes, that it is a must to pesticide operators to have certificate of limited-pesticide user (operators have been trained). For example, Training on Spraying has been done on 1st April 2016 in Kebun KMS4, attended by 7 pesticide applicator. There is training report and list of attendants, among others Mirwanto, and training documentation (pictures).

Workers who handle pesticide have had good understanding on the danger and risk of using chemical. For example, result of interview with herbicide applicators in Block P08 KMS3 and worker in Premix Area KMU7 shows, that they are capable of explaining the danger and risk of herbicide to human health and environment. They are consciously using Self-Protective Equipment, washing hands before drinking and eating (snack), washing Self-Protective Equipment, and taking bath (showering) in Premix Area, drinking milk, and examining health regularly.

The company has applied pesticide products as prescribed in label of product. For example, result of observation and interview with worker of Premix Area Kebun KMU7 shows, that Amiphosate 540 SL, the herbicide used for circle spraying in Block 98B2 KMU7, dosage 133 ml/20 lt water (6 to 7 ml/lt water) has been in line with dose/rate required in label of Amiphosate 540 SL (container capacity of 20 lt), that is 90 to 180 ml/18 lt water (or equal to 5 to 10 cc/lt water).

The company has facilitated herbicide applicators the standard safety and equipment, such as Self-Protective Equipment (gloves, masker, apron, safety boot, and eyeglasses), sprayer (knapsack) 12 litre capacity. For example, result of field observation and interview with herbicide applicators in Block BN05 KMS4 shows, that they have been using proper Self-Protective Equipment and knapsack sprayer which are convenient to them.

The company has had SOP of Emergency on Accident in Working describing among others, that the company must give/facilitate Self-Protective Equipment to every worker due to its level of risk and danger. For example, Self-Protective Equipment for spraying operators and manure workers in Block P08 KMS3 have been in line with risk assessment recommendation. Foreman, harvesters, herbicide applicators, and manure workers in Block BN05 KMS4 said, that Self-Protective Equipment they used can be easily changed (renewed) when it becomes out of order.

Result of interview with foreman of herbicide spraying in KMS4 Block BN05, foreman of harvesting in KMS3 Block P08, and foreman of manuring in KMU7 Block PM98B shows, that they are routinely reminding herbicide applicators, harvesters, and manure workers to use, to wash, and to store Self-Protective Equipment in special site called Premix Area.

4.6.6

The company has had SOP of Safety Use of Estate Chemical (in Sustainability SOP) describing, that workers in chemical store have to use Self-Protective Equipment before entering chemical store.

The stored pesticides have been in line with best practice of agrochemical handling. For example, herbicide Amiphosate 480 SL and Kenlon in Pesticide Store of KMU7 has been permitted by the government of Indonesia and is registered in White List of Pesticide in Indonesia issued by the Pesticide Commission of Indonesia.

Result of field observation and interview with worker in Premix Area of KMU7 shows, that ex containers of herbicides, such as Amiphosate 540 SL found in Premix Area are placed adequately and are still used as container of clean water for making herbicide stock solution before delivered to the field.

4.6.7

The company has had SOP of Mixing Chemical in Premix Area (in Sustainability SPO) that describes on working steps to clean Self-Protective Equipment and spraying equipment, and mangement of equipment and the remaining chemicals. The company has had SOP of Waste Management of Palm Oil Mill that describes on ex container of chemicals that can only been sold to government licensed companies and record/inventory must be available.

The company has conducted training for workers wo handle herbicide, that is Training of Paraquat Operator on 8th April 2015 held in Training School of PT. Adei Plantation & Industry, attended by 20 participants from KMS and KMU. The training was conducted by Pesticide Commission of Indonesia of Riau Province. There is list of attendants and training documents (report and pictures). The training topic comprises Avoiding Poisoning and Emergency (First Aid) Procedures, Storing and Dumping of Pesticide Waste, the Safe Spraying, and the Effective, Safely Work and Understanding of Lables.

The Sustainability Officers of the company explained that procedure of pesticide mixing has been explained to training participants (The Safe and Effective Spraying).

4.6.8

Based on the explanation of Sustainability Officer of PT. Adei Plantation & Industry and Managers of Kebun KMS3, KMS4 and KMU7, and spraying operators in the field, it is known that company has never been applying aerial spraying.

4.6.9

The company has had and well documented the Material Safety Data Sheet/MSDS that contains about Product Identification, Composition, and Content Information, Danger Warning, Guidance on First Aid, Guidance on Fire Management Guidance on Accident, Handling and Storing, Guidance on Worker's Safety, Physical and Chemical Characteristics, Stability and Reactifity, Toxicology Data, Environmental Information, Dumping, Transportation Information, and Additional Information.

The company has had document of regular training program for workers. For example :

- The IPM Training for census workers and pesticide applicators for pest and disease. The training have been done on 3rd August 2015 in KMS1, KMS2, KMS3, and KMS4.
- Training for Operator of Paraquat Herbicide has been conducted on 8 April 2015.

Training on Spraying for Applicator has been performed on 17th April 2016. Result of interview with worker in Premix Area of KMU7 shows, that company has extended information sheets on pesticide handling when attanded Training for Operators of Paraquat Herbicide held on 8th April 2015 in Training School of PT. Adei Plantation & Industry. The workers also have good understanding on such information (active ingredient, dose/rate), and the symbols (such as using Self-Protective Equipment) attached on herbicide container, like Amiphosate 540 SL.

4.6.10

All pesticides used in plantation operation have been used in a way that do not endanger health or the environment. SOP of pesticides use available in:

1. SOP number 16 concerning Hazardous Waste Management, issued on August 1, 2013, which sets the hazardous waste management including waste from used chemicals and pesticidespackaging.
2. SOP number 17 concerning Waste Management, which regulates the waste from plantation operation including former ex chemical container by three times rinsing (500 ml, 1 liter and 4 liter), store in temporary storage, and disposal by licensed third party.

Training records showsthat the company has conducted training on safe working practice for all workers who handle

chemical materials as well as integrated pest management approach. E.g. in year 2015 company delivered training in South Mandau Estate dated August 3, 2015, attended by 55 spraying and store operators. In year 2016, company has delivered training in North Mandau 7 Estate, dated on April 8, 2016 attended 10 spraying operators, the other training was on July 17, 2016 at South Mandau 3 Estate, attended 6 operators.

The field verification showed that the company has been managing agrochemical waste including used pesticide container properly in accordance with applicable regulations. All chemical waste are stored in a licensed temporary storage before transported and disposed by licensed third party. All hazardous waste management records are maintained and reported to local environmental offices of Bengkalis District.

4.6.11

There is a list of pesticide operator in the employee list is updated every month. The Company has conducted a medical examination by blood checks to determine the level of Cholinesterase to spray workers and workers related to chemicals, the details of results checks are:

- The Company has conducted periodical medical check ups performed by Thamrin Clinic performed for 22 KMS workers (workers spray, fertilizer worker and a warehouse clerk) to cholinesterase on October 13, 2015.
- The Company has conducted periodical medical check ups performed by Thamrin Clinic performed for 17 workers KMU (workers spray, fertilizer worker and a warehouse clerk) to cholinesterase on October 13, 2015.
- Evaluation and follow-up examination by a doctor of the Company on November 9 to 16, 2015
- The results of medical examinations showed that all workers are in good health and there was no indication of occupational diseases.

Based on interview with pesticide applicator known that the medical check up has did routinely and there were no indication of skin disease and itches.

4.6.12

In interviews with the sprayers is known that women get the right protection worker reproduction (menstruation, pregnancy, childbirth and not doing work related to B3 during pregnancy and lactation). Sample letter of recommendation of a doctor dated 9 April 2016, provides recommendations to the workers spray Mariani Division 7 KMU 7.

Status: Comply

4.7

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

4.7.1

The company has the documentation SMK3 set by the authorities in the company. K3 policies set by Group Plantation Director on 7 November 2014, establishes:

1. Comply with all laws and regulations related to worker safety and health.
2. Assess the risk of dangerous toxins and chemicals and take the steps necessary to reduce the risk in the workplace.
3. Providing a safe workplace and safely as well as minimize the risk of occupational safety and health.
4. Ensure that all employees understand their roles and responsibilities for safety and health in the workplace.
5. Reviewing and revising the practice of occupational safety and health management at the operating center.

The company can show the realization of the work program on OSH, for example, there are updates P2K3 organizational structure, P2K3 meeting every month, Personal Protective Equipment checks and compliance with OSH. The evaluation of the work program carried out during the meeting P2K3 conducted every month. Interviews with farm workers and mill workers, it is known that they already know about OSH policy of the company.

4.7.2

The Company has the document, hazard identification and risk assessment, composed of: 1) Document hazard identification and risk assessment associated to the activities of field revision on March 1, 2016; 2) Documents hazard identification and risk assessment for the revision of the mill activities on January 1, 2016.

HIRAC evaluation is done by the analysis of workplace accidents, the analysis of the suitability of PPE, coordination with OSH experts and operational unit head. HIRAC meeting on December 15, 2015 was attended by 19 workers.

Based on the results of field visits have been found have not been implemented risk control, for example:

1. Found a cigarette butt in the work areas in the workshop KMS 4.
2. Found cigarette butts on the kernel station
3. There is some people that entered the area waste pond, and is not available portal and sign board Sufficiently dissuasive.

Based on this, the auditor raised nonconformity No. 2016.01 with Major category.

4.7.3

The company has shown evidence of workers have been trained in safe working practices, for example:

- Sertifikat pelatihan hiperkes dokter perusahaan atas nama Dr. Jumiyeem.

- **Licenses Operator for boiler:**

Name	Licenses Number	Validity Period
M. Mahyudin S.	13.P.09.642 OPK3-PUBT-B.I/X/2013	03 October 2018
Parjan S.	13.P.10.475 OPK3-PUBT-B.I/X/2013	03 October 2018

- Certificate of competence for Welder:
Training on October 17 to 21, 2013 in Hotel Sabrina City, Pekanbaru for 4 (1 MCC, 2 KMU and 1 KMS) by PT Arpindo Pratama

Based on the results field observations and interviews with workers harvest is known that the company had been making observations on the suitability of PPE. The evaluation results for replacement glasses used harvesters. Workers showed 3 types of glasses harvest has been replaced. PPE inspection carried out at the time of the Master Morning, monthly inspections by the Sustainability Team. The company also showed evidence of PPE checks, for example, examination in Block PE 19 dated July 20, 2016.

4.7.4

The Company has identified the responsible for the implementation of OSH program in the form P2K3 structure. P2K3 organization Endorsement in accordance with Decree Dept. of Manpower and Transmigration Bengkalis District, No. Kep.464 / DTKT-PK / P2K3 / 2015 dated August 26, 2015. Based on interview with the Department of Labor, explained that the company has P2K3 organization in accordance with regulations.

The Company has also conducted a meeting related to OSH are conducted every month, for example:

- P2K3 Meeting dated May 18, 2016, discusses the pole home improvement, addition of trash cans, the use of glasses fogged fast.
- P2K3 Meeting dated June 23, 2016 to discuss vehicle maintenance and repair drainage canals to housing.
- P2K3 Meeting dated July 29, 2016 to discuss the planning OSH, and the use of PPE, signs OSH

4.7.5

The company has made efforts to deal with emergencies and accidents with SOP Emergency and Accidents (SOP No. 51). SOP includes the main potential causes of emergencies, among others: fires, chemical spills, and the main potential natural disasters.

OSH Procedures:

1. Health and Safety Procedures in Estate, signed by the Senior GM on November 1, 2011
2. Safety standard operating procedures (SAOP) for Mill, signed by the Controller on 01 December 2011.

The company has the facilities and infrastructure emergencies such as fire extinguisher, P3K boxes, Hydrant, water engine and fire truck. Based on a visit at the mill boiler station known that hydrant can function properly and in each

there is a fire extinguisher inspection checklist tool that monitored every month. Observations and interviews with the harvesting foreman, it is known that the foreman had been equipped with P3K box and can explain the functions of each of the contents in the box P3K and can explain the handling of occupational accidents.

4.7.6

Based on the review of the document is known that all workers have been registered in workplace accident insurance (BPJS).

- There is a letter from the Employment BPJS No. B / 136/022 016 dated February 11, 2016. Following Phase 1 Work Accident Report on behalf Septrin, Reference Number 05D50022800 received on January 12, 2016. The results of the examination of supporting data (card status of patient visits / diagnosis stated that the visit of treatment for the accident is dated October 21, 2013). Due to the reporting of workplace accidents has been through a period of 2 years then under PP 44 2015 Article 26 states that the benefits of accident insurance becomes void.
- Based on document the monitoring of workplace accidents shows that there is an accident on 13 April 2016 MPOM. However MPOM management cannot show the work accident report.

Based on interviews with the labor union, explained that all employees have been registered in accident insurance as well as employee participation in the program has BPJS for workers and families.

Based on this, the auditor issued nonconformity No. 2016.02. with category Minor

4.7.7

Companies record of workplace accidents in Work Accident Monitoring report which informs about the date, the name of the victims of accidents, the accidents, the number of accidents, loss of work days, the categories of accident, and the cause of accident.

The calculation of loss Working Hours By the year 2015

Unit Manajemen	Total Employees	Working days	Working Hours	Lost Working days	Fatality rate	Incident Rate	Frequency rate	Saverity Rate
KMS	7,040	143	1,120,600	19	0	16.2	17	17
KMU	3,131	143	498,314	0	0	0	0	0
PKS	648	143	103,140	0	0	0	0	0

4.7.2 Status: Non Conformity in Indicator 4.7.2 with category Major
4.7.6 Non Conformity in Indicator 4.7.6 with category Minor

4.8

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

4.8.1

Recording and realization of training programs at PT Adei Plantation & Industry for 2016 recorded properly. Based on interviews and observations working practices for harvest workers (estate of KMS 3, KMS 4 and KMU 7), employees fertilizer (estate of KMS 3, KMS 4 and KMU 7) and workers spray (estate of KMS 3, KMS 4) note that the worker has understand the risks of occupational, periodic medical examinations, how to minimize occupational exposure and compliance with labor law. However, based on the results of field visits found some workers who have not received training related to the duties and responsibilities of the job, for example to operators Genset KMS 4 and 7 as well as a warehouse clerk KMU 7 (training in handling emergencies in the werehouse). Based on documents review known that the training program for generator operators planned in October 2016 and training for the warehouse is planned in November 2016.

4.8.2

Employees and staff training records kept and maintained by the garden management unit or factory in assessment records document employee training, for example training for Mr. Irwanto as WTP Operator, training has been followed, among others:

- Socialization of RSPO on June 28, 2011.

- Training of the techniques of working, K3 and RSPO on July 27, 2012.
- Training of BWT System on May 19, 2014.
- Socialization of ISCC on September 17, 2014.
- Training of Operational Mill on August 15, 2015.
- Socialization of behavior of employees on July 19, 2015.

