

***Roundtable on Sustainable Palm Oil Certification  
RSPO***

**[ ] Stage-1 [ ] Stage-2 ☒ Surveillance [ ] Re-Certification**

Name of Management : MANDAU Palm Oil Mill, PT ADEI PLANTATION & INDUSTRY  
Organisation 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 : 19<sup>th</sup> October 2012 Date of License Issue : 19<sup>th</sup> October 2015  
Date of Certificate Expiry : 18<sup>th</sup> October 2017 Date of License Expiry : 18<sup>th</sup> October 2016

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-3	10 <sup>th</sup> – 14 <sup>th</sup> August 2015	Yudwi Wisnu Rahmato (Lead Auditor), Marsudi Eko Santoso, Sofyan Hadi Lubis, Entin Hendartin	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-3	30 <sup>th</sup> October 2015

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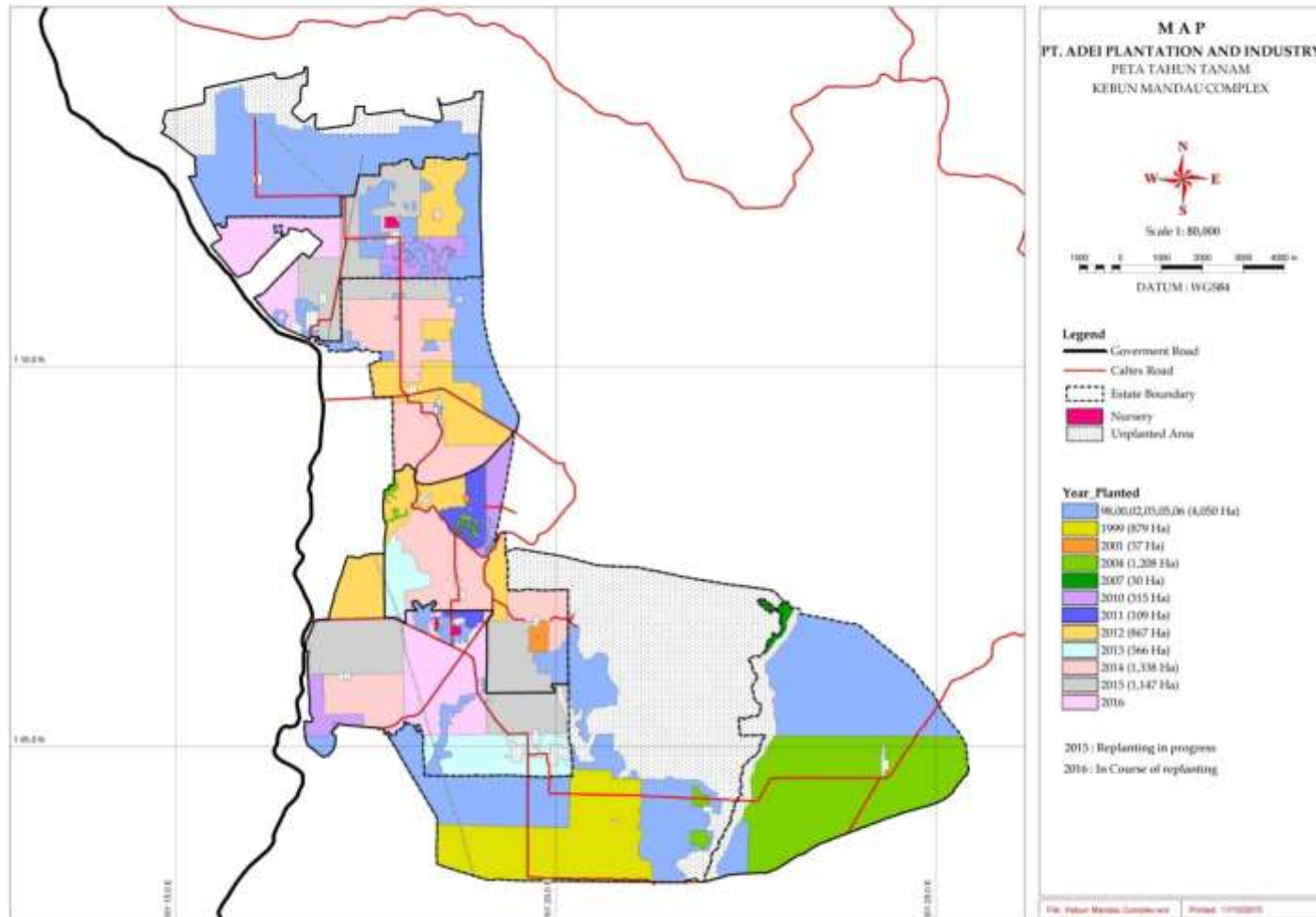
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### FIGURE

Figure 1. Location Map of PT ADEI PLANTATION AND INDUSTRY – KEBUN MANDAU



Figure 2. Operational Map of PT ADEI PLANTATION AND INDUSTRY – KEBUN MANDAU





**Glossary**

AAR	:	Applied Agricultural Resources
BOD	:	Biological Oxygen Demand
BPJS	:	Badan Penyelenggara Jaminan Sosial
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
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
OHS	:	Occupational Health and Safety
PK	:	Palm Kernel
PPE	:	Personal Protective Equipment
RSPO	:	Rountable on Sustainable Palm Oil
SBRI	:	Serikat Buruh Riau Independen ( <i>Riau Independent Labor Unions</i> )
SBSI	:	Serikat Buruh Sejahtera Indonesia ( <i>Indonesia Prosperous Labor Unions</i> )
SOP	:	Standart Operating Procedure
SPSI	:	Serikat Pekerja Seluruh Indonesia ( <i>Indonesia Labor Unions</i> )
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

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1 Assessment Standard Used</b>		<ul style="list-style-type: none"> <li>• <i>RSPO Principles and Criteria (P&amp;C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <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></li> </ul>	
1.2.1	Organisation name listed in the certificate MANDAU Palm Oil Mill - PT ADEI PLANTATION & INDUSTRY, Subsidiary of KUALA LUMPUR KEPONG Bhd		
<b>1.2 Organisation Information</b>			
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"> <li>• RSPO registered company: Wisma Taiko, 1, Jalan S.P. Seenivasagam, 3000 Ipoh, Perak, Malaysia</li> <li>• Liaison Office: Kompleks Pertokoan Taman Anggrek Blok B2-B5 Jl. Tuanku Tambusai, Pekanbaru - Riau</li> </ul>	
1.2.4	Telephone	+62-761-571885	
1.2.5	Fax	+62-761-571862	
1.2.6	E-mail	<a href="mailto:mi.tiong@klk.com.my">mi.tiong@klk.com.my</a>	
1.2.7	Web page address	<a href="http://www.klk.com.my">www.klk.com.my</a>	
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 <sup>th</sup> October 2004	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base <ul style="list-style-type: none"> <li>• 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</li> </ul>	
1.3.2	Type of certificate	Single	
<b>1.4 Locations of Mill and Plantation</b>			
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Mandau Palm Oil Mill	Village of Tenganau, Sub District of Pinggir, District Of Bengkala, 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					
	KMS1	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 4'39" – 1 <sup>0</sup> 9'6"	E 101 <sup>0</sup> 16'55" -101 <sup>0</sup> 20'7"					
	KMS2	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 4'39" – 1 <sup>0</sup> 9'6"	E 101 <sup>0</sup> 16'55" - 101 <sup>0</sup> 20'7"					
	KMS3	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 3'12 – 1 <sup>0</sup> 6'41"	E 101 <sup>0</sup> 18' 2"-101 <sup>0</sup> 21'42"					
	KMS4	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 3'18" – 1 <sup>0</sup> 6'44"	E 101 <sup>0</sup> 22' 8" -101 <sup>0</sup> 25'6"					
	KMU5	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 8'40" – 1 <sup>0</sup> 11'9"	E 101 <sup>0</sup> 17'10" - 101 <sup>0</sup> 19'25"					
	KMU6	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 11'9" – 1 <sup>0</sup> 12'47"	E 101 <sup>0</sup> 15' 39" -101 <sup>0</sup> 19'2"					
	KMU 7	District of Bengkala, Province of Riau	N 1 <sup>0</sup> 4'39" – 1 <sup>0</sup> 9'6"	E 101 <sup>0</sup> 16'55" – 101 <sup>0</sup> 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		7,495 Ha						
	• Immature area		1,659 Ha						
	• Mill		41 Ha						
	• Infrastructure		203 Ha						
	• Nursery		21 Ha						
	• Occupation		2,540 Ha						
	• Others area		2,215 Ha						
	• HCV		201 Ha						
	• Conservation Area (riparian, reservoirs and unplantable swamp)		525 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	30	-	51
	2003	-	-	199	-	6	8	-	213
	2004	1	22	34	1,151	-	-	-	1,208
	2005	25	9	45	844	-	12	-	935
	2006	-	-	18	158	-	10	-	186