Status: Comply

PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity

5.1

Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

5.1.1

The Company has conducted an environmental impact assessment for the operational plantations and mills as incorporated in the following documents:

1. EIA for oil palm and rubber plantation of PT. Adei, conducted in 1999 with total area of 14,900 ha (8,900 ha of oil palm and rubber 6,000 ha), Oil Palm mill with capacity 80 ton FFB / hour and 3 ton Rubber / hour).EIA has been approved by Director General of Nature Conservation and Protection / Chairman of the Central EIA Commission through letter number 86/DJ.VI/AMDAL/1999, dated July 6, 1999.
2. Environmental Management Document (UKL / UPL) for conversion of rubber to oil palm commodity, approved by local authorities of BLH Kab. Bengkalis through letter number 660/BLH-PPDL/22/2011, dated 11November2011. The scope of the study UKL / UPL covering an area of 2,594 ha.

Observed that the EIA and UKL-UPL study has included analysis on all oil palm activities ranging from construction to operations, including: land clearing, transportation, maintenance, road operations, integrated pest management, and maintain the natural vegetation. EIA hadalso been developed through a consultation and participatory ways. EIA has been approved and discussed by the commission EIA which contains an integrated team across sectors at the district level.

5.1.2

Environmental management plans have been incorporated in the AMDAL and UKL-UPL document.The document has included explanation of: the type of environmental impact, impact sources, management parameters, goal of environmental management, location, management effort, time and period, responsible parties, expenses (plan), and the supervisory agencies.List of environment impacts and and related management plan are as follows:

1. The management plan according to EIA are:
 - The decline in water quality, is managed with wastewater management and OSH in the factory environment
 - Forest and land wildfires, is managed by water reserve, fire equipment, fire monitoring tower, and extension on fire prevention to employees and the community.
 - Decrease of fauna habitat and vegetation, managed revegetation
 - Socio-economic and cultural impact, managed by recruitment of villager around the project site as employee
 - Public perception is managed by creating business opportunities, agribusiness counseling, and clean water facility,
2. The Management plan accorrding to UKL-UPL are:
 - Socio-economic impact, is managed by increasing revenue of the local community through involvement in business process (e.g. as contractors)
 - Public perception, is managed by intensive socialization and communication

Evidence of implementation of environmental management plan has been included in the periodic reports (RKL-RPL

report) as summarized belows:

- Installation of wastewater treatment plant in the mill and the implementation of land application
- Provision of water reserve in field, in the form of rorak and wells, setting up fire fighting equipment such as fire extinguisher and water tank trucks, fire towers, fire simulation and counseling to employees and the public.
- Revegetation data for habitat management of fauna has not yet incorporated
- Recruitment of villagers surround the plantation
- CSR activities, infrastructure development and the involvement of local businesses

5.1.3

Protocol of environmental monitoring plan has also been incorporated within EIA and UKL-UPL documents. A matrix of environmental monitoring plan available at EIA and UKL-UPL, which describes: the type of impact, impact sources, the parameters of monitoring, target monitoring, site monitoring, monitoring, and time periods, executive manager, expense (plan), and the supervisory agencies.

The company has developed and periodic reporting environmental management plan/ environmental monitoring plan. However, reports on implementation environmental management plan / environmental monitoring plan not accordance with standard environment ministry decree 45, 2005 basically:

- Companies do not present information to the environmental impact of vegetation management.
- Companies do not present the data the recruitment of villages around the plantations.
- Companies show evidence of environmental monitoring consist of: monitoring vegetation with metode transect, monitoring the absorption of the community's economy, public perception, and community health monitoring.
- Companies have not done an evaluation and trend analysis inadequate.

Based on the information above, it raised **non compliance No. 2016.3 with minor category**.

5.1.3	Status: non conformity No. 2016.03 with category minor
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5.2

The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced

5.2.1 and 5.2.2

The Company has conducted HCV assesment on August 2011 using HCV Identification of High Conservation Values in Indonesia (June 2008) who assessing by RSPO licensed assessor. Based on that HCV report the company's Land Use Title (HGU) area are in Margasatwa Giam Siak Kecil Wildlife Park and Balai Raja Wildlife Park. Base on that report and company's latest hectare statement, there is 726 Ha area that allocated as Conservation Area. It conservation area consist HCV Area (201 Ha), Riparian area (109 Ha), Water Reservoir for POM (49 Ha) and unplatable swamps (367 Ha). It conservation area consist of 11 species of mammals, and 9 species Aves that categorized as RTE. The company also mapped the HCV Distribution with a scale of 1: 55,000 for identification of conservation area.

The Company has a management plan HCV consist of sign board of endangered species, water sources, riparian limit signs board, prohibition spray on riparian and socialization of the management plan HCV.

Based on interviews with workers and foremen sprayer that there are limits to riparian spray ban in KMS 3 Block P08 and spray workers do not apply pesticides in the riparian, there is a sign board banned hunting of animals that are installed in the area employee access to the workplace to inform ban on hunting protected animals.

There is monitoring and monitoring of important species that exist within the concession companies conducted by periodically.

5.2.3;

There is socialization, protection and security of protected conservation areas involve local community PT Adei Plantation. Socialization related ban on hunting the RTE, socialization conducted on 5 April 2016 by manager KMU and

head of village Semunai. Based on interviews with workers sprayer known they had understood the animal's presence information is RTE.

5.2.4

Based on monitoring of wildlife Performed By KMS - 3, KMS - 4 and KMU - 7 every month, explained in the report of the Conservation Area Identification Results August 10, 2015 in the period January – December 2015. Company has been monitoring RTE species each month, the monitoring result period January – December 2015 be found RTE species consist off *raja udang*, *tringgiling*, and *macan akar*.

5.2.5

There HCV related to society, consist of conservation area for sakai tribe. The company has had Agreement to protect this conservation area according to the written statement from Regional Director company and PT. ARARA ABADI date of 4 December 2013.

Status: Comply

5.3

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

5.3.1

The company has document identifying sources of waste and pollution generated from plantations and palm oil mills operation, under the following document:

1. EIA and UKL-UPL document which lists the major sources of waste from palm oil mill and plantation operations, especially solid waste, POME and emissions.
2. Waste identification document, updated on June 2015. There are 21 sources of waste that were identified: used lubricant from vehicle and engine; Workshop produces contaminated fabrics and used lubricant; emission from boiler; empty bunch from FFB processing; Clinic operation generates infectious waste; POME (liquid waste) from mill processing; POME produces methane gas, etc.

5.3.2

The company has provided special place for storage of chemicals materials in mill and estates. There are two chemical storages for estate operations, located in KMS 1 estate for South Area and in KMU 6 Estate for north area. There is one unit of chemical material storage for the chemical plant.

Observed from field visit that those chemicals storages has met standard requirement according to regulation: separated from other materials including fertilizer, provided first aid kit and emergency equipment, MSDS, PPE, structuring materials on palette and include spill trap, permanently ventilated, complete recording, and all staffs have been trained in chemical material handling.

As regulated by SOP, the company has provided licensed storage for hazardous waste or so called TPS LB3 (including ex chemical container), as follows:

1. Hazardous waste storage in Mandau Mill, license obtained through decree of Bupati Bengkalis number 28 year 2011, dated May 18 2011, valid for 5 years. The license has been expired by May 11, 2016 and PT. ADEI has proposed extension of the license to local authorities of Kab. Bengkalis on Juni 6, 2016 (Observation).
2. Hazardous waste storage in South Mandau Complex (KMS 1 estate), license obtained through Decree of Bupati Bengkalis number 67/KPTS/I/2012, dated Januari 17, 2012 valid for 5 years.
3. Hazardous waste storage in North Mandau Complex (KMU 6 estate), license obtained through Decree of Bupati Bengkalis number 66/KPTS/I/2012, dated January 17, 2012, valid for 5 years.

Field verification revealed that the company has managed all hazardous waste (including agrochemical) properly in accordance with the applicable regulations. All hazardous waste are stored in temporary storage before transported and disposed by licensed third party. In addition, company also maintains records of waste handling and delivers periodic

report to local environmental offices of Bengkalis District. Example of hazardous waste management records sighted in the audit are:

- Logbook of incoming and outgoing hazardous waste from storage
- Monthly balance sheet of total produced and disposed hazardous waste, from all category of waste. The balance sheet has been reported periodically to local environmental office.
- Delivery notes (manifest) of hazardous waste by the licensed contractor.
- Work contract number 002/AD.MDU/MOU/LB3/V/2016 with PT. Primanru Jaya as licensed transporter and disposal contractor of hazardous waste, dated on May 2, 2016, covers the following items: used lubricant, contaminated gloves and fabrics, oil filter, used bulb and neon, used accumulator, chemical material container, gloves.
- Work contract nomor AD-OO/HO-XI/012015 with Rusmin Nuryadin Hospital, Pekanbaru for disposal of infectious and medical waste.

5.3.3

Observed that in order to avoid environmental pollution, company has established a plan of waste disposal, under:

1. EIA and UKL-UPL document which contain management plan of several major pollution sources from estate and mill operation such as liquid waste and emission. All produced POME used for land application.
2. SOP regarding management of hazardous waste (LB3) under SOP number 16, latest revision was on Agustus, 02 2013.
3. SOP of Mills waste handling under document number 18, latest revision available on Agustus, 01 2013. The SOP explains emission management, solid waste, liquid waste (POME) from mill and its utilization.
4. SOP of domestic waste number 41, latest revision on Agustus 01, 2013. SOP also describes the management of domestic waste from housing complex.
5. SOP of Office Domestic Waste Management, under document number No. 42, latest update Agustus 01, 2013.

Companies conduct inconsistent implementation of waste management plan consist of:

1. Employees burning of domestic waste in emplacement. For example: KMS 1 emplacement and KMU 6 emplacement)
2. Disposal Mill hazardous waste (Oil filter) in landfill KMS 3.
3. Chemical Container hazardous waste (for example: container kenlon) circulating and used outside in hazardous waste temporary warehouse out of control.

Based on this, the issued nonconformities No. 2016.04. with category Minor

According to field visit, all of the plan have been implemented, as seen in the following records:

1. All POME produced from mill have been managed in a Waste Water Treatment Plant (WWTP) prior discharged to estate blocks as land application. There are 7 ponds where all ponds are in good shape.
2. All domestic wastes have been disposed in landfill waste disposal
3. All shell and fiber have been used as renewable boiler fuels. According to recent records (year 2016) of fiber and shell use in Mandau Mill, number of fiber and shell utilization for renewable energy are as follows: January (fiber 2.079,26 tonnes and shell 1.039,63 tonnes); February (fiber 1.877,66 tonnes and shell 938,83 tonnes); March (fiber 1.890,57 tonnes and shell 945,29.92 tonnes); April (fiber 1.951,95 tonnes and shell 975,97 tonnes); May (fiber 1.950,06 tonnes and shell 975,0385 tonnes); June (fiber 1,927,84 tonnes and shell 963,92 tonnes, and for July (fiber serat 1.535,12 tonnes and shell 767,56 tonnes).
4. Land application permit from local authority (Bupati) under SOP number 70/KPTS/I/2012. LA applicable in Blok PE 04 and 08 with total area of 100 ha in KMS 3 estate.
5. Based on interview, some of EFB are used as organic fertilizer in estate, while some others are used as boiler fuels in KCP.
6. All hazardous wastes have been managed properly in accordance to applicable SOP and certain requirements

5.3.3 Status: Non conformity No. 2016.04 with category minor

5.4

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

5.4.1

The company uses renewable energy to reduce the use of fossil fuels, as programmed within the standards of waste management (SOP 18):

- All fiber and shell used as boiler fuel to supply electricity to the mills and housing around the plant.
- All POME is used as raw material for biogas (methane capture) in the Biogas Plant. Electricity from Biogas Plant is used for the processing of the kernel at KCP.

The use of renewable energy (fiber and shell) has been regularly monitored by the mill. In addition to monitoring of fiber and shell use, the company has also conducted evaluation on the efficiency of renewable energy through identification of energy produced (Kwh) per MT of CPO. Records of recent energy usage and efficiency analysis shows that average conversion of energy produced per ton processed FFB is 18.83 Kwh/Ton FFB. However, management review showed that use of fossil fuels in mill and estate operation still can not be avoided. The company carries out monitoring of the efficiency of fossil fuel use (diesel fuel) and energy saving campaign. For year 2016, the average of produced energy is 3.24 Kwh / liter diesel fuel.

Observed that the company has built a biogas plant with a capacity of 36,000 kw per day to decrease GHG emission and in the other hand increase the efficiency of renewable energy. The electricity is generated from POME processing around 720 m3 per day by using two active generators with a capacity of 1 MW each. Average methane gas generated around 25000-27000 m3 / day with conversion rate of 1 cubic meter waste to produce 40 m3 of gas and 1 Kw of electricity.

Status: Comply	
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5.5

Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.

5.5.1

The company has SOP of land clearing No. 31. The SOP describes the stage of land clearing as follows:

- *Zero Burning* land clearing implementation.
- Prohibition to clear the land with slope > 40%.
- Prohibition to clear peatland with depth more than 3 m.
- Making system of drainage, terrace, planting LCC plants to prevent erosion and soil degradation.
- All conservation area should not be cleared and must be preserved.

5.5.2

According to the result of field visit to the replanting area such as on block B126 of Mandau Utara Estate 6; Block 14A Mandau Selatan Estate 2 and Block 15 B Mandau Selatan Estate 1, the implementation for planting preparation has been done appropriately based on SOP like: making terrace, planting LCC and stacking the dead palm oil plants as well as rubber plants (land conversion is conducted mechanically).

Status: Comply	
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5.6

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

5.6.1.

The company has identified all sources of waste and pollution in plantation and mill operations. The identification result has been incorporated included in the document:

1. Environmental Impact Assessment (EIA) for the entire plantation and palm oil mill of PT. ADEI P & I, year 1999 and Environmental Management / Environmental Monitoring Effort (UKL / UPL) for conversion from rubber to oil palm in year 2011. The documents describe the main sources of waste and pollution of plantation and mill operations such as: POME, domestic waste pollution, emissions from stationary sources (boilers and generators).
2. Waste and Pollution Identification Form for Plantation and Factory Activities, latest update available from June 25, 2015. There are 21 major sources of waste identified, eg: used lubricant from vehicles and engines, workshop activities produce dust and contaminated fabrics, boiler produce static emission, FFB processing produce empty

bunch, clinics produce infectious and medical waste, waste water plant produces POME and methane gas, etc.

5.6.2

All important documents related to greenhouse gas emission calculation have been well identified such as: analysis of land use change (LUCA), POME production data, use of renewable energy (fiber, shells and biogas), the use of fossil fuel, fertilizer and pesticide use. GHG Inventory has been carried out with the guidance from RSPO Palm GHG calculator.

Specific for Mandau POM, the company has conducted an inventory of greenhouse gas emissions (GHG) sources and relevant mitigation plan, as follows:

1. Waste water treatment plant operation. Mitigation plan: capturing biogas (CO₂, CH₄ and NO₂) from the WWTP pond for power generation (started in November 2013), use decanter to reduce the solid waste on WWTP ponds.
2. Transportation, mitigation measures: proper maintenance and monitoring of vehicles transporting fruit to the plant, the transport workers. For reduction of diesel consumption.
3. The use of diesel fuel for generators, mitigation measures: scheduled maintenance to minimize the use of solar, solar usage monitoring (Kwh / liter diesel), GHG emissions in diesel usage are CO₂, CH₄ and NO₂.
4. The use of fiber and shell, mitigation measures: use of fiber and shells in the boiler to reduce the use of diesel fuel.
5. Dust from boiler chimney and kernel cyclone, mitigation measures: inspection of the chimney - every 6 months.