2007	-	-	-	30	-	-	-	30
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010*	88	104	-	-	-	123	-	315
2011*	25	84	-	-	-	-	-	109
2012*	161	227	-	-	343	136	-	867
2013*	239	127	-	-	-	-	-	366
2014*	139	105	-	-	603	-	-	847
2015*	213	57	-	-	34	142	-	446
<b>TOTAL</b>	<b>988</b>	<b>860</b>	<b>1,984</b>	<b>2,183</b>	<b>1,289</b>	<b>759</b>	<b>1,091</b>	<b>9,154</b>

\* conversion crops from rubber to oil palm

1.6.2	New Planting area after January 2010	-	Ha
1.6.3	Planting Cycle	2 <sup>nd</sup> Cycle	

## 1.7 Description of Mill and Supply Base

### 1.7.1 Description of Mill

Name of Mill	Capacity (tonnes/ hour)	FFBProcessed (tonnes/year)	CPO		Palm Kernel	
			Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
Mandau	60	220,309.04	47,713.28	21.66	11,373.17	5.16

\*Production data source from August 2014 – July 2015

### 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	988	7,016.25	7.10	7,012.27	99.94
Kebun Mandau Selatan 2	3,334	860	9,766.89	11.36	9,766.89	100.00
Kebun Mandau Selatan 3	2,180	1,984	49,983.04	25.19	49,983.04	100.00
Kebun Mandau Selatan 4	2,395	2,183	52,061.70	23.85	51,885.98	99.66
Kebun Mandau Utara 5	1,586	1,289	9,680.22	7.51	9,646.11	99.65
Kebun Mandau Utara 6	1,482	759	13,395.24	17.65	13,373.22	99.84
Kebun Mandau Utara 7	1,939	1,091	27,154.99	24.89	27,115.88	99.86
<b>TOTAL</b>	<b>14,900</b>	<b>9,154</b>	<b>169,058.33</b>	<b>18.47</b>	<b>168,783.39</b>	<b>99.84</b>

\*Production data source from August 2014 – July 2015

### 1.7.3 FFB description from other source

Name of sources	Organisation	Location	Supplied to Mill
			FFB (tonnes/year)
KKPA Sekarbumi	Independent Smallholders	District of Kampar, Province of Riau	2,980.40
CV. Karya Abadi	Independent Supplier	District of Bengkala, Province of Riau	4,736.10
CV. Sejahtera Jaya	Independent Supplier	District of Bengkala, Province of Riau	15,507.04
CV. Abdi Mandiri	Independent Supplier	District of Bengkala, Province of Riau	10,123.57



	PT. Permata Sawit Perkasa	Independent Supplier	District of Bengkulu, Province of Riau	15,634.42			
	PT. Tiara Surya Prima	Independent Supplier	District of Bengkulu, Province of Riau	1,593.40			
	PT.Sekarbumi Alamlestari (RSPO Certified)	KLK Bhd	District of Kampar, Province of Riau	950.72			
	TOTAL			51,525.65			
	*SourceProduction Data from August 2014 – July 2015						
1.7.4	Jenis Produk		FFB, CPO, PK				
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 19 <sup>th</sup> October 2014 to 18 <sup>th</sup> October 2015 (tonnes/year)	Actual certified product 19 <sup>th</sup> October 2014 to12 <sup>th</sup> August 2015 (tonnes/year)			
	• FFB Production		176,480	132,084.79			
	• CPO Production		39,708	28,754.86			
	• Palm Kernel (PK) Production		9,582.86	6,778.66			
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	988	7,945.00	8.04		
	Kebun Mandau Selatan 2	3,334	860	12,370.00	14.38		
	Kebun Mandau Selatan 3	2,180	1,984	52,553.00	26.49		
	Kebun Mandau Selatan 4	2,395	2,183	57,240.00	26.22		
	Kebun Mandau Utara 5	1,586	1,289	13,120.00	10.18		
	Kebun Mandau Utara 6	1,482	759	14,789.00	19.48		
	Kebun Mandau Utara 7	1,939	1,091	26,512.00	24.30		
	TOTAL	14,900	9,154	184,529.00	20.16		
	*Projected FFB production from 19 <sup>th</sup> October 2015 – 18 <sup>th</sup> October 2016						
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	184,529	40,910	22.17	9,965	5.40
	*Projected CSPO and CSPK production from 19 <sup>th</sup> October 2015 – 18 <sup>th</sup> October 2016						
1.9	Other Certifications						
	ISCC		EU-ISCC-Cert-DE105-83153902 (Expiry date: 28/4/2016)				
	Others		ISPO: MUTU-ISPO/030 (9 <sup>th</sup> September 2014 – 8 <sup>th</sup> September 2019)				
1.10	Time Bound Plan						

1.10.1	Time Bound Plan for Other Management Units					
	Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status
	MILL	Time Bound Plan				
	Berau POM	2015	Malindomas Plantation	2015	Berau, East Kalimantan	Postpone 2016
		2015	Hutan Hijau Mas	2015	Berau, East Kalimantan	Postpone 2016
		2015	Jabontara Eka Karsa	2015	Berau, East Kalimantan	Postpone 2016
	Steelindo Wahana Perkasa POM	2012	Steelindo Wahana Perkasa	2012	Belitung, Bangka Belitung	Certified 2015
		2013	Parit Sembada	2013	Belitung, Bangka Belitung	Certified 2015
	Parit Sembada POM	2014	Alam Karya Sejahtera	2014	Belitung, Bangka Belitung	Audited 2014
	Mandau POM	2012	Mandau	2012	Bengkalis, Riau	Certified 2012
	Nilo POM	2012	Nilo	2012	Pelalawan, Riau	Certified 2014
	Tapung Kanan POM	2012	Sekarbumi Alamlestari	2012	Kampar, Riau	Certified 2013
		2016	KKPA	2016	Kampar, Riau	2016
	Gohor Lama POM	2014	Basilam	2015	Langkat, North Sumatera	Postpone 2016
		2014	Gohor Lama	2015	Langkat, North Sumatera	Postpone 2016
		2014	Tanjung Beringin	2015	Langkat, North Sumatera	Postpone 2016
		2014	Maryke	2015	Langkat, North Sumatera	Postpone 2016
		2014	Bekiun	2015	Langkat, North Sumatera	Postpone 2016
	Padang Brahang POM	2014	Padang Brahang	2015	Langkat, North Sumatera	Postpone 2016
		2014	Bukit Lawang	2015	Langkat, North Sumatera	Postpone 2016
		2014	Tanjung Keliling	2015	Langkat, North Sumatera	Postpone 2016
	PENINSULAR MALAYSIA					
	Batu Lintang POM	2012	Pelam	2012	Kulim, Kedah	Certified 2013
		2012	Batu Lintang	2012	Serdang, Kedah	Certified 2013
		2013	Subur	2013	Batu Kurau, Perak	Certified 2013
		2012	Ghim Khoon	2012	Kulim, Kedah	Certified 2013
	Kekayaan POM	2011	Kekayaan	2011	Paloh, Johor	Certified 2011
		2011	Landak	2011	Paloh, Johor	Certified 2011
		2011	Voules	2011	Tenang, johor	Certified 2011
		2011	Bandar Tenggara	2011	Bandar Tenggara, Johor	Certified 2011
		2011	New Pogoh	2011	Tenang, johor	Certified 2011
		2011	Fraser	2011	Kulai, Johor	Certified 2011
		2011	Paloh	2011	Paloh, Johor	Certified 2011
		2011	Sungai Bekok	2011	Bekok, Johor	Certified 2011