POME management procedures have been recorded properly. Observed that WWTP is generally well maintained. No indication of leakage or overflow to the environment / water bodies, flometer functioning properly to monitor wastewater discharge for land application. In addition to main waste water processing ponds, the company provided mud (dumping pond) to separate the waste with sludge.

Based on interviews with local environmental office of Bengkalis District, it is known that Land Application Permit for PT. Adei P & still valid. There is no complaints so far and from neighboring communities or stakeholders about the negative impact of land application.

5.6.3

The company has evidences of emission monitoring including GHGs from mill and estate operation, through several means as follows:

1. Periodic monitoring on ambient air and emission from stationary sources (boilers and generators) with reference to the EIA and UKL-UPL document. The monitoring is done every six month by accredited third party from Laboratorium Baristan, Padang. The most recent was carried out on April 20, 2016. The test results showed that all parameters met the requirement in Government Regulation number 41 of 1999, Decree of Minister of Environmental number 50 / 1996, and Decree of Minister of Health number 1405 / 2002. The test result has been reported on a regular basis to the local government through the RKL-RPL report.
2. Inventory on Green House Gas emissions using a Palm GHG calculator as part of compliance to the RSPO. Calculations are conducted once a year. Calculation for 2016 has been submitted to the RSPO in August 2016.
3. In addition to Green House Gas inventory, the company has also done the inventory of GHG emissions by using the ISPO standard for Greenhouse Gas Emissions inventory (ISPO GH calculator, issued by the ISPO Commission).

Profile of GHG emission for 2016 as follows:

- Emissions from the production of FFB in KMS (2016): 1,968.97 kg / ha / year (0.11 kg CO₂ / kg TBS)
- Emissions from the production of FFB in KMU (2016): 2,150.14 kg / ha / year (0.14 kg CO₂ / kg TBS)
- Emissions from press MCC (2016): 4,572 tons of CO₂ (20.82 gCO₂ / kg TBS)

Status: Comply

PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills

6.1

Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.

6.1.1 and 6.1.2

The management unit of PT Adei conducted SIA (Social Impact Assessment) study by cooperating with Aksenta (third party). The data sampling was conducted on October 24th – 31st 2011. According to the report of SIA, several meetings with several parties like Focus Grup Discussion (FGD) for 3 times (attended by 60 participants), field meeting for 2 times with 54 participants, the met stakeholders are 24 parties, the visited locations are 17 locations, number of monitoring spots are 29 spots, number of field respondent for 114 participants. The visited villages are Muara Basung, tengganau, Balai Pungut, Beringin, Kuala Penaso, office of Pinggir Sub-District, Semunai Village, Titian Antui Village and Balai Raja Village.

Minute of meeting of assembly with several parties is well documented. The negative and positive aspects of company's operational are discussed with several parties and the solutions are collectively discussed. SIA recommendation implemented by the management unit of PT Adei synchronize with the environmental management and monitoring plan and CSR programs including schedule and PIC of the program, evaluation, plan, implementation and monitoring of the programs which is involving several parties. the document is supported by the data of PIC, target of resolution and status of resolution for each programs.

Evidence of involvement of several parties is described on the document of result of interview and questionnaire distribution to several villagers of Villages of Penaso, Balai Pungut, Semunai and Sialang Rimbun. The reviewed aspects cover the influence of operational of company over the economy of the community, CSR need by the locals, cooperation with the locals and social conflict.

6.1.3

PT. ADEI Plantation & Industry has shown the SIA mitigation plan on the CSR program 2015 – 2016. It divided in to education, community health and welfare, infrastructure, sport and local art, local wisdom, donation for religious festivities and environmental conservation. Based on CSR realization report as follows:

1. Donation to indigenous communities of Sakai Tribes in the inauguration of head of community (Bathin) in Koto Pait Village.
2. Donation for play grup teacher salaries.
3. Build of fish ponds and hatchery for the small farmer group named Manuah – nuah (local communities Sakai Tribes) in Muara Basung Village.
4. Donation for sport exhibition tournament in Mandau.
5. Medical assistance for regular maternal and baby clinic in surrounding village.
6. Donation for mosque building in Sub district of Pinggir.
7. Road maintenance in surrounding village. For example, in Muara Basung Village.
8. Firefighting unit for firefighter team in Semunai, Balai Raja and Titian Antui Village.

The company has set the program to reducing negative impact and increasing positive impact, set the schedule, personnel in charge and monitoring the program realization.

6.1.4

Social impact assessment plan reviewed annually before the company set the annual CSR program. The program always set by involving surrounding local people. Until the ASA-4, there is no small holder scheme which is cooperated with PT. ADEI Plantation & Industry.

6.1.5

PT Adei Plantation & Industry has had the document of plantation business permit (IUP) based on head of district decree No. 744/UT/512/VI/2004 on June 18th 2004 and plantation industry permit based on head of district decree No. 746/U.T.513/VI/2004 on June 18th 2004. They did not have obligation to build small holder plantation.

Almost all local communities living as fisherman and palm oil farmer. In order to increase welfare and productivity of local community, the company giving the assistance such as:

- Road maintenance to expanding access of local product market.
- Using local people as security partner to increase local people's income.
- Donation for educational activity to increasing community knowledge and skill.

In the other hand, PT. ADEI Plantation & Industry also set the partnership with local FFB supplier. There are four FFB Supplier from the surrounding village such as CV Abdi Mandiri (Balai Pungut Village), CV. Putra Mandau (Muara Basung Village) and CV Sejahtera Jaya (Penaso Village).

Status: Comply

6.2

There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

6.2.1

Procedure of communication and consultation is documented on the SOP of Mandau Estate written on SOP 19. All information requests/socialization, consultation and communication are written on the logbook of request of information/socialization, consultation and communication. Logbook of request of information/socialization, consultation and communication is well maintained for 5 years.

Example of information request in term of Godang River issue dated June 4th 2015. The report was responded on June 4th 2015 by holding meeting with the locals. The meeting with representatives of Sakai tribe on June 23rd 2015.

6.2.2

The company has an Officer who is appointed to communicate with the locals. According to the decree No. AD-Pers/SKPTS/114/2013 the Officer who is appointed to communicate with the locals nearby Mandau Utara Estate is Manager of Public Relation of Mandau Estate Complex. One of the task and responsibility of manager of public relation is to maintain relation and communication with several parties such as government agencies, community or individual. Meanwhile, the Officer who is appointed to communicate with the locals nearby Mandau Selatan Estate is HUMAS Assistant Manager. It is supported by the decree No. AD-Pers/SKPTS/060/2014.

6.2.3

The company has the list of Mandau Estate stakeholders which was revised on April 24th 2015. For example:

1. Law institute (10 agencies)
2. Labour Union (3 organizations)
3. FFB supplier (2 suppliers)
4. Service/Supply provided (18 agencies)
5. Village / the locals (13 agencies)
6. Contractor (7 agencies)
7. NGO (6 agencies)

Based on the results of stakeholder consultations in the village of Muara Basung, Semunai Village and Village Tenggau known that they understand how to convey the grievances and aspirations to the company (verbal and written), and find out to whom the complaint was submitted and aspirations.

Status: Comply

6.3

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

6.3.1

PT Adei Plantation & Industry – Mandau POM has had procedure in term of complain and disgruntle management. It is SOP 20 – Procedure of complaint and disgruntle. The procedure describes the complain and disgruntle control informed

by several parties (employee and other party including the locals to the company). The procedure of complain is as follows: (1) Issue introduction, (2) legalization of the appeared issue, (3) dialogue and chat, (4) dialogue dan negotiation, (5) receipt, and (6) record maintenance.

According to the result of stakeholder consultation in Villages of Muara Basung, Semunai and Penaso, they have aware of the method to express the complain and aspiration to the company (oral and written) and have known to who the complain and aspiration should be given. Complain mechanism has been informed to all stakeholder. All information request recorded in information request log book.

Complain handling by manager, field assistant, head of gender committee and head of labor union. Through the interview with field worker, they all known the complain procedures by socialization when mustard morning.

SOP above has set specific rules as follows:

- a. The company has zero tolerance to revenge and intimidation to the employee that reported complaint including harassment and sexual violence. Violations of this policy may result in disciplinary proceedings, including work termination.
- b. Whistleblower identity and sensitive case victim such as harassment and sexual violence will be protected.

In the SOP No. 20 written that all complainant could be reported the complaint through the RSPO Dispute Settlement Facility or direct contact to RSPO.

6.3.2

Based on document verification, during 2015 – 2016 (the audit conducted), there is no written complaint for the company. Therefore, there is no complaint handling has documented.

Status: Comply

6.4

Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

6.4.1

SOP for land acquisition process available to verify the legality of land and all rights associated with plantations in:

1. SOP number 27 regarding Land Acquisition for the procurement of land for plantations. SOP describes procedures for land acquisition for plantations that include identification of land ownership by third parties including the community, customary rights and other land uses.
2. SOP number 26 regarding the settlement of land disputes, including the identification of restitution of land used for plantations.

Based on legal documents, the entire land of PT. Adei P & I had been through the process of compensation. Latest acquisition in North Mandau Complex was carried out in 2007 (with Bali Raja Village, covering area 136 ha), while for Southern Mandau Complex, most recent was 2003-2004 (with Beringin Village), involving relevant stakeholders mostly BPN and NGO. All records related with land acquisitions are well documented and kept.

6.4.2

The company has a standard procedures for Land Dispute Settlement in SOP number 26, which describes standard Conflict Resolution Mechanisms, classification of dispute: Disputed Land / border, the Occupied Land Disputes (Squatter Dispute) and Social Issue.

Based on the stakeholder consultations in the surrounding villages: Kuala Penaso, Semunai and Muara Basung, obtained that by the time audit was held no information significant issues related to land dispute with PT Adei. Compensation for all land acquisition had been completed at the initial period of the land opening from 2003 to 2007.

6.4.3

All original documents related to land compensation kept in the Central Office Pekanbaru and partially archived at the unit level. Examples of compensation payment in the area South Mandau Complex (KMS 3): Statement Letter from land owner, Minutes of Compensation Payments, Map of the joint land survey by company and the owner, receipt of

compensation payment (e.g. compensation to B. Nababan from Tengganu Village, covering an area of 3.85 hectares to be paid on April 27, 2004).

Status: Comply

6.5

Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

6.5.1

Refer to mutual labor agreement that has been ratified on November 18th 2016, article 9 regarding worker status agreed that worker status as follows:

1. Monthly worker
2. Daily fix worker
3. Daily unfixed
4. Piece worker

Based on document, payroll has been documented in form of salary slip which is derived from attendance data, insentive, overtime and pieces loans that has set by head clerk and approved by estate manager.

Payments method refer to Governor of Riau Decree No. 573, 2016 regarding to minimum wage for sub-sector coconut, oil palm and rubber plantation year 2016. It declared that minimum wage is IDR 2,325,000/month. Payments evidence refer to the regulation above has been shown to the auditor

6.5.2

Mutual labor agreement

The company has had mutual labor agreement (PKB) agreed between PT. ADEI Plantation & Industri and 3 labor union (PK SB Sejahtera Indonesia, PUK SPPP Serikat Pekerja Seluruh Indonesia and PTP Serikat Buruh Riau Independen). The mutual agreement valid period 2015 – 2017 and has been legalized by head of Manpower Agency of Siak District on November 18th 2015.

Based on document and interview with field staff and worker in estate and mill, found:

1. Employment agreement that written employment status as 'probation employee'. It is not in accordance with the mutual labor agreement 2015 – 2017 article 9 about worker status that stated as monthly worker, daily fixed worker, daily unfixed worker and piece worker.
2. Based on field visit in block P08 KMS3 Estate found harvester who helped by unregistered employment picker. It is no in accordance with mutual agreement No. 02/PB_KM/1/2015 dated on January 22nd 2015 between the company and head of labor union regarding to prohibition of harvester bring his family or helper to harvesting area. Also shown circular letter of GM Mandau Complex (No. AD – KM/Edaran/VIII/2016 – 004) dated August 1st 2016 to all senior manager and estate manager in order to not bring picker in harvesting area.

Based on audit result above, it raised non conformity No. 2016.5 with category Major.

Payments method also refer to mutual labor agreement especially for insentive, overtime, wage during detained, wage during sickness, wage during leave, holiday allowances etc.

6.5.3

The company has provide general facility to ensure worker welfare. Some facility that has been provide as example, housing facility, water reservoir, electricity, sanitation facilities, worship place, sport, educational facility and transport, daycare, landfill, firefighter facilities etc. Any complain regarding to the facility can be delivered to field supervisor or field staff.

Based on the field visit, all facilities that has been provide by the company are adequate. For example, water reservoir in KMS3.



Health care services available in Mandau Selatan Estate and Mandau Utara Estate. It clinic has had a mutual agreement with workers social security agent (BPJS). If any serious case, those clinic can referring patients to a Permata Hati Hospital (the nearest hospital in Duri 28.62 km).

Electricity has supplied from own generator or national electricity company (PLN). For supply from PLN, the worker will get subsidy IDR 100.000/month. Receiving slip subsidy has shown to auditor.

6.5.4

PT ADEI Plantation and Industry has improve their employees to access decent food. Beside that, the company through General Manager on August 8th 2016 issuing policies regarding to decent food access. The company provide area for incidentally traditional market during the payment day and allow the worker to selling basic need in their home.

Based on location map, PT. ADEI Plantation & Industry located in Subdistrict Pinggir. The nearest city that supplied decent food were \pm 13.73 km from the plantation. Therefore, the employee access to basic food is not a problem. Beside that, the company also provide and facilitate worker's cooperative especially in Mandau Utara Estate. The cooperative ready to supply basic need (food, water etc) with low cost.

6.5.2 | **Status: Non conformityNo. 2016.5 with category major**

6.6

The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

6.6.1

Freedom of association for employment written in at least two policies document as follows:

1. Circular memo of Regional Director PT. ADEI Plantation & Industry dated October 1st 2011 that stated "The company gives freedom to the workers to unite under the law".
2. Mutual labor agreement article 4th that stated "the company recognized workers/laborers are free to become labor union".

Interview result with employee in field and public consultation with labor union representative, the company gives the freedom for all workers to joint or not to joint labor union. Refer to Article 5 in mutual labor agreement, the company also give a permit to leave the job for labor union meeting (maximal 2 days off). Based on information so far, communication between the company and labor union has very good and no intimidation.

All labor union in PT. ADEI Plantation & Industry has been registered in Manpower Agency of Bengkalis District. There are 3 labor union such as PUK SPSI, PK Serikat Buruh Seluruh Indonesia and PTP Serikat Buruh Riau Independen. All document regarding to labor union and mutual labor agreement written in Bahasa.

6.6.2

The company has documented minutes of meeting between labor union and management representative. Fo example,

minutes of meetings on September 15 th 2016 regarding to harvesting incentive and pensions fund. The agreement was signed by management representative and labor union representative.		
	Status: Comply	
6.7 Children are not employed or exploited.		
6.7.1 <p>The Company has a SOP.47 on employee recruitment policy was revised on August 1, 2015 and signed by the General Manager. SOP explains that companies should conduct interviews and check personnel documents such as ID and family cards and others as required by local regulations to ensure that potential workers over 18 years old or more, and this also applies to contract workers.</p> <p>Documentary evidence that minimum age requirement has been met by the workers included in the list of names of Labor in July 2016 was not found workers aged under 18 years. Based on the results of field visits and interviews with workers found no workers under the age of 18 years.</p>		
	Status: Comply	
6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
6.8.1 <p>Consistently up activities of ASA-4, policies prohibiting all forms of discrimination set out in the Sustainable Plantation Management Policy (Sustainability) Kuala Lumpur Kepong Berhad signed by the Chief Executive Director on 1 December 2014. In SOP 21 also described the statement "there is no discrimination against workers based race, caste, nationality, religion, disability, gender, labor unions, political parties and age".</p>		
6.8.2 <p>Evidence of policy implementation is by no discrimination in receiving labor. According to interviews with workers and a review of the list of labor documents note that there is no discrimination in employment. In interviews with local workers (workers press and Laboratory) who came from the village Trengganau, it is known that the treatment of the company to the local workers are good.</p>		
6.8.3 <p>In the SOP Management and Workers explained that there is no discrimination against workers based on race, caste, nationality, religion, disability, gender, sexual orientation, trade unions, political parties.</p> <ul style="list-style-type: none"> ➤ Evidence of implementation of recruitment procedures: ➤ Form of labor demand dated March 1, 2016 on the application for additional manpower from Division Staff and Approved Manager. ➤ Approval of the workforce acceptance Senior Manager KMS and GM dated May 24, 2016 that Victor Sondra Sitanggang have participated in the selection based on Circular Letter No. 01 / SE-GM / XII / 2014. For that employees received since July 1, 2016. ➤ Application of work dated June 8, 2016 by attaching the required documents: Copy of ID ➤ Copy of family card ➤ Copy of certificate Behave well, from the Police ➤ Photocopy Job Application Letter ➤ Curriculum Vitae. 		
	Status: Comply	
6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.		
6.9.1; 6.9.2; 6.9.3 <p>Until the activities of ASA-4 is known there are no policy changes to prevent all forms of sexual harassment and violence, and protect the reproductive rights of all workers. Additionally related to specific complaints mechanisms that protect the complainant has been provided in the document SOP 25. Sexual harassment Complaints Procedure. To implement the above policy-related, have formed the Gender Committee is an organization that is responsible for</p>		

ensuring the policy is applied across all operational units.

The Company has a policy of Protection of Women's Reproductive Rights signed by the Regional Director, dated October 1, 2011:

- The Company will comply with all legal and regulatory requirements relating to the reproductive rights of women.
- Gender Committee will be established to implement and monitor this policy. The results of field visits at the clinic also found policies and procedures regarding the leave application related to reproductive rights.

Based on interviews with workers fertilizers and sprayers known that the worker has obtained the protection of reproductive rights, for example the transfer of employment, should in pregnant and breastfeeding, menstruation leave, maternity leave for 3 months, leave after a miscarriage and permit a break for breastfeed.

Status: Comply

6.10

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

6.10.1

FFB prices for third parties determined based on SOP 28 about FFB pricing mechanism signed August 1st 2013. Based on the procedures, FFB price depending on CPO/PK prices in Marketing Department in Ipoh Malaysia and tender prices in Medan on Tuesday and Friday minus transport cost multiplied OER/KER minus processing cost. FFB pricing communicated to all FFB supplier via short message or phone call.

FFB prices documented and communicated to all supplier. Based on interview with FFB supplier (CV. Sejahtera Jaya), FFB price dated July 27th – 29th 2016 IDR 1,393.-/kilograms. Prices often more expensive then the competitor and all supplier free to choose to sell his own FFB or not.

6.10.2

FFB purchasing has set for 1 year with weekly payment dated on Thursday. Payment recapitulation set monthly and reported to Marketing Division in Pekanbaru and Ipoh. FFB pricing mechanism has socialized to all supplier before they signed contract.

6.10.3 and 6.10.4

FFB purchasing contract documented by both parties. For example purchasing contract No. ADEI – MDU/058/TBS/VII/2015 dated July 22nd2015. The contract written principal agreement, FFB delivery, sortation, penalty, agreement period, pricing mechanism, force majeure and dispute. All contract has been read, signed and kept by both parties. Payment was made on time. For example, payment CV Sejahtera Jaya was paid on June 22nd 2016 (on time according to the contract)

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

6.11.1

Based on questionnaire and interview that collecting by public relation staff from head of local community and head of village in 2015, concluded several aspiration such as education, community health and welfare, infrastructure, sport and local art, local wisdom, donation for religious festivities and environmental conservation.

PT. ADEI Plantation & Industry has shown the SIA mitigation plan on the CSR program 2015 – 2016. It divided in to education, community health and welfare, infrastructure, sport and local art, local wisdom, donation for religious festivities and environmental conservation. Based on CSR realization report as follows:

1. Donation to indigenous communities of Sakai Tribes in the inauguration of head of community (Bathin) in Koto Pait Village.
2. Donation for play grup teacher salaries.
3. Build of fish ponds and hatchery for the small farmer group named Manuah – nuah (local communities Sakai Tribes) in Muara Basung Village.
4. Donation for sport exhibition tournament in Mandau.

5. Medical assistance for regular maternal and baby clinic in surrounding village.
6. Donation for mosque building in Sub district of Pinggir.
7. Road maintenance in surrounding village. For example, in Muara Basung Village.
8. Firefighting unit for firefighter team in Semunai, Balai Raja and Titian Antui Village.

The company has set the program to reducing negative impact and increasing positive impact, set the schedule, personnel in charge and monitoring the program realization.

Through the public consultation, local people was quite satisfied with the contribution of the company. Nevertheless, there are a few villager that work in company due to they have their own small palm oil and difficult to work in accordance with the rules that set by the company.

6.11.2

Based on document verification, the company has no obligation to build smallholder scheme.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1 and 6.12.3

Company policy regarding to forced labor and human trafficking has been written in KLK Sustainability Policy point 3.2 about Respecting and Acknowledge All Worker Rights. The policy stated that group and the supplier / contractor will not consciously employ or support the use of forced labor or human trafficking and will take appropriate step to prevent the use of forced labor in relation to the group. There are no travel restrictions for workers outside their office hours.

Based on employee data, there are no migrant worker in low to middle level management. Migrant worker only at the top management level.

6.12.2

Through the document verification, auditor found 2 employee in the probation period in Mandau POM. During the audit, auditor has interviewed and gathering information from both of probation worker and concluded that they has been work according to their signed contract.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1

The human right policy owned by PT ADEI is attached on the Sustainability Policy of KLK (KLK sustainable policy). For example:

- Encourage and support the universal declaration of human right.
- Respect and admit all rights of employees.
- Facilitating the independent smallholders on the supply chain.
- Respecting the right of land ownership.
- Respecting customary right of the locals.
- Managing the verified complain and conflict through open, transparent and consultative process.

Human Right Policy Socialization has been held on:

1. KMS3 on July 28th 2016 attended by 6 new harvester and July 12th 2016 to the 11 harvester.
2. Mandau POM on August 11th 2016 attended by 17 mill worker.
3. Socialization for supplier and contractor on February 5th 2015.

Status: Comply

PRINCIPLE #7 Responsible development of new plantings

7.1

A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

7.1.1

Based on the hectare statement information, it is known that there are new development plantation in the area of PT. Adei Plantation & Industry after year 2010. All those new planting activities and area have been covered by the following Environmental Impact Statement, as follows:

1. EIA for oil palm and rubber plantation of PT. Adei, conducted in 1999 with total area of 14,900 ha (8,900 ha of oil palm and rubber 6,000 ha), Oil Palm mill with capacity 80 ton FFB / hour and 3 ton Rubber / hour). EIA has been approved by Director General of Nature Conservation and Protection / Chairman of the Central EIA Commission through letter number 86/DJ.VI/AMDAL/1999, dated July 6, 1999.
2. Environmental Management Document (UKL / UPL) for conversion of rubber to oil palm commodity, approved by local authorities of BLH Kab. Bengkalis through letter number 660/BLH-PPDL/22/2011, dated 11 November 2011. The scope of the study UKL / UPL covering an area of 2,594 ha.
3. Social Impact Assessment (SIA), conducted in Januari 2012 by the company in cooperation with competent third party (Aksenta). The assessment had been carried out through a participative way and involving the affected parties: Staffs and Employee of PT ADEI, Representatives of Local Villagers from surrounding villages: Muara Basung, Desa Pinggir, Desa Banjaran, Desa Tenggau, Desa Sialang Rimbun, Balai Pungut, Desa Beringin, Desa Kuala Penaso, Desa Semunai, Kelurahan Balai Raja, Kelurahan Titian Antui, and Perumahan Simpang Intan.

7.1.2

EIA and SIA documents have incorporated identification of positive and negative impacts of the plantation including the new planting development (conversion) after 2010. A protocol of management and monitoring of environmental impacts has been developed in accordance with the type of impact identified. Matrix of management and monitoring have been included in the document Environmental Management Plan and Environmental Monitoring Plan as an integral part of the EIA document.

1. The environmental management plan according to EIA are:
 - The decline in water quality, is managed with wastewater management and OSH in the factory environment
 - Forest and land wildfires, is managed by water reserve, fire equipment, fire monitoring tower, and extension on fire prevention to employees and the community.
 - Decrease of fauna habitat and vegetation, managed revegetation
 - Socio-economic and cultural impact, managed by recruitment of villager around the project site as employee
 - Public perception is managed by creating business opportunities, agribusiness counseling, and clean water facility,
3. The Management plan according to UKL-UPL are:
 - Socio-economic impact, is managed by increasing revenue of the local community through involvement in business process (e.g. as contractors)
 - Public perception, is managed by intensive socialization and communication

The RKL-RPL in EIA and UKL-UPL have included explanation of: the type of environmental impact, impact sources, management parameters, goal of environmental management, location, management effort, time and period, responsible parties, expenses (plan), and the supervisory agencies. List of environment impacts and related management plan are as follows:

7.1.3

PT. Adei P & I does not have any smallholder / partnership scheme with community. The business permit obtained prior to issuance of Ministerial Decree year 2007 so there is no obligation to make partnership in smallholdings.

Status: Comply

7.2

Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

Result of soil survey (print on April 16th 2011) which was conducted by PT AAR Indonesia (PT Applied Agricultural Resources Indonesia) describes the land suitability class, type of soil, level of soil fertility and topography.

There is a map of soil type distribution in scale of 1: 120,000. There are 6 (six) land units follows:

1. Pfq 3.2 (7.068 ha) – Kandiodults, Dystropepts, Hapludox, dan tropaquepts – sand – slope 3-8% - good to bad drainage – very deep – low soil fertility.
2. Pfq 3.1 (3.841 ha) - Kandiodults, Dystropepts, Hapludox, dan tropaquepts – clay, sand – slope 3-8% - good drainage – deep to very deep – low fertility.
3. Pfq 1.1 (1.910 ha) - Kandiodults, Dystropepts, Hapludox, dan tropaquepts – clay, sand - slope <3% - bad to moderate drainage – deep to relatively deep – low to moderate soil fertility.
4. Pfq 2.2 (1.072 ha) - Kandiodults, Dystropepts, Hapludox, dan tropaquepts – clay, sand – slope 0-8% - good drainage – deep to very deep – low fertility.
5. Au.1.3 (428 ha) - Dystropepts, Fluvaquents, dan tropaquepts – clay, sand – slope < 3% - bad to moderate drainage – deep to very deep – low to moderate soil fertility
6. Pq 4.3 - (42 ha) - Kandiodults, Dystropepts, dan Hapludox – slope 3-16% - good drainage – deep to very deep – very low fertility.

Based on the result of field visit to replanting area on block B126 of Mandau Utara Estate 6; block 14A of Mandau Selatan Estate 2 and block 15B of Mandau Selatan 1, replanting is being conducted. The terrace has been built and LCC planting for *Mucuna bracteata* on the terrace edge has been supported with pattern of trench flow to the terrace.

Status: Comply

7.3

New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

7.3.1

Review of documents show that the entire area of the new plant after 2005 and after 2010 have been included in the document Identification of HCV that is set up in August 2011. The HCV document had been updated on August 10, 2015 month to review the impact of location HGU PT Adei PLANTATION & INDUSTRY between 2 Protected Areas established by the government in accordance Minister of Forestry Decree No. 173 / Kpt-II / 1986, June 6, 1986, namely SM Balai Raja (2 km Westward of HGU) and SM Giam Siak Kecil (15 km Eastward concession, after HPHTI PT Arara Abadi).

7.3.2.

HCV document review shows that the HCV analysis had been done in a participatory way and involved stakeholders. The involvement through interviews and questionnaires to a representative masyarakat in the data gathering process, and through public consultation to get public response.

PT Adei P & I has also developed Analysis of Changes in Land Use (Land Use Change Analysis) in accordance with RSPO format. The LUCA study analyzed land cover change trend in PT Adei P & I area for periods in 1988, 1995, 2005, 2010 and 2014. Parameter study include: Secondary Forest, Field Society / Shrublands, Area Open, Rubber Plant, Plant Palm Oil and Water Agency. The data was presented in the form of area (ha), a percentage of the concession area of the company (%) and the Land Cover Map. LUCA report has been submitted to the RSPO secretariat via email on October 13, 2015.

7.3.3

Land clearing of land for oil palm PT Adei P & I has been conducted since 1998. According to the procedure of document retention time, data retention time is 10 years, so that the record date of the initial opening of the land is not available.

For new rubber conversion area, cleared after 2010 the company has a complete record of the date of the beginning of opening the garden in the minutes of the completion of the work of land clearing and stacking mechanically in each block

7.3.4. & 7.3.5

HCV document has been completed with management plan, which covers: Periodic socialization plan, marking boundaries HCV, Installation signboard, patrol, and wildlife protection plan. The Company has evidence that they have already reached an agreement with local people to protect the rights of local communities. There is evidence that consultation with affected communities has been done to identify the areas that are needed by the community to meet their basic needs, taking into account the positive or negative changes to livelihoods as a result of farm operations, such as:

- The presence of HCV related to the cultural identity of the local area of 2.3 ha (2% area HCV) is HCV 6.
- Determination of the conservation area of indigenous people (Malay Sakai Tribe) within the HGU PT Adei P & I of ± 2.540 ha in accordance with the "Discussion Meeting to Define Conservation of Native people in the area HGU PT Adei P & I and a plantation area of PT Arara Abadi District Duri, held on 13 April 2000)

7.3.5

The company has made efforts to protect the species of endangered / threatened species. For example:

1. Marking areas already identified as High Conservation Value.
2. Installed sign board in a public area or riparian belt about prohibition of hunting, felling trees, poison or electrocute fish.
3. Monitoring of wildlife monthly and conditions sacred cemetery.
4. Monitoring of chemical application near HCV area.