Jerang Padang POM	2011	Ban Heng	2011	Pagoh, Muar, Johor	Certified 2011
	2011	See Sun	2011	Renggam, Johor	Certified 2011
	2012	Ayer Hitam	2012	Bahau, Negri Sembilan	Certified 2012
	2012	Batang Jelai	2012	Rompin, Negri Sembilan	Certified 2012
	2012	Jeram Padang	2012	Bahau, Negri Sembilan	Certified 2012
	2012	Kombok	2012	Rantau, Negri Sembilan	Certified 2012
	2012	Ulu Pemas	2012	Pemas, Negri Sembilan	Certified 2012
	2012	Gunung Pertanian	2012	Simpang Durian, Negri Sembilan	Certified 2012
	2012	Sungai Kawang	2012	Lanchang, Pahang	Certified 2012
	2012	Renjok	2012	Telepong, Pahang	Certified 2012
Tanjung Malim POM	2012	Tuan	2012	Telepong, Pahang	Certified 2012
	2013	Changkat Asa	2013	Tanjung Malim, Perak	Certified 2013
	2013	Kerling	2013	Kerling, Selangor	Certified 2013
	2013	Sungai Gapi	2013	Serendah, Selangor	Certified 2013
	2013	Bukit Katho	2013	Ladang Bukit Kartho, 35500 Bidor, Perak.	Certified 2013
Tuan Mee POM	2013	Kampar	2013	Ladang Kampar, Peti Surat 20, 31907 Kampar, Perak.	Certified 2013
	2012	Tuan Mee	2013	Sungai Buloh, Selangor	Certified 2013
Kuala Pertang POM	2013	Kerila	2013	Tanah merah, Kelantan	Certified 2014
	2013	Pasir Gajah	2013	Kuala Krai, Kelantan	Certified 2014
	2013	Sungai Sokor	2013	Tanah Merah, Kelantan	Certified 2014
Changkat Chemin POM	2012	Lekir	2012	Manjung, Perak	Certified 2013
	2012	Changkat Chermin	2012	Manjung, Perak	Certified 2013
	2012	Raja Hitam	2012	Manjung, Perak	Certified 2013
	2013	Allagar	2013	Trong, Perak	Certified 2013
	2013	Glenealy	2013	Parit, Perak	Certified 2013
	2013	Serapoh	2013	Parit, Perak	Certified 2013
	2013	Kuala Kangsar	2013	Padang Rengas, Perak	Certified 2013
	2013	Pinji	2013	Ladang Pinji, P.O.Box 1027, 30820 Ipoh, Perak	Certified 2013
	2013	Batu Dua	2013	Ladang Batu Dua, P.O.Box 1027, 30820 Ipoh, Perak	Certified 2013
	2013	Menglembu	2013	Ladang Menglembu d/k No. 1, Hala Kledang 4, Taman Kledang, 31450 Menglembu, Perak	Certified 2013
	2013	Kampar	2013	Peti Surat 20, 31907, Kampar, Perak.	Certified 2013
	2013	Subur	2013	34520, Batu Kurau, Perak	Certified 2013
	2013	Bukit Kartho	2013	Ladang Bukit Katho, 35500 Bidor, Perak.	Certified 2013
<b>SABAH, MALAYSIA</b>					
Mill 1	Outside Crop	100% Independent Smallholders, Out of Certification Scope.		Tawau, Sabah	

	Mill 2 POM	2009	Pang Burong	2009	Mile 41, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
		2009	Tudong	2009	Mile 42, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
		2009	Sri Kunak	2009	Mile 45, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
		2009	Ringlet	2009	Mile 45, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
	Pinang POM	2009	Jatika	2009	Mile 42, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
		2009	Sigalong	2009	Mile 45, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
		2009	Pangeran	2009	Mile 45, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
		2009	Pinang	2009	Mile 45, Tawau-Semporna Highway, Tawau, Sabah	RC 2014
	Lungmanis POM	2010	Lungmanis	2010	Lahad Datu, Sabah	RC 2015
		2010	Bukit Tabin	2010	Lahad Datu, Sabah	RC 2015
		2010	Tungku	2010	Lahad Datu, Sabah	RC 2015
	Rimmer	2010	Rimmer	2010	Lahad Datu, Sabah	RC 2015
		2010	Sungai Silabukan	2010	Lahad Datu, Sabah	RC 2015
	Bornion	2010	Bornion	2010	Jalan Lahad Datu-Sandakan, Sabah, Malaysia	RC 2015
		2010	Segar Usaha	2010	Jalan Lahad Datu-Sandakan, Sabah, Malaysia	RC 2015
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>					
	PT ADEI Plantation & Industry Mandau Estate has not an associated Smallholders Scheme, so there is no plans to put others sources into certification scope of Mandau POM.					

<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-3</b>	<ul style="list-style-type: none"> <li>• <b>Yudwi Wisnu Rahmanto (Lead Auditor)</b>. Bachelor of Forestry, Gadjah Mada University. He works as an auditor for 3 years in Independent Certification Body. He has followed several Assessment of Certification System. He was attended training of RSPO Lead Auditor, ISPO Auditor/Lead Auditor training, Auditor Course Quality Management System (QMS) ISO 9001:2008, GIS-Basic Mapping and Spatial Analysis, Timber Legality Assurance System (SVLK) Training, Verification Organization Training C.A.F.E Practices (Starbucks) and other Internal Training programme. He has involved in auditing activities such as Sustainable Forest Management by Forest Stewardship Council, Sustainable Palm Oil by RSPO and ISPO, Coffee And Farmer Equity (C.A.F.E Practices) Starbucks, Organic Standard (EU, NOP, JAS) for Coffee Farmers and Organic Exchange for Textile. During the assessment, he verified Legal, Conservation and Supply Chain Aspects..</li> <li>• <b>Marsudi Eko Santoso (Auditor)</b>. 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 the assessment, he verified Best Management Practice and Health and Safety aspect.</li> <li>• <b>Sofyan Hadi Lubis( Auditor)</b>. Master's Program in Environmental and Natural Resource Management, Institutut Pertanian Bogor (IPB) and Bachelor of Social Economic Agriculture, Gadjah Mada University (UGM). Participated in several environmental management workshops, climate change mitigation training and adaptation for agricultural productivity in Southeast Asia, Carbon Forum Asia Update. He has also been involved as a research team at the Centre for Research, Development and Climate Change Policy (Puspijak) Ministry of Forestry of Indonesia, Bogor and Research Team in cooperation program IPB-ETH Zurich Switzerland - NUS Singapore. He has followed Auditor training ISPO and Auditor/Lead auditor Management System Certification (ISO 9001-2008), Awareness RSPO, GHG Calculation and High Conservation Value. Furthermore, he also worked as a staff environmental consulting firm. During the assessment, he verified environmental and waste management aspect</li> <li>• <b>Entin Hendartin (Auditor)</b>. Docorr from the faculty of forestry, Bogor Agricultural University. She has been lecturer at Institute of Technology Bandung. She was attended training ISPO Lead Auditor, RSPO Lead Auditor Training, Sustainable Forest Management Training, ISO 9001, and ISO 14001 and she has folowed several Assessment of Certification System Of Sustainable Palm Oil as an auditor. During the assessment, she verified social worker and social aspect.</li> <li>• <b>Rizliani Aprianita (Observer)</b>. Bachelor of agribusiness from North Sumatera University and Magister of Agribusiness from Medan Area University. She was attended training of auditor ISO 9001:2008 and In House Training Awareness RSPO</li> </ul>
<b>2.2 Assessment Methodology, Assessment Process and Locations of Assessment</b>	
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-3</b>	<p>Number of auditors : 4 auditor + 1 Observer</p> <p>Number of days for <b>ASA-3</b> at site : 4 days</p> <p>Number of working days for <b>ASA-3</b> at site : 16 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-3</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Adei Plantation &amp; Industry to the requirements of RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 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 to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p>



Some opportunities for improvement of the results **ASA-3** delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (**ASA-4**).

Improvement of findings from main 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-3**.

The assessment program please find Appendix 2

<b>2.2.3</b>	<b>Location of Assessment</b>
<b>ASA-3</b>	<p>The number of management units in this company consist of 7 Estates (4 Kebun Mandau Selatan dan 3 Kebun Mandau Utara) that supplies FFB material to Mandau palm oil mill. In conducting the assessment, auditor team use the formula <math>0.8\sqrt{t}</math> 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 (Kebun Mandau Selatan 1, Kebun Mandau Selatan 2 and Kebun Mandau Utara 6.)</p> <p><b>Kebun Mandau Selatan (KMS-1) Estate:</b></p> <p><b>Location 1 - Boundary Pole.</b> Observation on boundary pole of National Land Agency No. 153 on Block 15A, 155 on Block 15A, 156 on Block 12B, 159, 160 on Block 12B, 107 on Block BP01, 209 on Block BP01</p> <p><b>Location 2 - Block 15B.</b> Observation on the planted area on 2015. There is a signboard of prohibition to burn and hazard of fire, LCC plants and ex stack of plants with population per plan/ha (148 plants), installation of plastic mulche, there are ex rods which are cutted by the company.</p> <p><b>Location 3 - Block 14 B.</b> Observation on NPK manuring and interview with the manurers (foreman and manurer) in term of:</p> <ul style="list-style-type: none"> <li>Workers use complete PPE (helmet, apron, boots, masker, glasses and gloves)</li> <li>Foreman brings first aid kit on its provided rucksack for emergency situation.</li> <li>The workers have aware of the proper manuring technique based on SOP (method of spread and dose of it) as well as the forbidden area to be manured such as water source, riparian area/bufferzone, trench and conservation area.</li> <li>Washing of equipments for manuring program at the provided washing station.</li> <li>The workers have been registered on the BPJS/labour social assurance program.</li> <li>The workers have been receiving wage above the applied minimum wage standard.</li> <li>The workers informed that the medical check up shall be conducted at least once a year for blood check up, lungs check up, physical check up, rontgen and eye check up by the company's doctor and further check up by the specialist (doctor).</li> <li>The women workers got the reproduction right protection (menstruation day off, pregnant day off, childbirth day off and working away from chemicals during pregnancy and breastfeeding period), they never experience sexual harasshment. The workers aware and understand the function of gender committee of th company, they got menstruation day off, childbirth day off for 3 months, all workers are treated fairly.</li> <li>The workers have aware of the procedure of expression for complain to the employees via direct boss.</li> </ul> <p><b>Location 4 - Block A42.</b> Observation and interview with foreman and sprayers (6 people) in term of spraying program. There are several facts that:</p> <ul style="list-style-type: none"> <li>Workers use complete PPE (helmet, apron, boots, masker, glasses and gloves)</li> <li>Foreman brings first aid kit on its provided rucksack for emergency situation.</li> <li>The workers have aware of the proper manuring technique based on SOP (method of spread and dose of it) as well as the forbidden area to be manured such as water source, riparian area/bufferzone, trench and conservation area.</li> <li>The workers are able to describe the good spraying method, knows the dose for spraying program and</li> </ul>

where to wash the spraying equipments on the provided station.

- The workers have received extra fooding from the company.
- The workers have been registered on BPJS program (labour insurance).
- The workers have gotten wage above the applied minimum wage standard.
- The workers have aware of the existence of labour union as well as its function.
- The workers got the regular medical check up for at least once a year like blood test, lungs test, rontgen and eye.
- The women workers got the reproduction right protection (menstruation day off, pregnant day off, childbirth day off and working away from chemicals during pregnancy and breastfeeding period), they never experience sexual harasshment. The workers aware and understand the function of gender committee of th company, they got menstruation day off, childbirth day off for 3 months, all workers are treated fairly.
- The workers have aware of the procedure of expression for complain to the employees via direct boss.
- The foreman is able to describe the method to handle emergency response such as atshma attack and cobra attack.
- The inspection and maintenance for spraying equipments is conducted by the sprayer's foreman weekly.

**Location 6 - Block P04.** Observation and interview with harvesters and its foreman. There are several facts:

- The workers conduct harvesting program based on SOP, the workers have been trained (harvestingtraining), the workers have aware of the mature fruit criteria (loosen fruit picking>10 in circle), harvesting rotation 7 – 10 days (however, due to the post eid al-fitr situation there was an obstacle for long harvest rotation because most of the workers took the leave), the workers know how to work safely (concerning the condition, using PPE and working based on SOP),
- Result of harvesting program is recorded by Checker, workers are usingPPE (Helmetand Boots), there is never any fatal accident, status of employee is permanent employee. The complain shall be informed to the boss, the workers know the existence and function of labour union.

**Location 7 - Block of Nursery.**

- Observation on nursery program, record of nursery program is well maintained and is updated by the nursery foreman, unclassified seed control. There are nursery program for Mucuna and Turnera subulata.
- Observation on barn owl box (there are ex shit and corpse of the rat).

**Kebun Mandau Selatan (KMS-2) Estate:**

**Location 8 - Block 14A.** Observation on the planted area on 2015. There is a signboard of prohibition to burn and hazard of fire, LCC plants and ex stack of plants with population per plan/ha (148 plants), installation of plastic mulche, there are ex rods which are cutted by the company.

**Location 9 - Block 14 A.** Observation and interview with foreman and sprayers (7 people) in term of spraying program. There are several facts that:

- Workers use complete PPE (helmet, apron, boots, masker, glassesand gloves)
- Foreman brings first aid kit on its provided rucksack for emergency situation.
- The workers have aware of the proper manuring technique based on SOP (method of spread and dose of it) as well as the forbidden area to be manured such as water source, riparian area/bufferzone, trench and conservation area.
- The workers are able to describe the good spraying method, knows the dose for spraying program and where to wash the spraying equipments on the provided station.
- The workers have received extra fooding from the company.
- The workers have been registered on BPJS program (labour insurance).
- The workers have gotten wage above the applied minimum wage standard.
- The workers have aware of the existence of labour union as well as its function.

- The workers got the regular medical check up for at least once a year like blood test, lungs test, rontgen and eye.
- The women workers got the reproduction right protection (menstruation day off, pregnant day off, childbirth day off and working away from chemicals during pregnancy and breastfeeding period), they never experience sexual harassment. The workers aware and understand the function of gender committee of the company, they got menstruation day off, childbirth day off for 3 months, all workers are treated fairly.
- The workers have aware of the procedure of expression for complain to the employees via direct boss.
- Spraying equipments inspection and maintenance is conducted by the sprayer's foreman weekly.
- The program is started on 6 a.m with morning briefing and is ended on 2 p.m with spraying equipments washing.
- All workers are permanent workers.
- The workers have aware of consultation over employee cooperative unit existence.
- Tidak ada deskriminasi kepada pekerja.

**Location 10 - Block PN10A.** Observation on manuring program and interview with manurers (foreman and manurer) in term of:

- Workers use complete PPE (helmet, apron, boots, masker, glasses and gloves)
- Foreman brings first aid kit on its provided rucksack for emergency situation.
- The workers have aware of the proper manuring technique based on SOP (method of spread and dose of it) as well as the forbidden area to be manured such as water source, riparian area/bufferzone, trench and conservation area.
- Washing of equipments for manuring program at the provided washing station.
- The workers have been registered on the BPJS/labour social assurance program.
- The workers have been receiving wage above the applied minimum wage standard.
- The workers informed that the medical check up shall be conducted at least once a year for blood check up, lungs check up, physical check up, rontgen and eye check up by the company's doctor and further check up by the specialist (doctor).
- The women workers got the reproduction right protection (menstruation day off, pregnant day off, childbirth day off and working away from chemicals during pregnancy and breastfeeding period), they never experience sexual harassment. The workers aware and understand the function of gender committee of the company, they got menstruation day off, childbirth day off for 3 months, all workers are treated fairly.
- Worker's children are given proper school bus facility (good condition with AC).
- There is a gender committee to protect women worker's rights.
- There are Cassia and Turnera with fertile condition.

**Location 11 - Block PM 10A.** Observation and interview with harvesters and its foreman. There are several facts:

- The workers conduct harvesting program based on SOP, the workers have been trained (harvesting training), the workers have aware of the mature fruit criteria (loosen fruit picking >10 in circle), harvesting rotation 7 – 10 days (however, due to the post eid al-fitr situation there was an obstacle for long harvest rotation because most of the workers took the leave), the workers know how to work safely (concerning the condition, using PPE and working based on SOP),
- Result of harvesting program is recorded by Checker, workers are using PPE (Helmet and Boots), there is never any fatal accident, status of employee is permanent employee. The complain shall be informed to the boss, the workers know the existence and function of labour union.
- Loader is given proper PPE (gloves, boots and helmet) and FFB categorization for level 3 (keylock system).
- Record of the loaded FFB is written on the FFB transport ticket.

**Location 12 - Block 12A.**

- Observation on barn owl box (there are ex shit and corpse of the rat as well as the flying barn owl).
- Observation on the existence of Cassia and Turnera.

**Lokasi 13 -Block PE04 & PE08 on Land Aplikasi.**

- Result of field observation on block PE.04 & PE.08 of Mandau Selatan III Estate, there is no overflow nor leak effluent to trench nor river including the block of application that has been permitted by the government. The Officer is also facilitated with PPE, wage based on the applied minimum standard, settlement for them, clean water, electricity, medical service center and insurance.

**Lokasi 14 – Settlement ofKebun Mandau Selatan**

- Observation on the house facilities, medical center facilities, clean water, electricity, wage, waste management, environment sanitation, contamination and pollution over water and air, burning activity and response over complain.

**Location 15 – Generator Station of Kebun Mandau Selatan.**

- Observation on the solid waste and hazardous waste management and the standard emergency response facility available on the area.

**Location 16 – Conservation Area.** Observation on the conservation area on Punggur riparian on block BP02. Area of water trap (HCV 4) on Block 2012A.