The company also set the HCV monitoring activity that documented on HCV checklist such as:

1. HCV checklist of Penaso River (HCV 4.2 and HCV 5)
2. Riparian belt check list.
3. HCV checklist of sacred cemetery Datuk Berdarah Putih and local tribes Suku Sakai Pebatin (HCV 6 checklist).

Status: Comply	
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7.4

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

7.4.1

Based on the Soil Type Distribution Map (scala of 1 : 120.000) owned by Kebun PT. Adei Plantation & Industry and the result of soil sample analysis conducted by PT. Applied Agricultural Resources (AAR) Indonesia, there is no marginal nor critical land within the area of PT. Adei Plantation & Industry. Generally, the soil type is sandy clay.

Based on the Soil Type Map (scala 1: 20.000) owned by the company, soil type in Kebun Mandau Utara and Kebun Mandau Selatan are categorised as order of *Ultisol*, *Inceptisol* and *Oxisol* which is classified as mineral sandy clay soil. Meanwhile, according to association of soil group of land unit, including *Kandiudults*, *Dystropepts*, *Hapludox*, *Tropaquepts*, and *Tropaquods*. There is no peat soil within the area of PT Adei Plantation & Industry.

The Manager of Kebun KMU7 explained that in general soil in KMU and KMS is sandy clay. Eventhough so, the company applied manure using type and rate of fertilizers by considering farm condition and manuring recommendation from Agronomist of PT. Applied Agricultural Resources (AAR) Indonesia

Result of field observation and interview with field workers in Kebun KMS3 (Block P14), KMS4 (Block BN08), and KMU7 (Block PM98B) is known, that there is no marginal land dan peat soil in those areas.

7.4.2.

Based on the Soil Type Distribution Map (scala of 1 : 120.000) owned by PT. Adei Plantation & Industry and the result of soil sample analysis conducted by PT. Applied Agricultural Resources (AAR) Indonesia, there is no marginal nor critical land within the area of PT. Adei Plantation & Industry. Generally, the soil type is sandy clay.

Based on Soil TypeMap(scala 1: 20.000) owned by the company,soil type inKebun Mandau Utara andKebun Mandau Selatan are categorised as orderof *Ultisol*, *Inceptisol*and*Oxisol*which are categorized as mineral sandy clay soil. Meanwhile, according to association of soil group of land unit, including*Kandiudults*, *Dystropepts*, *Hapludox*, *Tropaquepts*, and*Tropaquods*. There is no peat soil within the area of PT Adei Plantation & Industry.

Eventhough so, the company has done effort to improve soil fertility by growing leguminous cover crop (*Mucuna bracteata*), conserving fern (*Nephrolepsis biserrata*), and applying empty bunch. For example, in f.y. 2015/2016 the company has applied empty bunch as much as 2,937 tons (3 tons/Ha) in Mature Area in Block BN04A of KMS4 Estate.

Field observation result in Block BN17, Kebun KMS4 shows, that in sloping area has been constucting contour terraces, planting *Mucuna bracteata*, conserving *Nephrolepsis biserrata* growing in inter row, and putting up pronds (the pruned leaves) along contour terraces to reduce run-off during rainy season.

Status: Comply

7.5

No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

7.5.1

Traditional right within PT ADEI P&I Mandau Estate area is the land of Sakai Melayu tribe. Therefore, the company has admitted the traditional right through declaration letter of Regional Director of PT ADEI P&I Mandau Estate No. TKY/2013/047, dated December 4th 2013 in term of site determining for Mandau Estate status.

According to the letter, the conservation area of indigenous people (Sakai Melayu tribe) on Land Use Title (HGU) of PT ADEI P&I for ± 2,540 Ha. It complies the result of "Resume of Meeting for determining area discussion for conservation area of PT ADEI P&I andarea of HTI PT ARARA ABADI Duri District as the replacement for PT ADEI P&I estate area on April 13th 2000 from the Riau Province Forestry and Plantation Department.

The area has been expelled from the estate operational so it won't be cultivated despite it is still under the Land Use Title (HGU) ofthe company.

All type of communication (oral and written) to the associated parties including the indigenous people nearby estate is conducted by using Bahasa Indonesia.

The process of land compensation has been conducted by the company at early of estate establishment and on 2003 to 2007. There are examples of land compensation on Kebun Mandau Selatan consisted of document of declaration letter, official record of Sagu Hati Tanah payment, map of collective cadastral measurement conducted by the company and the land owner and payment receipt from the company to the land owner.All documents are known by the representatives of the community such as Chief of Village, Batin Suku Sakai and Headman of Sub-District (associated).

Status: Comply

7.6

Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

7.6.1

Allnew planting area originated from conversion from rubber to oil palm within the land title area of PT. ADEI. According to interview and document review, compensation for all land title had been completed at the initial period of the land opening from 2003 to 2007. All original documents related to land compensation kept in the Central Office Pekanbaru and partially archived at the unit level.

The Company has procedures related to land acquisition and compensation in SOP number 27 regarding Land Acquisition for the procurement of land for plantations. SOP describes procedures for land acquisition for plantations that include identification of land ownership by third parties including the community, customary rights and other land uses.

7.6.2

Observed that the company has a procedure for settlement of land dispute. All dispute should be settled through negotiation prior to land compensation, by involving third party including the BPN and other parties. Land acquisition and compensation payment for all area in the early phase of the plantation opening. The documents related to land compensation recorded in the Central Office Pekanbaru and partially archived Unit in the unit office.

7.6.3

According to interview and document review, compensation for all land title had been completed at the initial period of the land opening from 2003 to 2007. All land acquisition was held without pressure, coercion, and implementation of FPIC. Based on consultation with community leaders of Sakai Tribe and other villages, there is no land and social conflicts by the time audit was held. The Company has completed the process of compensation to all the villages located around the plantation.

7.6.4

To ensure a mutual benefit sharing with surrounding villages, the company has a CSR program and job opportunity in the company. CSR programmes for the surrounding villager covers: improvement of public welfare and health, Infrastructure development, education, sports and arts and culture, social, religious, local knowledge, and environmental preservation.

Example of CSR activities in year 2015:

- Free medical check, fishing equipment for local villagers in Kuala Penaso and Balai Pungut, extension on good plantation practice and agricultural machinery aid, community development for Sakai Tribe, etc.
- Construction of water reservoir in Muara Basung village, village road maintenance, village trenches maintenance, renovation of religious building (mosque or church), education supporting facilities, etc.
- Scholarships, stationery for elementary schools, school bus transportation for villager surrounding plantation borders.
- Sports and youth activities: support on sports equipment (July 2015), support in the annual Regent Cup, sports equipment for villager, etc.

7.6.5 & 7.6.6.

All new planting area are originated from conversion from existing rubber to oil palm within the land title area of PT. ADEI. According to interview and document review, compensation for all land title had been completed at the initial period of the land opening from 2003 to 2007. All original documents related to land compensation kept in the Central Office Pekanbaru and partially archived at the unit level.

Based on consultation with community leaders of Sakai Tribe and other villages, there is no land and social conflicts by the time audit was held. The Company has completed the process of compensation to all the villages located around the plantation.

Prior to conversion from rubber to oil palm, the company has made successful socialization and consultation, as seen in the following consultation records:

- Socialization on rubber plant conversion to oil palm plantations dated 16 September 2013 to stakeholders from Muara Basung Village Head and representatives of communities.

- Socialization in the village of Muara Basung dated December 5, 2013, attended by the head of the village, secretary of the village, head of the BPD, community leaders, and villagers.
 - Socialization with villagers from Semunai village regarding conversion from rubber to oil palm dated October 24, 2014, attended by community leaders and representatives.
- Consultation on July 21, 2014 at KMU office with surrounding villagers.

Status: Comply	
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7.7

Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.

7.7.1

According to the result of field visit, there is no fire use to clear the land for replanting and conversion program (from rubber plants to palm oil plants).

The company has formed fire team on estate and mill.

There is a procedure of land fire control such as preventive action, curative action and administration. According to the procedure, the proper land fire control and actions have been described. Examples of preventive actions are by mapping the fire potential area, conducting patrol based on the potential level, creating fire potential area signboard on the potential area, etc.

7.7.2

According to the result of document review and field visit, the company has had facilities to deal with fire on North and Mandau Selatan Estate and Mandau POM. Mandau Selatan Estate has 5 units of water tank, 1 unit of trailer, 2 units of water pump machine, hose, stick, tee with several size including the PPE for emergency response team like AP boots, glasses, coat and helmet.

Status: Comply	
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7.8

New plantation developments are designed to minimise net greenhouse gas emissions.

7.8.1

As previously mentioned, there is development of new plantations after November 2005 in the PT. ADEI area in the form of conversion from rubber to oil palm commodity. In connection with that land cover change, the company has analyzed land use change rate and the amount of GHG emission for the period of 2014 and 2015 as recorded in PalmGHG Summary Report dated August, 2015. The results of the GHG calculations have been reported to ERWG RSPO.

In addition to Green House Gas inventory, the company has also done the inventory of GHG emissions by using the ISPO standard for Greenhouse Gas Emissions inventory (ISPO GH calculator, issued by the ISPO Commission. Profile of GHG emission for 2016 as follows:

- Emissions from the production of FFB in KMS (2016): 1,968.97 kg / ha / year (0.11 kg CO₂ / kg TBS)
- Emissions from the production of FFB in KMU (2016): 2,150.14 kg / ha / year (0.14 kg CO₂ / kg TBS)
- Emissions from press MCC (2016): 4,572 tons of CO₂ (20.82 gCO₂ / kg TBS)

7.8.2

The company has had a plan to mitigate emissions of greenhouse gases (GHG) as follows: adopt and implement zero burning policy, proper and controlled fertilization, the use of fiber and shell to replace fossil fuels, engine maintenance on a regular basis, conduct periodic air quality testing and emissions.

Other strategic mitigation is construction of biogas plant in Mandau POM with a capacity of 36,000 kw per day to decrease GHG emission and in the other hand increase the efficiency of renewable energy. The electricity is generated from POME processing around 720 m³ per day by using two active generators with a capacity of 1 MW each. Average methane gas generated around 25000-27000 m³ / day with conversion rate of 1 cubic meter waste to produce 40 m³ of gas and 1 Kw of electricity

Status: Comply	
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PRINCIPLE #8 Commitment to continuous improvement in key areas of activity

8.1

Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The company has implemented commitment to reduce environment impacts on the regular action plan. For example:

- **Effluent management and monitoring.** WWTP pond management, effluent quality test and report it to Bengkalis District Environment Agency. Converting POME to be renewable energy through Methane capture plant (Biogas Plant).
- **Air quality management and monitoring.** Road maintenance, air quality test and report it to Bengkalis District Environment Agency.
- **Ground water management and monitoring.** Testing ground water quality and report it to Bengkalis District Environment Agency.
- **Hazardous waste management.** Storing hazardous waste at the permitted hazardous waste, managing and monitoring hazardous waste (conducted by Bengkalis District Environment Agency).
- **Green House Gas (GHG).** Implementing *zero burning* policy, proper manuring action, utilization of shell and fiber to replace petroleum fuel. Regular machine maintenance, regular emission quality test and GHG calculation with the result of 0.01 tCO₂e/t product. The company also has methane capture

The company has practiced efforts for improving and increasing the sustainable business. Efforts done for best management practices and processing aspects, are as follows :

- Taking leaf samples for manure recommendation f.y. 2015/2016 has been carried out on 8th March 2015. Leaf samples were taken from 28 blocks scattered in Kebun KMU5, KMU6, and KMU7, and has been analyzed on 18 March 2015 by PT. Applied Agricultural Resources (AAR) Indonesia.
- Te use of plastic mulch to cover plant circle (till 2 years) in order to increase root uptaking of fertilizer and to avoid growing weed. This is recommended by researcher from AAR. For example, the use of plastic mulch to cover plant circle in conversion area of rubber trees to oil palm in Kebun KMU (Division 6 Block PR 16) and Kebun KMS (Division 1 Block PR 16).
- Conservation of fern (*Nephrolepis biserrata*) growing in inter row within the whole mature area in Kebun KMS and Kebun KMU to maintain farm humidity and to avoid soil erotion (run-off).
- Reduction of paraquat herbicide usage for weed control. Since 1st June 2015, the company use no longer paraquat herbicide.
- Based on the Harvest Audit performed by Internal Auditor of company, it is known that SOP of GAP has been managing soil fertility in good manner. For example, manuring in Kebun KMU7 on 9th April 2015 has been well done (score 94), comprising of fertilizer placement, thorough fertilizer distribution, and the clean plant circles.
- Assessment in Mandau Palm Oil Mill (MPOM) has been done on 6thAugust 2016 by Team of Mandau Central Laboratory (MCL), covering production of CPO, FFA, moisture, Kernel production, dirt &shell production, Oil Extraction Ratio (OER), Kernel Extraction Ratio (KER).

Status: Comply

1.6.3 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module E) CPO Mills - Mass Balance Requirements			
E.1	Definition			
E.1.1				
Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.				
Mandau POM facility can only claim the CPO as Mass Balance product according to RSPO supply chain system as the facility receives both certified (77.6%) and uncertified FFB (24.24%). All certified FFB were coming from its owned estate in KMS and KMU area, while uncertified FFB product was coming from independent smallholder surround the mill. Complete figure of FFB supply to Mandau POM facility for latest certification period was as follows:				
c. Certified FFB source				
Details		Planted Hectarage (Ha)	Incoming FFB (MT)	
			Total	%
Ladang KMS 1		397.00	5,805,130	3.32
Ladang KMS 2		571.00	7,952,640	4.55
Ladang KMS 3		1,984.00	38,168,900	21.85
Ladang KMS 4		2,183.00	41,316,960	23.66
Sub total KMS		5,135.00	93,243,630	53.38
Ladang KMU 5		309.00	10,246,810	5.87
Ladang KMU 6		495.00	10,791,840	6.18
Ladang KMU 7		1,091.00	21,291,770	12.19
Sub total KMU		1,895.00	42,330,420	24.24
Total		7,030.00	135,574.05	77.62
d. Uncertified FFB source:				
Details			Incoming FFB (MT)	
			Total	%
CV Abdi Mandiri			17,321,100	9.92
CV Sejahtera Karya			7,906,780	4.53
CV Putra Mandiri			13,363,096	7.65
PT Sekarbumi Alamlestari			498,850	0.29
Total			39,089,820	22.38
	Status: Comply as Required			
E.2	Explanation			
E.2.1				
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.				
Estimation of tonnage of CPO and PK products that could potentially be produced by the certified mill had been recorded by				

the CB in the public summary of the P&C certification report. For the current certificate period, the figure is:

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

These figure represents estimation of the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage of CPO and PK produced during current certification period (October - August 2016) is as follows:

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

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

Status: Comply as Required

E.2.2

The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).

For the current certification period, Mandau POM facility has been registered in RSPO supply chain management (e-trace). All claim of certified CPO / PK transaction has been registered in the e-trace platform. The expiry date of the e-trace account will be on October 18, 2016.