**Kebun MandauUtara (KMU-6) Estate:**

**Location 17 – Boundary Poles.** Observation on boundary poles of National Land Agency No. 182 and 175.

**Location 18 – Block 155.** Observation and interview with foreman and sprayers for circle (8 people) in term of spraying program. There are several facts like:

- Workers use complete PPE (helmet, apron, boots, masker, glasses and gloves)
- Foreman brings first aid kit on its provided rucksack for emergency situation.
- The workers have aware of the proper manuring technique based on SOP (method of spread and dose of it) as well as the forbidden area to be manured such as water source, riparian area/bufferzone, trench and conservation area.
- Washing of equipments for manuring program at the provided washing station.
- The workers have been registered on the BPJS/labour social assurance program.
- The workers have been receiving wage above the applied minimum wage standard.
- The workers informed that the medical check up shall be conducted at least once a year for blood check up, lungs check up, physical check up, rontgen and eye check up by the company's doctor and further check up by the specialist (doctor).
- The women workers got the reproduction right protection (menstruation day off, pregnant day off, childbirth day off and working away from chemicals during pregnancy and breastfeeding period), they never experience sexual harasshment. The workers aware and understand the function of gender committee of th company, they got menstruation day off, childbirth day off for 3 months, all workers are treated fairly.
- The workers have aware of the procedure of expression for complain to the employees via direct boss.
- Spraying equipments inspection and maintenance is conducted by the sprayer's foreman weekly.
- There is a women commission as body to unite women workers. The complain in term of women workers could be informed via the women commission.
- There is a signboard of poisoned area information.

**Location 19 - Block 156.** Observation on the kieserit manuring program and interview with 16 manurers in term of:

- The workers use complete PPE such as helmet, apron, boots, masker, glasses and gloves.
- The foreman brought first aid kit on the rucksack for emergency situation.
- The workers have aware of the proper manuring technique based on SOP (method to spread and dose of

fertilizer for 1.75 Kg), they have aware of the prohibited area for manuring program such as riparian area/bufferzone, trench and conservation area.

- Washing of equipments for manuring program at the provided washing station.
- The workers have been registered on the BPJS/labour social assurance program.
- The workers have been receiving wage above the applied minimum wage standard.
- The workers informed that the medical check up shall be conducted at least once a year for blood check up, lungs check up, physical check up, rontgen and eye check up by the company's doctor and further check up by the specialist (doctor).
- The women workers got the reproduction right protection (menstruation day off, pregnant day off, childbirth day off and working away from chemicals during pregnancy and breastfeeding period), they never experience sexual harassment. The workers aware and understand the function of gender committee of the company, they got menstruation day off, childbirth day off for 3 months, all workers are treated fairly.
- Non-permanent daily workers work only  $\leq 20$  workdays with update of contract agreement every quarter.
- Observation on the existence of Cassia and Turnera.

**Location 20 – Block 128.** Observation and interview with harvesters and its foreman. There are several facts:

- The workers conduct harvesting program based on SOP, the workers have been trained (harvesting training), the workers have aware of the mature fruit criteria (loosen fruit picking  $> 10$  in circle), harvesting rotation 7 – 10 days (however, due to the post eid al-fitr situation there was an obstacle for long harvest rotation because most of the workers took the leave), the workers know how to work safely (concerning the condition, using PPE and working based on SOP),
- Result of harvesting program is recorded by Checker, workers are using PPE (Helmet and Boots), there is never any fatal accident, status of employee is permanent employee. The complain shall be informed to the boss, the workers know the existence and function of labour union.
- Loader is given proper PPE (gloves, boots and helmet) and FFB categorization for level 3 (keylock system).
- Record of the loaded FFB is written on the FFB transport ticket.
- Replacement for PPE is routinely conducted every semester and replacement for sickle every year.

**Location 21 - Block 126.**

- Observation on the planted area on 2015. There is a signboard of prohibition to burn and hazard of fire, LCC plants and ex stack of plants with population per plan/ha (148 plants), installation of plastic mulche, there are ex rods which are cutted by the company.

**Location 22 – Settlement of Kebun Mandau Utara.**

- Observation on the house facilities, medical center facilities, clean water, electricity, wage, waste management, environment sanitation, contamination and pollution over water and air, burning activity and response over complain.

**Location 23 – Spraying Equipments Station on Kebun Mandau Utara.**

- The spraying equipments and PPE are washed and maintained on the storage. The water used to wash it shall be used as chemicals mix. The workers hve bee facilitated with PPE, wage above the applied wage minimum standard, settlement, clean water, electricity, medical service center and health insurance.

**Location 24 – Conservation Area.** Observation on the conservation area at reservoir of block 141, Enclave of Kebun Mandau Utara -6.

**Mandau POM**

**Location 25 - Workshop (Workshop Assistant)**

- Workshop employees are consisted of 15 workers and 4 of them are the welding experts (certified).



- Safety briefing is conducted by the Head of Workshop.
- The workers have aware of the use of PPE to work.
- The workers are less understand on the hazard risk on their job.
- Routine medical check up.

**Location 26 – Hazardous Waste Storage (Head of Storage)**

- Hazardous waste on the storage are in line with the logbook follows: 2 kg of used lamp, 4 kg of rag, 15 liter of used oil, 2 kg of used filterand 2 Pcs of used batteries.
- The labeling on the hazardous waste container is based on the applied law.
- Hazardous waste storage is not supported with spill kit.

**Location 27 – POM Settlement**

- There is no separation for organic and anorganic waste
- The waste management is not well implemented
- The stucked waterway contains many wigglers.
- The interviewed settlers are satisfied with the electricity, clean water and settlement's facility.
- The settlers know how to complain a complaint.
- There is a socialization of domestic waste management held by the company.
- The POM settlement is supported with place of worship like mosque, sport facility such as soccer field foot volleyball court, volley court, badminton court and educational facilities like kindergartern by cooperating with harapan bangsa foundation (the company helped the provision for playing kits for children and land).
- There are vegetables mobile merchant to the settlement so the settlers could easily get the food ingredient to meet their daily need.
- There is a routine market (twice a week) nearby settlement complex.

**Location 28 – WTP of PPM.** According to the result of observation on Mandau POM WTP, *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.

**Location 29 – POM Hazardous Waste Storage.** According to the result of observation to hazardous waste storage, it has been located on the permitted coordinate, away from flood potential area and away from the settlement. It has also been supported with symbols of hazardous waste, handy fire extinguisher, showereye wash as well as oil trap and tank. Based on the result of interview with hazardous waste storage Officers, they have aware of the SOP of waste management. The Officers have been facilitated with PPE, wage based on the applied minimum wage standard, settlement, clean water, clinic and health insurance.

**Location 30 – POM WWTP Ponds.** According to the result of field observation, the WWTP ponds are well maintained, there is no overflow nor leakage to the environemnt. The flowmeter is well functioned and there is a monitoring for effluent debit used for soil in unit of m<sup>3</sup>. The Officers have been facilitated with PPE, wage based on the applied minimum wage standard, settlement, clean water, clinic and health insurance.

**Location 31 - Boiler.** According to the result of field observation, the company has used shell and fiber as boiler fuel. The shell and fiber are well managed so it shall not contaminate environment and cause fire. The Officers have been facilitated with PPE, wage based on the applied minimum wage standard, settlement, clean water, clinic and health insurance.

**Location 32 – Block PE04 & PE08 (Land Application).** According to the result of field observation to block PE.04 & PE.08 Mandau Selatan III Estate, there is no overflow nor leak effluent to the river nor trench and the

	block of land application has been permitted by the government. The Officers have been facilitated with PPE, wage based on the applied minimum wage standard, settlement, clean water, clinic and health insurance.
<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-3</b>	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 peoples on 10 August 2015. Numbers of input from stakeholders were clarified by PT Adei Plantation & Industry – Mandau Estate
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit (ASA-4) will be determined one year after this <b>ASA-3</b> (August to October 2016).

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of Assessment Report of the RSPO Certification

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

During the assessment, there were one (1) Nonconformities were assigned against Major Compliance Indicator(s) and five (5) 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 one (1) Major non-conformity(s) had been closed out shall be verified during next assessment.

The corrective action consisting of one (1) Major nonconformity; 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	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<b>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.</b>	
	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 2014 and on period of January – June 2015. The management unit showed the evidence that the report has been received by Bengkalis District Plantation and Forestry Agency on August 6th 2015.	
	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 15 letters during period of 2014 and 5 information request letter during period of 2015. For example, letter from Bengkalis District Environment Agency on July 17 <sup>th</sup> 2014 in form of request for: (1) hazardous waste storage permit and other management permits owned by the company, (2) Data of hazardous waste management (logbook, hazardous waste balance sheet and other management permits owned by, (3) Evidence of the reported reports, (4) data of the third party who process hazardous waste (agreement contract, hazardous waste processing permits, recommendation/permit to dispatch hazardous waste. The company responded the request from Environment Agency by giving the copy of the requested data.	
	<b>Status : Comply</b>	

**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.**

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:

1. Documents in term of RSPO Criteria and Principle
2. Logbook of information request/socialization, consultation and communication
3. Logbook of complaint/disgruntle and assistance request
4. File of individual training
5. List of training attendance and assessment
6. Internal audit
7. External Audit
8. HCV Report
9. Report of Water Analysis Result

The publicly-accessed OHS documents are:

1. Training Program.
2. Report of Medical Check Up
3. PPE Purchase Cost
4. Costing book of chemicals
5. Minute of meeting of Gender Committee
6. Report of Work Accident
7. Minute of Meeting of OHS Guiding Committee.

The document's retention period is 5 years.

Meanwhile, the confidential documents are:

1. Incoming letter from General Manager
2. Internal Audit Accounts
3. Progress Report
4. Yield Statistik
5. Managemen Meeting

**Status: Comply**

**1.3**

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

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 other peacemaker.

**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.**

Evidence of compliance over the relevant legal law is not changing at all until ASA-3. According to the result of consultation with the associated agency on August 11th 2015, the Bengkalis District Environment Agency informed the process of environment permit and its scope in term of crops conversion (from rubber plant to palm oil plant).

As a commitment over the compliance, PT ADEI P&I Mandau received the letter from the Integrated Permits Service of Riau Province on December 19th 2011 No. 503/BP2T-IR/360 in term of the extension of conversion from rubber plant to palm oil plant. The approval from Governor for the conversion is  $\pm 4.427$  Ha ( $\pm 419$  Ha of the planted area,  $\pm 4,008$  Ha of the unplanted area).

Environment document (environmental management and monitoring effort) for the crops conversion from rubber plant to palm oil plant based on the recommendation letter from Bengkalis District Environment Agency No. 660/BLH-PPDL/22/2011, dated November 11th 2011 in scope of environmental management and monitoring effort for 2,594 ha (from 6,000 Ha of rubber plantation). Therefore, the scope of environment document for palm oil plantation is 11,494 Ha. Meanwhile, the actual plant based on the Hectare Statement on June is 9,175 Ha.

<b>Status: Comply</b>	
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**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.**

There is no change on the legal document, right of PT ADEI P&I Mandau Estate land is still the Land Use Title (HGU) for 14,900 Ha. There is no expansion for estate area. Meanwhile, the crops conversion is still on continued. The purpose for land is in line with Land Use Title (HGU) for estate area. The actual planted area for palm oil based on the version of Hectare Statement on June 2015 is 9,175 Ha.

The border of the legal area of PT ADEI P&I Mandau Estate are entirely well maintained. Result of field visit: Kebun Mandau Selatan– 1 (KMS-1), number of the verified boundary poles are 7 poles and all have been well maintained. The verified boundary poles are National Land Agency poles No. 107 Blok BP01, BPN 153 Blok 15A, BPN 155 Blok 15A, BPN 156 Blok 12B, BPN 159 Blok 12B, BPN 160 Blok 12B.

Kebun Mandau Selatan – 2 (KMS-2). Number of the verified poles are 9 poles and all have been well maintained. The verified boundary poles are National Land Agency poles No. 56, 57, 58, 59, 60, 160, 162, 163, 164.

Kebun Mandau Utara – 6 (KMU-6), number of the verified poles are 7 poles of 13 existed poles. The verified boundary poles are National Land Agency poles No. 02, 175, 177, 178, 181, 182, 189.

There is no issue of land dispute nor conflict during period of 2014–2015. It is supported by the result of interview with the locals of nearby estate such as Tenggau Village, Semunai Village and Muara Basung Village. Meanwhile, the conservation area for Sakai tribe indigenous people for  $\pm 2,540$  Ha has been agreed by the parties and has been obviously mapped.

In order to avoid the conflict potential occurred within estate area, PT ADEI P&I Mandau Estate has had policy for not hiring mercenary for estate operational. The content of the policy are:

1. We committed to not hire mercenary on our estate operational.
2. Use of state's security agency such as police and army only for temporary period if there is an order breach.

The policy has been signed by the General Manager (GM) on August 12th 2015.

<b>Status: Comply</b>	
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**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.**



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) within Land Use Title (HGU) area of PT ADEI P&I for  $\pm$  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.**

Projection for planting and production for the next 5 years –Mandau Estate

<b>Areal Mature (ha)</b>						
Ladang	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
KMS1	317	397	397	636	874	1.168
KMS2	458	571	571	571	571	571
KMS3	1.984	1.984	1.984	1.984	1.984	1.984
KMS4	2.183	2.183	2.183	2.183	2.183	2.183
<b>Total KMS</b>	<b>4.942</b>	<b>5.135</b>	<b>5.135</b>	<b>5.374</b>	<b>5.612</b>	<b>5.906</b>
KMU5	525	485	1.212	1.212	1.212	1.212
KMU6	617	564	958	1.317	1.317	1.317
KMU7	1.091	1.091	1.091	1.091	1.091	1.091
<b>Total KMU</b>	<b>2.233</b>	<b>2.140</b>	<b>3.261</b>	<b>3.620</b>	<b>3.620</b>	<b>3.620</b>
<b>Grand Total</b>	<b>7.175</b>	<b>7.275</b>	<b>8.396</b>	<b>8.994</b>	<b>9.232</b>	<b>9.526</b>

#### **Comment**

An increase in the mature area each year result from replanting/conversion.

TBS (mt)						
Ladang	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
KMS1	5.976	5.976	7.713	10.903	14.650	18.615
KMS2	8.339	8.339	11.117	13.219	14.507	15.516
KMS3	52.916	52.916	55.831	55.263	54.721	53.462
KMS4	58.366	58.366	60.685	62.156	63.252	63.252
<b>Total KMS</b>	<b>125.597</b>	<b>125.597</b>	<b>135.346</b>	<b>141.541</b>	<b>147.130</b>	<b>150.845</b>
KMU5	10.856	10.099	13.175	17.973	20.570	22.591
KMU6	13.731	12.851	14.846	17.645	22.240	23.994
KMU7	26.705	29.132	29.923	30.711	30.940	32.256
<b>Total KMU</b>	<b>51.292</b>	<b>52.082</b>	<b>57.944</b>	<b>66.329</b>	<b>73.750</b>	<b>78.841</b>
<b>Grand Total</b>	<b>176.889</b>	<b>177.679</b>	<b>193.290</b>	<b>207.870</b>	<b>220.880</b>	<b>229.686</b>

**Comment**

-FFB production is expected to increase every year because of the increase of oil palm area which has mature.

Yield (TBS/ha)						
Ladang	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
KMS1	18,9	15,1	19,4	17,1	16,8	15,9
KMS2	18,2	14,6	19,5	23,2	25,4	27,2
KMS3	26,7	26,7	28,1	27,9	27,6	26,9
KMS4	26,7	26,7	27,8	28,5	29,0	29,0
<b>Total KMS</b>	<b>25,4</b>	<b>24,5</b>	<b>26,4</b>	<b>26,3</b>	<b>26,2</b>	<b>25,5</b>
KMU5	20,7	20,8	10,9	14,8	17,0	18,6
KMU6	22,3	22,8	15,5	13,4	16,9	18,2
KMU7	24,5	26,7	27,4	28,1	28,4	29,6
<b>Total KMU</b>	<b>23,0</b>	<b>24,3</b>	<b>17,8</b>	<b>18,3</b>	<b>20,4</b>	<b>21,8</b>
<b>Grand Total</b>	<b>24,7</b>	<b>24,4</b>	<b>23,0</b>	<b>23,1</b>	<b>23,9</b>	<b>24,1</b>

**Comment**

-TBS/ha is expected to show a decline due to the increase of the new mature area

CPO						
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
% OER	23,5	23,5	23,5	23,5	23,5	23,5
KMS1	4,43	3,54	4,57	4,03	3,94	3,75
KMS2	4,28	3,43	4,58	5,44	5,97	6,39
KMS3	6,27	6,27	6,61	6,55	6,48	6,33
KMS4	6,28	6,28	6,53	6,69	6,81	6,81
<b>Rata-Rata KMS</b>	<b>5,97</b>	<b>5,75</b>	<b>6,19</b>	<b>6,19</b>	<b>6,16</b>	<b>6,00</b>
KMU5	4,86	4,89	2,55	3,48	3,99	4,38
KMU6	5,23	5,35	3,64	3,15	3,97	4,28
KMU7	5,75	6,27	6,45	6,62	6,66	6,95
<b>Rata-Rata KMU</b>	<b>5,40</b>	<b>5,72</b>	<b>4,18</b>	<b>4,31</b>	<b>4,79</b>	<b>5,12</b>

**Comment**

- Average CPO/ha are expected to drop as much TBM area newly entered TM

**Meanwhile, Replanting Program of Mandau Estate**

Estate	2009/2010		2010/2011		2011/2012		2012/2013		2013/2014		2014/2015		Total	
	P	R	P	R	P	R	P	R	P	R	P	R	P	R
KMS	187	192	230	264	302	360	204	239	487	514	1,023		2,433	1,569
KMU	123	123			457	479			533	603	380	518	1,954	1,381

\*data update on August 2015. R: Realization, P: Program.