Status: Comply as Required

E.3

Documented procedures

E.3.1

The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:

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

Mandau POM facility has a written procedure on implementation of RSPO supply chain, under SOP document number 2, issued on January 1, 2016, concerning SOP for RSPO Supply Chain. The SOP regulates the implementation of all the supply chain elements specified in RSPO requirements, such as: definition, recording of materials, documentation, responsible persons, training, trasaction registration, Incoming FFB handling, CPO/PK production and storage, sales and delivery, etc. Observed during field visit at Mandau POM facility that all persons responsible in supply chain can demonstrate awareness of the procedures and on the implementation of RSPO SCCS standard.

Persons responsible in implementation of SCCS requirements in Mandau POM facility are as follows:

- Mill Manager responsables for implementation of all SCCS requirement in Mandau POM.
- Internal audit on sustainability will check periodically consistency of SCCS requirement implementation in facility
- Sales department responsables in maintenance of supplier list, sales contract, shipping administration, claim, and invoice.
- Production Assistant responsables in maintenance of daily production report, incoming material, storage, and dispatch.
- Laboratory Assistant responsables in product quality test at each production step.

Security responsables in first verification of incoming FFB while weighbrige operator responsables in registration of incoming FFB weight (certified) and outgoing CPO dispatch (certified).

Status: Comply as Required

E.3.2

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

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

Verification of incoming FFB was done through the following procedures:

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

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

Status: Comply as Required

E.4 Purchasing and goods in

E.4.1

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

Sighted that Mandau POM facility verified and documented all incoming FFB from certified and non-certified sources. In accordance to SOP document number 2, issued on January 1, 2016, concerning Standard Operating Procedures for RSPO Supply Chain. Documentation of FFB verification consists of:

1. FFB delivery note that contain information: estate name, division id, field id, date of delivery, serial number, vehicle number, driver name, time off, bunch number, date of harvest, estimates of weight, signature of FFB clerks, security, and transporters.
 - Example of delivery note from internal source: FFB delivery notes number A371932 from KMU5 division 3, dated 11/08/16, Vehicle number BM9404EY, driver name Sumarwan, field number pm9801, date of harvest 11/08/16, total 404 bunch, 9300 kg, signed by FFB clerks, stamped and signed by security check point.
 - Example of delivery note from external source: FFB delivery notes number 4853 from CV Abadi Mandiri, dated 11/08/16, weight 15110 ton, Vehicle number BM8475DI, driver name Mardi, signed by driver, signed by security check point.
2. Weigh Tickets: ticket number, supplier, delivery notes number, delivery date, delivery time, brutto weight, final weight, and the net weight, distance of sources, signature of weighbridge operator.
3. Summary of daily production that contains: incoming and processed FFB, breakdown of own crop, breakdown of outside crop (uncertified), FFB quality, CPO / PK Extraction rate, CPO/PK stock available for dispatch, product quality, certified CPO dispatch,

Status: Comply as Required

E.4.2

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

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

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

These figure represents estimation of the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage of CPO and PK produced during current certification period (October - August 2016) is as follows:

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

- PK: 8,672 tonnes

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

Status: Comply as Required

E.5 Record keeping

E.5.1

- The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.
- All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)

Mandau POM facility has recorded and balanced all incoming FFB (certified and non certified) and CPO/PK delivery under three month basis, as seen in the book keeping of Mass Balance supply chain system. Summary of Certified Sustainable of Palm Oil CSPO (MB) in Metric Tonnes (MT) within period of November 2015 – July 2016 is as following, ending stock of each three month period was in positive stock.

Month	Tonnage of CPO (MB)			Balance	Buyer
	Produced	RSPO Sales	Other Certified sales		
				3,071.96	
November 2015	3,472.52	4,520.84	0	2,023.64	PT. Kreasijaya Adhikarya
December 2015	2,950.26	711.83	2,171.61	2,090.46	PT. Kreasijaya Adhikarya
		Reconsiliation		1,099.16	
January 2015	2,756.95	0	3,054.14	(296.09)	PT. Kreasijaya Adhikarya
February 2015	2,773.98	0	1,006.55	1,471.34	PT. Kreasijaya Adhikarya
March 2015	2,595.312	0	0	4,066.65	PT. Kreasijaya Adhikarya
		Reconsiliation		1,916.87	
April 2016	2,465.07	0	3,780.87	601.07	PT. Kreasijaya Adhikarya
May 2016	2,191.55	0	2,377.49	415.13	PT. Kreasijaya Adhikarya
June 2016	2,424.64	2,106.68	641.64	81.45	PT. Kreasijaya Adhikarya/PT. Intibenua Perkasa
		Reconsiliation		81.45	
July 2016	2,464.40	1,068.27	0	1,457.48	PT. Kreasijaya Adhikarya/PT. Intibenua Perkasa

Month	Tonnage of PK (MB)			Balance	Buyer
	Produced	RSPO Sales	Other Certified sales		
				140.89	
November 2015	747.00	695.10	-	192.79	PT. ADEI P& I – Mandau KCP
December 2015	742.18	445.52	-	489.45	PT. ADEI P& I – Mandau KCP
		Reconsiliation		126.49	
January 2015	662.26	604.87		183.88	PT. ADEI P& I – Mandau KCP
February 2015	566.61	413.37	-	337.12	PT. ADEI P& I – Mandau KCP

March 2015	606.93	520.46	-	423.59	PT. ADEI P& I – Mandau KCP
		Reconsiliation		38.33	
April 2016	534.85	373.49	-	199.77	PT. ADEI P& I – Mandau KCP
May 2016	498.11	761.81	-	63.93	PT. ADEI P& I – Mandau KCP
June 2016	539.81	398.17	-	77.70	PT. ADEI P& I – Mandau KCP
July 2016	501.32	250.59	-	328.43	PT. ADEI P& I – Mandau KCP
Status: Comply as Required					
E.5.2 In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.					
Based on site visit, it is known that PT. Adei P & I does not outsource kernel crushing to third party company. All palm kernels from Mandau POM are delivered to Mandau Kernel Crushing Plant which is under the same management of PT. Adei P & I. The KCP unit has been RSPO supply chain certified separately to the mill.					
Status: Comply as Required					

1.6.4 Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
ASA-4	PT Adei Plantation – Mandau POM has had approval/permit of certificate use in No.MUTU-RSPO/021 untill October 18 th 2017.	√
	Status: Not Applicable	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-4	Since it get RSPO certification, PT ADEI Plantation Mandau did not accept product request with RSPO certificate claim from thebuyer. Therefore, there is no use of logo and product claim implemented. PT Adei Plantation – Mandau POM did not use logo on its product (on-product) and on non of its (off-product) so far.	√
	Status: Not Applicable	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-4	Since it get RSPO certification, PT ADEI Plantation Mandau did not accept product request with RSPO certificate claim from thebuyer. Therefore, there is no use of logo and product claim implemented. PT Adei Plantation – Mandau POM did not use logo on its product (on-product) and on non of its (off-product) so far.	√
	Status: Not Applicable	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-4	Since it get RSPO certification, PT ADEI Plantation Mandau did not accept product request with RSPO certificate claim from thebuyer. Therefore, there is no use of logo and product claim implemented. PT Adei Plantation – Mandau POM did not use logo on its product (on-product) and on non of its (off-product) so far.	√
	Status: Not Applicable	

1.6.5 Summary of RSPO Partial Certification

Management unit(s) observed: 1. PT Satu Sembilan Delapan 2. PT Hutan Hijau Mas 3. PT Malindomas Perkebunan		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	Based on the document verification that have to do with land use and other operational permits legality as well as the compliance over aspects of manpower and environment management, each management unit has complied the applied law and regulation.	√
	Status: Comply	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	<p>According to the document verification of land use legality in each management unit, each management unit has had legality on land acquisition and use.</p> <p>2. PT Satu Sembilan Delapan</p> <ul style="list-style-type: none"> • Location permit: location permit extension 3rd stage to establish 6,010 Ha of estate on Gunung Tabur Sub-District, Berau District, East Kalimantan based on decree of Berau Regent No. 661 Year 2008 dated December 30th 2008. • Land Use Title (HGU) certificate: <ul style="list-style-type: none"> - Decree of Head of RI National Land Agency No. 16-HGU-BPN RI-2009 dated January 22nd 2009. - Decree of Head of East Kalimantan National Land Agency No. 58-550.2-44-2009 dated April 27th 2009 - Decree of Head of East Kalimantan National Land Agency No. 103-550.2-44-2009 dated July 16th 2009 • Plantation Business Permit: Decree of Berau Regent No. 550 Year 2007 dated December 6th 2007. Plantation Cultivation Business Permit for 30 years since its legalization. <p>3. PT Hutan Hijau Mas</p> <ul style="list-style-type: none"> • Location permit: location permit extension 3rd stage to establish 7.710 Ha of estate on Kampung Gunung Sari, Segah Sub-District, Berau District to PT. Hutan Hijau Mas based on decree of Berau Regent No. 660 Year 2008 dated December 30th 2008. • Land Use Title (HGU) certificate: <ul style="list-style-type: none"> - Decree of Head of RI National Land Agency No. 19-HGU-BPN RI-2008 dated June 4th 2008 - Decree of Head of East Kalimantan National Land Agency No. 57-550.2-44-2009 dated April 27th 2009 - Decree of Head of East Kalimantan National Land Agency No. 104-550.2-44-2009 tanggal 16 Juli 2009 • Plantation Business Permit: Decree of Berau Regent No. 303 Year 2004 dated December 11th 2004. Plantation Cultivation Business Permit for 30 years since its legalization. <p>4. PT Malindomas Perkebunan</p> <ul style="list-style-type: none"> • Location permit: location permit extension 2nd stage to establish 8,266 Ha of estate on Kampung Gunung Sari, Segah Sub-District, Berau District to PT. Malindomas Perkebunan based on the decree of Berau Regent No. 423 Year 2007 dated September 13th 2007. • Land Use Title (HGU) certificate: <ul style="list-style-type: none"> - Decree of Head of RI National Land Agency No. 18-HGU-BPN RI-2008 dated June 4th 2008. • Plantation Business Permit: Decree of Berau Regent No. 304 Year 2004 dated December 11th 2004 for 7,440 Ha on Kampung Punan Malinau, Segah Sub-District, Berau District to PT. Malindomas Perkebunan. The permit is valid for 30 years since its legalization. 	√

	Status: Comply	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or√
	Each of management unit has had procedure to deal with land dispute and other social issue like written on SOP No. 26 which is valid since December 1st 2013. The procedure regulates 3 main courses: <ul style="list-style-type: none"> • Land/Border dispute. • Land occupation dispute. • Other social issue 	√
	Status: Comply	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	There are evidence of records of compensation or land compensation to the land owners of each unit.	√
	Status: Comply	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or√
	There is no area within 3 management unit area which are the conversion of primary forest nor HCV area.	√
	Status: Comply	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	According to the document of HCV identification in each management unit, there is no area under customary acquisition rights.	√
	Status: Comply	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	Each management unit has compensated the land to the previous land owners. There are examples of land compensation in each management.	√
	Status: Comply	

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

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

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2015. 01	Major 7.3.2	Land Use Change Analysis Mandau Estate was not able to show the analysis of land use change (<i>Land Use Change Analysis</i>) over the land layer since 2005.	Estate	Major	October 12th 2015	Mandau Estate must conduct analysis of land use change over the land layer since November 2005 and evidence of report to RSPO.	<ul style="list-style-type: none"> Root Cause: The company did not aware that Mandau Estate must be analyzed for its land layer change since 2005. Corrective Action: Making analysis of land layer change over Mandau Estate since 1988. Preventive Action: Each change of land shall be analyzed for every 5 years. Auditor Conclusion: PT ADEI P&I has informed the corrective evidence of Land Use Change Analysis (LUCA) according to RSPO template which is conducted internally by PT Applied Agricultural Resources (AAR) Indonesia as research company for all group of Kuala Lumpur Kepong in Indonesia. Analysis of LUCA analyze the land layer of PT ADEI P&I for Mandau Estate for period of 1988, 1995, 2005, 2010 and 2014. The analyzed parameters are secondary forest, community's land/bushes, open area, rubber plant, palm oil plants and waterway. The data is provided in form of hectarage of Land Use Title (HGU) (%) and Map of land 	closed	October 13th, 2015

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							layer. Report of LUCA has been informed to the secretariat RSPO via email on October 13th, 2015. Hence, Major NC 7.3.2 is CLOSED.		

3.6.2 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components at ASA-4 Assessment

3.6.3 Noteworthy Positive Components

No	Ref.Std	Description
1		The company's commitment to implementing the principles of sustainable management of oil palm
3		Human resource has the capability and a good understanding of sustainability standards

3.6.4 Identification of Findings, Corrective Actions and Observations at ASA-4 Assessment

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
2016.1	4.7.2	<p>Implementation of Hazard Identification and Risk Control.</p> <p>Base on HIRAC and interview unit management is known:</p> <ol style="list-style-type: none"> 1. There is a ban on smoking workers in the area of the garden workshop. 2. There is a prohibition to smoking in the POM area for the workers. 3. There is a prohibition unauthorized parties entered the area of waste pond. <p>Based on the results of field visits have been found have not been implemented risk control, for example:</p> <ol style="list-style-type: none"> 1. Found a cigarette butt in the work areas in the workshop KMS 4. 2. Found cigarette butts on the kernel station. 3. There is some people that entered the area waste pond, and is not available portal and sign board sufficiently dissuasive. 	Major	PT. ADEI P & I	12 October 2016	Companies must be able show the evidence of implementation of the Document Hazard Identification and Risk Control.	<p>Root cause:</p> <ol style="list-style-type: none"> 1. Lack of control on smoking prohibition at high risk area. 2. No Entry sign board not yet installed on WWTP area and lack of socialization to the local community that stated WWTP is restricted area. <p>Corrective action: (Evidence attached)</p> <ol style="list-style-type: none"> a. The company has released circular letter from GM on August 30th 2016 regarding to working rule in workshop that has been socialized to all mill worker on August 30th 2016 and September 10th 2016. b. Providing smoking area that including 	Closed	October 11 th 2016