Seeds used for replanting and conversion activities dominated by Asian Agri Ramets seed, while the cost of production

and other financial indicators in the calculation of the management plan is available in the document Financial Statement each year.

**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.**

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

##### **1. 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. Kebun).
- Conservation area identification and management i (SOP 15. Estate).
- Harvesting (SOP ISPO 37).

##### **2. 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 thresher, 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; Sterilisation Station, Hoist and Threshing Station, Digester Station, Press station, Depicarper station, Nut Cracker Station, Kernel Silo, Boiler House, Power station and CPO Despatch

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.

The company has inspected the procedure implementation regularly for estate and POM like:

- Harvest circle inspection on Kebun Mandau Utara 6 on July 3<sup>rd</sup> 2015 at Field 98D3; Kebun Mandau Selatan 1 on July 3<sup>rd</sup> 2015 on block 1 PM1998A2.
- Fertilizer inspection like PR 12AA inspection on June 25<sup>th</sup> 2015 covering Placement; Spread; Troughness; Field Condition for NPK fertilizer; dose of 2.5 Kg/plant.
- Assessment on Mandau POM (OER Validation) dated October 6<sup>th</sup> – 10<sup>th</sup> 2014 covering the inspection on production, Oil Loss; Grading Outcome; FFB maturity level; Harvest Interval; Loosen Fruit Quality By Mandau Central Lab Team.

- Agronomy assessment program along with the soil and leaf sampling which was conducted by PT. APPLIED AGRICULTURAL RESOURCES INDONESIA on August 18th 2014.

**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 Kebun Mandau Selatan 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). The report describes the total of crop, cost of production, total crop FFB, Quality and Despatch Control, Upkeep Mature Area (weeding and P&D Spraying for bagworm), cost Upkeep Mature Area. Key Performance area (mature area), Possible working days harvesting for the month, Harvesting Round, hectare statement. North and Kebun Mandau Selatan has had the latest Progress Report on July 2015 during the audit program.
2. Record of mill's operational on the monthly period written on the document of Mandau POM Progress Report. The report describes the Production report (FFB Statement, Production Quality and Cost Of Production), Process of Performance (Sterilization, Digestion and Pressing, Clarification Station, Nut and Kernel Station, Boiler and Power House and Water Treatment Plant, Subordinate Staff Leave status, Rainfall record, general workforce and Machinery report. North and Kebun Mandau Selatan has had the latest Progress Report on July 2015 during the audit program.

Recapitulation of FFB receipt from the FFB suppliers like on August 3rd 2015 as follows:

Origin of Estate	Source of FFB	Tonnage
<b>Own Estates</b>	Kebun Mandau Selatan 1 (KMS 1)	<b>26,530</b>
	Kebun Mandau Selatan 2 (KMS 2)	<b>28,000</b>
	Kebun Mandau Selatan 3 (KMS 3)	<b>303,740</b>
	Kebun Mandau Selatan 4 (KMS 4)	<b>494,140</b>
	Kebun Mandau Utara 5 (KMU 5)	<b>309</b>
	Kebun Mandau Utara 6 (KMU 6)	<b>495</b>
	Kebun Mandau Utara 7 (KMU 7)	<b>1,091</b>
	<b>Total</b>	<b>727,250</b>
<b>Other estates under one group</b>	PT. Sekarbumi Alamlestari	0
	KKPA Sekarbumi	0
	<b>Total</b>	<b>0</b>
<b>Independent Smallholders</b>	CV Abdi Mandiri	69,310
	CV Sejahtera Jaya	62,580
	PT. Tiara Surya Prima	0
	PT. Permata Sawit Perkasa	0
	<b>Total</b>	<b>131,890</b>

**Status: Comply**

**4.2**

**Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.**

The company has several records of soil fertility improvement such as:

- Record of LCC planting in Block PR 15 B (year of planting on 2015) dated June 6th 2015 (30 Kg = 2 Ha). According to the result of field visit to block 15B of Division 3 of Kebun Mandau Selatan 1, there is an LCC and nuts planting.

- Record of mulche on the document of the result of contractor's job inspection (CV. Sejahtera Jaya) No. 04967 dated May 2nd 2015 in contract No. 116/Adei-SPB/III/2015 for the installation of mulche on April 2015 for 7,379 plants.

According to the result of field visit on the new planting area such as on Block B126 of Kebun Mandau Utara 6; Block 14A of Kebun Mandau Selatan 2 and Block 15B of Kebun Mandau Selatan 1, the soil fertility improvement has been conducted in line with the SOP such as installation of plastic mulche on each plant, empty fruit bunch application and LCC planting.

The company has conducted manuring program based on the recommendation on the document of *Oil Palm Manuring Recommendation* period of 2014/2015. It was conducted by the Agronomist on August 8th 2014

The company has had well maintained record of fertilizer use. For example:

- Record of daily manuring like in BP 02 dated June 23<sup>rd</sup> – 26<sup>th</sup> 2015; MOP fertilizer with dose of 1.75 Kg/Plant; total of sacks are 350 sacks.
- Record of manuring program on July 2015 like the manuring program of BP02 of Kebun Mandau Selatan. It was planned on July 2015 and was realized (100%) on June 2015.
- Record of manuring program on Manuring Efficiency dated July 24<sup>th</sup> 2015 at Kebun Mandau Utara with 6 types of MOP fertilizer and recommendation for 90,800 Kg and has been realized for 100% on June 2015.
- Record of manuring on each block 98E1 of Kebun Mandau Utara 6 on June 2015. MOP manuring on June 29th 2015 with dose of 1.75 Kg/plant; it has been realized totally for 202 sacks.

According to the result of field visit to manuring program on block 14B of Kebun Mandau Selatan 1, the workers have aware of the proper manuring technique based on the SOP (fertilizer spread and dose), aware of the area that should not be manured such as water source, riparian area/bufferzone, trench and conservation area.

The leaf and soil sampling was conducted by PT. APPLIED AGRICULTURAL RESOURCES INDONESIA. Meanwhile, the laboratory analysis was conducted on Laboratory of Kualalumpur, Malaysia. Soil and leaf analysis is conducted annually (on the attachment 2 of document of manuring recommendation).

1. Result of Leaf Analysis (18/8/2014):

- Sample 1PN2010B: Ash (5,47 % DM); N ( 2,73 % DM); P (0,149 % DM); K (1,34 % DM); Mg (0,16 % DM); Ca (0,50 % DM); B (15,00 ppm).
- Sample 2PM 1998 A1: Ash (5,48 % DM); N ( 2,50 % DM); P (0,146 % DM); K (1,12 % DM); Mg (0,18 % DM); Ca (0,65 % DM); B (14,60 ppm)

2. Result of Soil Analysis (Attachment 4.0 : OIL PALM MANURING RECOMENDATION 2014/2015)

- Blok 1PM1998A2, depth 0 – 15 cm. pH (4,45); Org-C (0,8 %); N (0,05%); P (328 ppm); K ( 0,3 m.e %); Ca (0,61 m.e %);Mg (0,12 m.e %) C.E.C (2,7 m.e %).
- Blok 2PN2010A, depth 0 – 15 cm. pH (4,33); Org-C (1,09%); N (0,12%); P (269 ppm); K ( 0,2 m.e %); Ca (0,47 m.e %);Mg (0,34 m.e %) C.E.C (9,5 m.e %).

There is also a Summary of Canopy Size Assessment; Summary of Palm Circle Assessment; Summary of Interrow Assessment; Summary of Bunch set Assessment; Summary of Nutrient Deficient.

Strategy to recycle the nutrient that must be implemented are for example:

- Effluent use based on the document review of mill effluent monitoring, the company has used effluent on the ground for land application for manuring program. For example, effluent use on April 2015 for 20,797 m<sup>3</sup>, May 2015 for 20,317 m<sup>3</sup> and June for 14,899 m<sup>3</sup> which were applied on Block PE.04 & PE.08.
- According to the result of field visit to new planting area such as on block B126 of Kebun Mandau Utara 6; Block 14A of Kebun Mandau Selatan 2 and Block 15 B of Kebun Mandau Selatan 1, the rubber plant is stacked and considered as organic source.

**Status: Comply**

**4.3**



**Practices minimize and control erosion and degradation of soils.**

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

**Management's Strategy to plant on the hill:**

1. Terracing

Area with slope 5° – 8° then the conservation terrace for width 2 meter is made mechanically with distance of terrace between 35 – 50 m.