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>cigarette ashtray.</p> <p>c. Conducting socialization of WWTP as restricted area to the surrounding villager.</p> <p>d. Appointing sustainability coordinator to monitoring sustainability implementation including signboard availability and properness check.</p> <p>Preventive action: Added cigarette stub as a parameter of safety workshop monitoring in order to ensure implementation of circular letter from GM on August 30th 2016 regarding to working rule in workshop.</p> <p>Auditor conclusion: Verification on October</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>4th 2016:</p> <p>The company has shown the evidence as follow:</p> <ol style="list-style-type: none"> 1. Circular letter from GM Mandau Complex No. AD-KM/Edaran/VIII/2016 – 00 on August 30th 2016 regarding to trash burning prohibition. 2. Circular letter from GM Mandau Complex No. AD-KM/Edaran/VIII/2016 – 11 on August 30th 2016 regarding to hazardous and poisonous waste handling. 3. Circular letter from GM Mandau Complex No. AD-KM/Edaran/VIII/2016 – 09 on August 30th 2016 regarding to rule for working in workshop. <p>Violation of all circular letter above will be</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>punished refer to collective labour agreement.</p> <p>Socialization:</p> <ol style="list-style-type: none"> 1. Prohibition of trash burning socialization and hazardous / poisonous waste handling on August 31st 2016 in Division 3 and 4 KMS1, KMS4 and KMU7 office. Minutes of meeting and photos attached. 2. No smoking signboard installation in mill. 3. An example of checklist and monitoring workshop, agrochemical storage, generator house and fuel tank. 4. Socialization of smoking prohibition in kernel station on September 10th 2016 that attended 		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>of 17 worker. Minutes of meeting and photos attached.</p> <p>5. Socialization of WWTP as restricted area to the 8 nearby villager on September 5th 2016. Minutes of meeting and photos attached.</p> <p>6. Installation of restricted area signboard on September 5th 2016. It consist prohibition to entry without permit.</p> <p>Based on the evidence that showed, non conformity has closed.</p>		
2016.2	4.7.6	<p>Reporting Accidents and Occupational Accident Insurance Claim. Base on Verification Dokument is known:</p> <p>There is a letter from the BPJS Ketenagakerjaan Number. B/136/022 016 dated February 11, 2016. The letter is for follow up from the Report of Work Accident Phase 1 (Reference Number 05D50022800) received on January 12, 2016. Examination results supporting data in clinic</p>	Minor	PT. ADEI P & I	Recertification	Companies should be able to ensure the reporting of workplace accidents do not exceed 2 x 24 hours so that there are no obstacles in claiming or receiving compensation under the insurance policy BPJS.	<p>Root cause:</p> <p><i>Lack of coordination between clinic and estate office that reported all work accident to the Workers Social Security Agency (BPJS).</i></p>	Closed	October 19 th 2016

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
		<p>(card status of patient visits/diagnosis) by BPJS officers stated that the visit of treatment for the accident is dated October 21, 2013 (There are delays reporting workplace accidents by company). Because reporting of workplace accidents has been through a period of 2 years then by Government Regulations Number 44, 2015 article 26 stated that the benefits of accident insurance becomes void.</p> <p>1. The observations document the monitoring work accident the Clinic diketahui known there accidents date April 13 2016 in Mill. However Mill Management can not show report workplace accidents has been submitted to BPJS.</p> <p>Related to the above the company has improved the reporting mechanism BPJS on SOP 51 coordination between the clinic with the Management for workplace accidents report 2 x 24 hours.</p> <p>However Managent can not applied the implementation of the SOP and ensure that the reporting of workplace accidents do not exceed 2 x 24 hours so that there are no constraints in claiming or receive compensation on the insurance policy BPJS.</p>					<p>Corrective action:</p> <ol style="list-style-type: none"> 1. Released internal memo for clinic and estate office to ensure coordination in case of any work accident. 2. Reported all work accident to the Workers Social Security Agency (BPJS). Including work accident that not yet reported before. <p>Preventive Action</p> <ol style="list-style-type: none"> 1. Registering paramedic into the Guiding Committee Of Occupational Safety & Health in order to ensure all work accident recorded and bring it into the regular meeting for preventive action. 		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>2. Re-socialized of SOP No. 51 and internal memo of GM Mandau Complex to all PIC.</p> <p>Auditor conclusion: Verification on October 19th 2016 The company has showed corrective evidence as follow:</p> <p>1. Revised the organization structure of Guiding Committee Of Occupational Safety & Health based on circular letter No. No. KEP/DTKT-PK/P2K3/2016.14. It added paramedic into organization structure.</p> <p>2. The company shows the internal</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>memo of GM to ensure all PIC coordinated in case any work accident.</p> <p>3. Socialization of internal memo to all PIC from clinic and estate.</p> <p>Based on the evidence that showed, non conformity has closed.</p>		
2016.3	5.1.3	<p>Implementation reports environmental management plan / environmental monitoring plan</p> <p>The company has developed and periodic reporting environmental management plan/ environmental monitoring plan. However, reports on implementation environmental management plan / environmental monitoring plan not accordance with standard environment ministry decree 45, 2005 basically:</p> <ul style="list-style-type: none"> Companies do not present information to the environmental impact of vegetation management. Companies do not present the data the recruitment of villages around the 	Minor	PT. ADEI P & I	Recertification	Companies should be able Implementation reports environmental management plan/ environmental monitoring plan in accordance with the request document and the applicable regulations.	<p>Root cause: Lack of knowledge that monitoring and reporting of RKL/RPL must refer to the decree of environmental ministry No. 45 year 2005.</p> <p>Preventive action: Revised RKL/RPL 1st semester of 2016 and insert all monitoring activity such as monitoring of environmental vegetation, monitoring the absorption of the community's economy</p>	Closed with observation	October 11 th 2016

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
		<p>plantations.</p> <ul style="list-style-type: none"> Companies show evidence of environmental monitoring consist of: monitoring vegetation with metode transect, monitoring the absorption of the community's economy, public perception, and community health monitoring. Companies have not done an evaluation and trend analysis inadequate. 					<p>and public perception, and people health.</p> <p>It report also consist the evaluation and adequate analysis of the trends.</p> <p>Note: CSR program will set by stakeholder consultation in the next year (2017 – 2018).</p> <p>Preventive action:</p> <ol style="list-style-type: none"> All RKL/RPL draft report must be refer to the matrix environmental monitoring and management. Conducting training of RKL/RPL preparation report that refer to the decree of environmental ministry No. 45 year 2005. Including insert the evidence of public consultation that held before compiled the CSR 		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>program.</p> <p>Auditor conclusion: Verification on October 4th 2016 The company has showed the evidence as follow:</p> <ol style="list-style-type: none"> 1. RKL/RPL report of 1st semester of 2016. 2. Delivery letter of RKL/RPL that reported to the environmental agency on September 20th 2016. <p>Verification on October 11th 2016. The company has showed minutes of meeting training RKL/RPL preparation report on Wednesday October 12th 2016 that attended by 19 staff from estate and mill (attendance list attached).</p> <p>Based on the evidence</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							has showed, non conformity has closed with observation.		
2016.4	5.3.3	Application of Waste Management Plan Companies conduct inconsistent implementation of waste management plan consist of: 1. Employees burning of domestic waste in emplasment. For example: KMS 1 emplasment and KMU 6 emplasment) 2. Disposal Millhazardous waste (Oil filter) in landfill KMS 3. 3. Chemical Container hazardous waste (for example: container kenlon) circulating and used outside in hazardous waste temporary warehouse out of control.	Minor	PT. ADEI P & I	Recertification	Companies should be able prove the implementation of waste disposal according with waste disposal plan.	Root cause: Lack of knowledge of employee regarding to smoke and fire danger, waste management (domestic and hazardous waste). Lack of control of waste management officer. Corrective action: a. The company has released internal memo regarding to trash burning prohibition and hazardous waste management. b. Socialization of internal memo above to all employee. c. The company has recall all former agro chemical container that used by employee and send to the temporary storage of hazardous waste. The company replacing the water	Closed	October 12 th 2016

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>container with non-chemical jerry.</p> <p>d. Monthly inspection by sustainability team to ensure no ex-chemical container used by employee. Monthly inspection reported to the grup manager for evaluation.</p> <p>e. Conducted socialization to all mechanic, store keeper and maintenance in Mandau POM.</p> <p>Preventive action: Conducting monthly inspection and take strict action to all employee that violated the internal memo regarding to smoke and fire danger, waste management (domestic and hazardous waste).</p> <p>Auditor conclusion:</p> <p>Verification on</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>October 4th 2016.</p> <p>The company has showed the evidence:</p> <ol style="list-style-type: none"> 1. Circular letter of GM Mandau Complex No. AD-KM/Edaran/VIII/2016 – 00 on August 30th 2016 regarding to trash burning prohibition. 2. Circular letter of GM Mandau Complex No. AD-KM/Edaran/VIII/2016 – 11 on August 30th 2016 regarding to hazardous waste management. 3. Socialization of trash burning prohibition and hazardous waste management on August 31st 2016 in Division 3 and 4 KMS1 Estate, KMS4 and KMU7 office. List of attendance and photos attached. 4. Handover evidence of former pesticide 		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>jerry in KMS3.</p> <p>5. Statemen letter from KMS3's employee to not using ex-chemical as a water reservoir and plant pot.</p> <p>6. Handover evidence of new water jerry for using as water reservoir.</p> <p>Verification on October 12th 2016</p> <p>The company has showed the corrective evidence regarding to hazardous waste management and trash burning prohibition that held on August 31st 2016 as follow:</p> <p>a. KMS2: attended by 35 employee.</p> <p>b. KMS3: attended by 52 employee.</p> <p>c. KMS4: attended by 38 employee.</p> <p>d. KMU5: attended by 40 employee.</p> <p>e. KMU6: attended by 37 employee.</p> <p>f. Monthly inspection</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>record sustainability team and reported to Group Manager for evaluation.</p> <p>g. Socialization to all mechanic, storage keeper and maintenance employee in Mandau POM and Mandau KCP o 12 October 2016.</p> <p>Based on the evidence that has been showed, non conformity has been closed.</p>		
2016.5	6.5.2	<p>Mutual labor agreement</p> <p>Based on the verification of documents and interviews with staff, employee estateand MIII, found that :</p> <ul style="list-style-type: none"> There is a labor agreement that outlines status "employee probation". This is not in accordance withcollective labour agreement period 2015 - 2017 article 9 about Employee status governing the employment status: Pegawai Fixed monthly employee, employees are fixed daily, freelance employees, contract employees. Based on the results of field visits in KMS 3 Block P 08 found harvesting workers with 	Major	Mill and Estate	12 Oktober 2016	Companies should be able to evidence of employment agreements between the company and employees in accordance with labor laws and collective agreement are still valid.	<p>Root Cause:</p> <p>a. Lack of knowledge of human resources staff who composing working agreement letter that refer to the collective labour agreement.</p> <p>b. Lack of control by harvesting supervisor regarding to harvester that bring</p>	Closed	11 th October 2016

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
		<p>loss picker. Base on interview harvesting workers and foreman found employing family without bondage.</p> <p>This is not in accordance with the collective agreement No. 02 / PB_KM / 1/2015 dated January 22, 2015 between the company and chairman of the union associated ban on employing family harvester to harvest location and Mandau General Manager decree (Number. AD - KM / edaran / VIII / 2016-004) to all senior managers and a field manager dated August 1, 2016.</p>					<p><i>unofficial helper.</i></p> <p>Corrective action:</p> <p>a. The company has been revised working agreement as refer to collective labour agreement.</p> <p>b. Released circular letter by GM Mandau Complex that prohibited all harvester to bring their helper/family to collect fruit losses and confirm that collecting fruit losses is their responsibility.</p> <p>Preventive action:</p> <p>a. Socialization of work agreement that refer to collective labour agreement to human resources staff that composing that work agreement.</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>b. Conducting socialization of harvester responsibility to all harvester and labour union to ensure all harvester did not bring their family/helper that unregistered as company's employee.</p> <p>c. Sustainability team will conducting monthly inspection to the harvesting field to ensure no harvester that bring their family/helper in harvesting activity. Violation of this rule will be punished refer to collective labour agreement.</p> <p>Auditor conclusion: Verification on October 4th 2016 The company has</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>showed the evidence as follow:</p> <ol style="list-style-type: none"> 1. Temporary worker agreement letter that has been revised according to the Collective Labour Agreement. 2. Internal memo from GM Mandau Complex No. AD.AKM/Edaran/VII I/2016 – 004 on August 2016 regarding to prohibition for all harvester to bring their family or other to help their harvesting job. 3. Minutes of meeting socialization of internal memo above on September 5th 2016 to all employee in 1st Division of KMS1 Estate. It attended by 9 harvester including harvesting supervisor. <p>Verification on October</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							<p>11th 2016 The company has been showed evidence as follows:</p> <ul style="list-style-type: none"> Minutes of meeting of socialization temporary worker agreement on October 12th 2016 that attended by 21 staf of mill and estates. Monthly inspection form that will implemented by sustainability team to ensure no harvester that bring their family/helper for fruit losses. Socialization evidence of internal memo regarding to prohibition for all harvester to bring their family/helper for fruit losses on September 12th 2016. <p>Based on the evidence that showed, nonconformity has been</p>		

CAR No.	Ref Std	Findings	Grade	Area	Time limits	Corrective action	Observation	Status	Closing Date
							closed.		

3.4.3 Opportunity for Improvement

No	Ref.Std	Description
1	4.7.4 Major	Based on field observations in the emplasment, found be used chemical container former for water container and other. Base on interview emplasment habitant, chemical container coming from outside the mill and estate. Companies are encouraged to make an improved understanding of the workers and monitor the used chemical container former.
2	5.3.2	Companies are encouraged to evaluate in determining flora and fauna are protected under applicable laws
3	Major 4.8.1	Companies are encouraged to implement mechanisms of identification training, the company will ensure competency the workers by managersandimplement employee training programs accordance with planned schedule.
4	Major 4.6.5	Companies need to evaluate the procedure of spraying in riparian that could potentially pollute the environment

4.6.2 Summary of Arising Issues from Public, Management and Auditor Response

Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
<p>Stakeholders Sample Villages Around Company :</p> <ul style="list-style-type: none"> • Village Head of Penasso • Semunai's Village Head) • Head general affairs of Semunai Village • Village secretary, Muara Basung Village • Head general affairs, Muara Basung Village <p>Result of the consultation:</p> <ol style="list-style-type: none"> 1. Positive Impact consist of: <ul style="list-style-type: none"> - The Company use of labor from the local community. - Provide assistance to villagers consist of heavy equipment for road repair, House of worship public infrastructure, fresh water because the river affected by fertilizers and pesticides so that people do not dare to use for drinking. - Company improve transport access to the village. - The company provides opportunities for rural communities to be the contractor of FFB procurement, transport rentals FFB, procurement material, but However not comprehensive, especially for indigenous people Sakai tribe. - Companies providing assistance such as renovation repair <i>tombdatuk berdarah putih</i> 2. The Company encouraged to maintain harmonious relations related to the local communities. 3. No cases of significant conflicts and disputes that are happening. 4. The Company has conducted socialization protection of flora 	<p>The company will continue to improved community empowerment</p> <p>The company will improved the quality and contribute to communities through CSR.</p> <p>Companies provides help in the form of heavy equipment for road repair local community</p> <p>The company continues to attempt to improved cooperation with the local community.</p> <p>The Company will further improve local cultural advance.</p>	<p>Contribution of local development in the form of CSR support to local community PT Adei Mandau Plantation & Industry. Sub district Pinggir has provided award to PT Adei Plantation & Industry for participate in the development in the sub district Pinggir with CSR program, granted on May 26, 2015 by head of sub district, Number .410/V/2015/01. See on indicator 6.11.</p> <p>There are no land disputes since of ASA 04. See on Indicator 2.31 and 2.3.3</p> <p>The company involved members of local community as a local contractor. See on indicator 6.10.1.</p>

Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
<p>and fauna, communication methods, etc</p> <p>Negative Impact consist of:</p> <ol style="list-style-type: none"> 1. CSR in some villages not appropriate with their needs and not according to expectations. Support Expectedis fresh water dan improve economy local community.Companies pay for such contractors to pay the police and army security backup. 2. Companies tend to be passive and to provide assistance only when requested. 3. The high company standards in recruitment while the level of education and skills of rural communities is generally low. 4. The company uses local contractors only for the village penaso and semunai village. 	<p>The Company will continue to improved relations with the local community.</p> <p>The Companies are very concerned about the issue - the issue of land disputes.</p> <p>The Companies will continue to socialize if there are new policies of the company.</p> <p>The company will improved the quality and contribute to communities through CSR. Exclude security costs</p> <p>Support programmed by the the company according to the company's ability. For example, labor intensive empower local community consist of installation of mulch, EFB application, circle raking.</p> <p>Contractors from the village penasso and village Semunai has been involved in the operations of estate, consist of CV. Rapat Tanggo Jaya Mandiri dati Penasso, CV Adi Cahaya and CV. Tuah Rizki from Semunai village.</p>	
<p>Plantation Agency of Bengkalis Districts</p> <p>Result of the consultation:</p> <ul style="list-style-type: none"> • During audit now there is no issues of associated complaints or reports of the parties related to the management Estate and 		<p>The company has procedures for complaints and grievances submitted by stakeholders (SOP 20). See on 6.3.1.</p> <p>Companies routinely conduct training K3 for the operations in each unit including fire. See</p>

Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
<p>Mill Companies.</p> <ul style="list-style-type: none"> There are also the issues of social conflicts and land conflicts in companies' area. The company has conducted fire training and determination of the list fire extinguishers to Plantation Agency. Reporting has been reported routinely and on time, such as reporting of plantation business development. The company has compiled the requirements and licensing from Plantation Agency. <p><u>Saran:</u></p> <ul style="list-style-type: none"> Activities CSR companies should be improved so that the surrounding communities really benefit from the program. The company is expected to consistently maintain and care standards compliant boundary markers. 	<p>The company responds quickly Companies respond quickly if there is a complaint against operational estate and mill.</p> <p>The Company keep good relationship and responds quickly if there social conflict and conflict land.</p> <p>The company improved skills of land firefighters.</p> <p>Companies report fires to the relevant agency.</p> <p>The Company will create the CSR programs as required of local communities.</p> <p>Legal boundary pole, monitored regularly (every 6 months) and regularly maintenance</p>	<p>on indicator 4.7.3</p> <p>The Company has complied with applicable regulations. See on indicator 2.1.1.</p>
<p>Environmental bodies of Bengkalis Districts</p> <p>Result of the consultation:</p> <ul style="list-style-type: none"> The company has a good relationship with agency and Request of information always respond. Obligation of reporting has been reported routinely and on time such as implementation report of environmental management plan / environmental monitoring plan. 	<p>.</p> <p>The Company will continued establish communication and a good relationship with the agency related.</p>	<p>The Company provides information related to environmental issues, social and legal given to stakeholders in reporting. See on indicator 1.1.1.</p> <p>The Company has a Document Terms of Reference EIA for operational company.</p>

Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
<ul style="list-style-type: none"> There is no issue of environmental issue caused by company operation. There is no report of fire in operation area of The Company until now. PT Adei Plantation and industry have done a mandatory regular reporting hazardous waste, and liquid waste. Environmental bodies is still waiting for the follow-up in the environmental permit. Improve CSR Program such as Sosial aspect. 	<p>The Company is committed for submitting his duty to the agency related.</p> <p>The company responds quickly Companies respond quickly if there is a complaint against operational estate and mill.</p> <p>Companies routinely monitoring the fires and prepare firefighters.</p> <p>The Company is committed for submit reporting to the agency related.</p> <p>The Company continues to strive to complete the requirements of EIA in order to expedite the issuance of environmental permits.</p> <p>The Company will create the CSR programs as required of local communities.</p>	<p>Terms of Reference EIA because there are program development activities of oil palm plantations covering an area of 4,427 hectare. See on indicator 5.1.2</p>
<p>National Land Agency of Bengkalis Districts Result of the consultation:</p> <ul style="list-style-type: none"> During audit now there is no issues of associated complaints land conflicts and social conflicts related to the Company. There are no regular reports to be submitted to the National Land Agency District because National Land Agency party just running the administrative functions of recording, unless there is a case of overlapping about land ownership certificates and claims from people around The Company. The Company encouraged to maintain harmonious relations related to the presence of human settlements that are in land 	<p>The company responds quickly if there is a complaint against operational estate and mill.</p> <p>The Company has a commitment if national land agency requested the necessary report or receive a copy if there is a report relating to national land agency.</p>	<p>There are no land disputes since ASA 04. See on Indicator 2.31 and Indicator 2.3.3</p>

Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
<p>use title Chevron.</p> <ul style="list-style-type: none"> The Company is expected to consistently maintain and cares for boundary markers according to standards issued by National Land Agency. 	<p>No response, because outside HGU PT. Adei considered HGU Chevron human settlements was illegal</p> <p>Legal boundary pole, monitored regularly (every 6 months) and regularly maintenance</p>	
	<p>The Company will continued establish communication and a good relationship with the agency related.</p> <p>The Company is committed for submitting his duty to the agency related.</p> <p>the company will consult with Disnakertrans</p>	<p>The Company provides information related to environmental issues, social and legal given to stakeholders in reporting. See on indicator 1.1.1.</p> <p>The Company has supported the establishment of workers unions in order to fight for the rights of employees. See on indicator 6.6</p> <p>The Company's agreements with the workforce represented by three workers union (SBSI, SBRI and SPSI) are described in the collective labor agreement. See on indicator 6.5.2</p>
<p>Labour agency of Bengkalis District</p> <ul style="list-style-type: none"> The company has a good relationship with the government 	<ul style="list-style-type: none"> The Company will continued establish 	<ul style="list-style-type: none"> The Company provides information

Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
<p>agency.</p> <ul style="list-style-type: none"> • All reports that should reported to the labour agency has been reported in schedule. • The company has a good relationship with their employee. There is no dispute so far. 	<p>communication and a good relationship with the agency related.</p> <ul style="list-style-type: none"> • The Company is committed for submitting his duty to the agency related. • The company will consult with labour agency incase of dispute. 	<p>related to environmental issues, social and legal given to stakeholders in reporting. See on indicator 1.1.1.</p> <ul style="list-style-type: none"> • The Company has supported the establishment of workers unions in order to fight for the rights of employees. See on indicator 6.6. • The Company's agreements with the workforce represented by three workers union (SBSI, SBRI and SPSI) are described in the collective labor agreement. See on indicator 6.5.2
<p>Labour Union Riau Independent Result of the consultation:</p> <ul style="list-style-type: none"> • The Companies expected to communicate and dialogue with unions. • The company facilitates and encourages trade union activity. • No schedule periodic meetings with the company, but the company has never refused a request dialogue with unions. • No complaints of discrimination and human rights violations. • The company provides PPE for free. • Employee complained of lossholiday allowance for FFB loss picker. 	<p>The Company will continued establish communication and a good relationship with the workers union.</p> <p>Support for unions already stated in the collective labor agreement.</p> <p>The Company strives to fulfill all the rights of workers, workers social security agency is a government program is a obligation company. the company has clinics which is health.</p> <p>Workers Union is a partner for the company, Companies open up to dialogue with workers union.</p> <p>The company's policy for efficiency, income generation</p>	<p>The Company has complied the labor rights, consist of:</p> <ol style="list-style-type: none"> 1. Compliance wages including overtime pay (See on indicator 6.5) 2. Complied of OHS (See on indicator 4.7) 3. Not available discrimination (See on indicator 6.8) 4. Child labor does not existing (See on indicator 6.7) 5. The Company has facilitated the formation of worker unions to the rights of employees (See on indicator 6.6)


Issue from public (Institution / NGO/ Local Community)	Management responses	Auditor responses
	and health.	

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**4.1 Formal Sign-off of Assessment Findings**

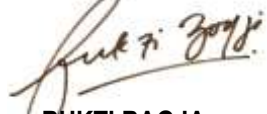
Hereunder sign by management representative from inspected company and audit team to acknowledge a field assessment and agree for all content explained in this assessment report, included of nonconformities issues.

Signed on behalf of:

PT ADEI PLANTATIONS & INDUSTRY –
MANDAU
Regional Director


TAN KEI YOONG
October 12th 2016

Mutuagung Lestari
Lead Auditor


BUKTI BAGJA
October 12th 2016

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

No	Institution/NGO/Community	Address	Phone/Email	Communication type	Date of Contact	Response	
						Yes	No
1.	Jikalahari	Jl. Angsa I No. 4B Kampung Melayu, Sukajadi Pekanbaru 28000 - RIAU	sekretariat@jikalahari.org	Email	5 August 2016		√
2.	Walhi	Jl. Katio No.3 RT/RW 02/18 Kelurahan Tangkerang Tengah Kecamatan Marpoyan Damai, Kota Pekanbaru	info@walhi.riau@yahoo.com	Email	5 August 2016		√
3.	WWF	Graha Simatupang Tower 2 Unit C, 7 th – 11 th Floor Jl. Letjen TB Simatupang Jakarta - 12540	wwf-indonesia@wwf.or.id	Email	5 August 2016		√
4.	Yayasan Elang	Jl. Ambilin/Semangka No. 8 Pekanbaru - RIAU	elang.yayasan@gmail.com	Email	5 August 2016		√
5.	Sawit Watch	Perum Bogor Baru Taman Jl. Cisangkui, Blok B6 No. 1 Bogor, Jawa Barat, 16127	Sawitwatch.or.id	Email	5 August 2016		√
6.	Aman	Jl. Tebet Timur Dalam Raya No. 11 A Kel. Tebet Timur, Kec. Tebet, Jakarta Selatan. Kode pos : 12820	rumahaman@cbn.net.id	Email	5 August 2016		√
7.	Head of Environmental Agency, District of Bengkalis	Jl. Antara No. 437 Riau	Telp 0766-21026,21582 Website: blh.bengkaliskab.go.id	Interview	9 August 2016	√	
8.	Head of National Land Agency, District of Bengkalis	Jl. Hang Tuah No. 08 Bengkalis, Riau	bengkalis@bpn.go.id	Interview	9 August 2015	√	
9.	Head of Forestry and Plantation, District of Bengkalis	Jl. Jend. Sudirman No. 24 Bengkalis	Tlp (0762) 21016	Interview	9 August 2016	√	
10.	Head of Mining and Energy, District of Bengkalis	Jl. Hang Tuah No. 8 Bengkalis, Riau	-	-	9 August 2016		√
11.	Head of Manpower and Transmigration, District of Bengkalis	Jl. Antara Bengkalis ,Riau	-	-	9 August 2016		√
12.	Headman of Muara Basung village	Desa Muara Basung	-	Interview	10 August 2016	√	
13.	Headman of Penasso	Desa Penaso	-	Interview	10 August 2016	√	
14.	Member of the villageconsultative body of semunai	Desa Semunai	-	Interview	10 August 2016	√	

Appendix 2. Assessment Program

DATE	8 – 13 August 2016	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 8 August 2016		
05.30 – 08.00	JAKARTA → PEKANBARU	All Auditor
08.00 – 12.00	PEKANBARU → Site	
	BREAK	
14.00 – 15.00 15.00 – 17.00	<ul style="list-style-type: none"> OPENING MEETING Document Review and Review of Previous Visit Non-conformance (Surveillance 4) 	All Auditor
Tuesday, 9 August 2016		
08.00 – 12.00	Stakeholders consultation: <ul style="list-style-type: none"> External stakeholder to government agency in Bengkalis District 	<ul style="list-style-type: none"> APP
08.00 – 12.00	Field Observation KMS 3 Estate <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, best agricultural practices Worker Welfare (payments, complaint mechanism) Hazardous Waste Material (B3) management Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.. Legal operational and Conservation Area 	<ul style="list-style-type: none"> SSM/RPJ SSM/RPJ MES/BBJ SSM/RPJ MES/BBJ MES/BBJ
12.00 – 14.00	BREAK	
14.00 – 16.30	Continued Field Observation Internal stakeholder (worker union and gender committee) External stakeholder (local contractors)	<ul style="list-style-type: none"> BBJ/MES/SSM/APP/RPJ
16.00 – 17.00	<ul style="list-style-type: none"> Clarification of Field Observation Continued of Completion Check List 	<ul style="list-style-type: none"> MES BBJ All Auditor All Auditor
Wednesday, 10 August 2016		
08.00 – 12.00	Field Observation KMS 4 Estate <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, best agricultural practices Worker Welfare (payments, complaint mechanism) Hazardous Waste Material (B3) management Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.. Legal operational and Conservation Area External stakeholder to surrounding village	<ul style="list-style-type: none"> SSM/RPJ MES/APP MES/APP SSM/RPJ MES/APP MES/APP <ul style="list-style-type: none"> BBJ
12.00 – 14.00	BREAK	
14.00 – 17.00	Continued Field Observation <ul style="list-style-type: none"> Clarification of Field Observation Continued of Completion Check List 	<ul style="list-style-type: none"> BBJ/MES/SSM/APP/RPJ All Auditor All Auditor
Thursday, 11 August 2016		

DATE	8 – 13 August 2016	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
08.00 – 12.00	Field Observation to <u>KMU 7 Estate</u> <ul style="list-style-type: none"> • Manuring, Spraying, Harvesting, best agricultural practices • Worker Welfare (payments, complaint mechanism) • Hazardous Waste Material (B3) management • Worker facilities (housing, health clinic, clean water, etc) and • Land Fire facilities, Storage, ect.. • Legal operational and Conservation Area 	<ul style="list-style-type: none"> • SSM/RPJ • MES/APP • BBJ • BBJ • MES/APP • MES/APP
12.00 – 14.00	BREAK	
14.00 – 17.00	Continued Field Observation <ul style="list-style-type: none"> • Clarification of Field Observation • Continued of Completion Check List 	<ul style="list-style-type: none"> • BBJ/MES/SSM/APP/RPJ • All Auditor • All Auditor
Friday, 12 August 2016		
08.00 – 12.00	<ul style="list-style-type: none"> • Continued of Completion Check List 	<ul style="list-style-type: none"> • All Auditor
12.00 – 14.00	BREAK	
14.00 – 17.00	Field Observation to <u>Mandau POM</u> <ul style="list-style-type: none"> • Processing • Occupational Health and Safety (OHS/K3) • WWTP/IPAL • Hazardous Waste Material • Fire Fighting Facilities • Supply Chain • Interview with worker's union, local contractor and gender committee <ul style="list-style-type: none"> • Clarification of Field Observation • Continued of Completion Check List 	<ul style="list-style-type: none"> • SSM • MES • APP • APP • MES • BBJ • RPJ • All Auditor • All Auditor
Saturday, 13 August 2016		
08.00 – 10.00	<ul style="list-style-type: none"> • Closing Meeting 	<ul style="list-style-type: none"> • All Auditor
11.00 – 13.00	Site → PEKANBARU PEKANBARU → JAKARTA	<ul style="list-style-type: none"> • All Auditor
15.00 – 17.00		<ul style="list-style-type: none"> • All Auditor