Construction of contour terrace on slope area

2. LCC planting:

- Record of Mucuna planting on Block PR 15 B (year of planting on 2015) dated August 8th 2015 (400 plants = 1.3 Ha).
- Record of LCC planting on Block PR 15 B (year of planting on 2015) dated June 6<sup>th</sup> 2015 (30 Kg = 2 Ha). Based on the result of field visit to block 15B of Division 3 of Kebun Mandau Selatan 1, there was LCC planting.
- Realization of Mucuna planting on June 2015 at Division 5 of Kebun Mandau Utara 6 for 36 ha (SPH 300 plants).
- Book of daily staff report on Division Estate describes that the installation of mulche in each division like in block PR 15B of Division 5 of KMU 6 dated March 29th 2015 for 150.
- Record of mulche on the document of inspection over the contractor's work (CV. Sejahtera Jaya) No. 04967 dated May 2nd 2015 in contract No. 116/Adei-SPB/III/2015 for the installation of mulche on April 2015 for 7,379 plants.

According to the field visit to new planting area on Block B126 of Kebun Mandau Utara 6; Block 14A of Kebun Mandau Selatan 2 and Block 15B of Kebun Mandau Selatan 1, there are LCC planting and making of contour terrace.

Program and Realization of Road Maintenance:

- Program and Realization of Road Maintenance in Kebun Mandau Selatan 1 on July (32,000 M) at Block 13B and 14B.
- Program and Realization of Road Maintenance in Kebun Mandau Utara 6 at Block 15B of Division 5 of Kebun Mandau Utara 6 on July for 5,000 M. it has been realized for 3,200 M and it shall be continued on August 2015.

According to the map of soil type owned by PT ADEI Mandau in scale 1: 20,000 and report of HCV identification on August 2011, type of soil on North and South are Ordo Ultisol, Inceptisol dan Oxisol which are categorized as mineral sandy clay soil.

Meanwhile, according to the soil group, its classified as Kandiodults, Dystropepts, Hapludox, Tropaquepts, Tropaquods. **There is no Peat Soil within PT ADEI area.**

According to the information of map of soil distribution on PT. ADEI estate in scale 1: 120,000 and result of soil sample analysis conducted by PT AAR, there is no critical nor marginal soil within PT ADEI area. However, most of the soil are sandy soil. Therefore, PT ADEI implemented manuring by using proper type and dose fertilizer based on the manuring recommendation derived from result of soil and leaf analysis result.

**Example of manuring realization:**

- Record of manuring in each block 98E1 of Kebun Mandau Utara 6 on June 2015. MOP manuring on June 29<sup>th</sup> 2015 with dose of 1.75 Kg/plant; all have been realized (202 sacks).
- Record of manuring detail in Manuring Efficiency dated July 2015 in Kebun Mandau Selatan 2. MOP manuring with recommendation of 1.75 Kg/plant and all have been realized on July 2015.
- Record of manuring in each block PM.1998 A1 on July 2015. MOP manuring on June 29<sup>th</sup> 2015 with dose of 1.75 Kg/plant; all have been realized (114 sacks).

**Status: Comply**

#### 4.4

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

The company has had underground and surface water management plan. For example, mill's effluent management on the WWTP pond before applied to the ground (land application), conservation for vegetation on riparian area, prohibition of effluent utilization on the riparian area, effluent quality test, well test, test for surface water quality and report it to the Bengkalis District Environment Agency.

One of the evidence of surface water monitoring is by testing it. The surface water quality test is conducted on the Penoso River upstream and downstream. The tested parameters are the suspended residue, pH, BOD<sub>5</sub>, COD, NH<sub>3</sub>, Fat and Oil. There were still parameters which were above the quality threshold which were BOD<sub>5</sub> (18.4 mg/l) and COD (64.28 mg/l). The company was able to show the evidence of evaluation over the parameters which were exceeding the applied quality (Government Regulation No. 82 Year 2001). It was caused by the BOD<sub>5</sub> and COD at the upstream point was no longer proper. The company has also ensured that the effluent quality was still complying the applied quality threshold. The manuring is conducted based on the determined target, the company did not apply chemicals on the riparian area, etc (evaluation is recorded on the report of environmental management and monitoring plan implementation in 1st semester of 2015). The company has reported the result of surface water quality test on August 6th 2015.

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 m<sup>3</sup>, 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.

According to the result of observation on block BP02 of Kebun Mandau Selatan 1 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.

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, BOD<sub>5</sub>, 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 June 2015 was reported on July 30th 2015. The reporting is also conducted in each semester like on August 6th 2015. 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.

According to the result of document review on the record of mill's water consumption monitoring on February 7th 2015, the average of water for FFB processing during period of January to July 2015 was 2.09 m<sup>3</sup>/ton of FFB with the water consumption plan for 2.20 m<sup>3</sup>/ton of FFB. Hence, the water consumption for processing FFB is in line with the plan.

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.

<b>Status: Comply</b>
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#### 4.5

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

1. IPM programs conducted by the company.

1. Routine monitoring (daily) conducted by foreman and estate staff to know the indication of pest attack and disease.
2. Bagworm census every 2 months.
3. Rat census every semester. Termit census every 4 months.
4. Annual Ganoderma census.
5. Planting of beneficial plants (*Turnera* dan *Cassia*) for continuous program.
6. Barn owl monitoring every semester with the PIC of Manager and Assistant.
7. KLK GAP No. GP/Agric/OP4, Pest and Disease-3 page 6 is informed to keep to attack up to 0% and Cypermetrin spray for every 2 weeks.

2. Record of Pest and Disease Control

Integrated pest and disease management conducted by the company is monitored for its hectareage.

- According to the result of recapitulation of document verification of census and detection for pest and disease, the attack during 2015 was still below the economy threshold. Therefore, no control need to be done. Based on the result of field visit, there is no pest and disease attack on PT Adei Plantation dan Industry. Report of bagworm census on July 2nd 2015 in block BP05 Plant C4 of Kebun Mandau Selatan 1, there are 2 Tosea (0.7 tosea/frond).
- Asiatic rhinoceros beetle on PR15 dated August 3rd – 4th 2015 in Field 186 from 125 plants (there were 20

new attacks and 18 previous attack). Therefore, the attack rate is 5 -15%. There was a control on August 12th 2015 with pesticide (Kencis 7,200 ml; Biofulan 10,550 ml; Cyperin 1,050 ml and Indostik 2,210 ml).

- Bagworm census on March 16th 2015 in block PM10 of Kebun Mandau Utara 6, there were 19 bagworms (1.58 bagworms/frond).

According to the result of field visit and interview with sprayers of block A42 of Kebun Mandau Selatan 1; Blok 14A of Kebun Mandau Selatan 2 and Block 155 of Kebun Mandau Utara 6, the pest and disease control has been conducted based on SOP. For example, weed control using proper dose, regular pest monitoring as well and control if exceeding the economy threshold, rat control using barn owl and planting of beneficial plants (Turnera and Cassia) and the predator of palm oil leaf eater caterpillar.

#### IPM Training

- Kebun Mandau Selatan 1 has held training on September 21st and October 3rd 2013 in term of EWS
- Integrated Pest Management training on August 3rd 2015 in Kebun Mandau Selatan was informed by AAR Staff. It was attended by 21 participants (foreman and workers) from PT Adei – Mandau Estate.

**Status: Comply**

#### 4.6

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

Pesticide used by the company are the permitted pesticide such as Supertox (Paraquat Diklorida) with registration No. RI.01030120042037; Win (Metil Metsulfuro) with registration No. RI.3009/11-2007/T; Amiron (Metil Metsulfuron) with registration No. RI.3009/11-200/T; Amiposat/Nufosat with registration No. RI.1905/7-2008/T; Base Up (Gliposat); Kennly (Metil Metsulfuron) with registration No. RI.01030120062432; Noquat (Paraquat Diklorida).

The company has recorded the pesticide use per hectare monthly as written on the Pesticide Costing Book. For example, use on January 5th to August 11th 2015, Supertox 0.25 per Ha, Win 7.62 per Ha, Amiron 6.00 per ha, Amiposat 0.09 per ha, Base Up 0.09 per Ha, Kennly 10.89 per Ha, Basta 0.43 per Ha and Noquat 0.64 per Ha.

According to the data on chemicals flow (in and out) on the warehouse, there is no brodifakum active ingredient chemicals on 2015 compared with use on 2014 in Kebun Mandau Selatan dan Kebun Mandau Utara. 61 Kg of Brodifakum was used at Kebun Mandau Selatan dan Kebun Mandau Utara on 2014 in order to deal with rat attack. In order to reduce the use of brodifakum, the company plan to use barn owl to reduce rat population. Based on the data on 2015, the company has had 65 barn owl boxes of 78 targetted barn owl boxes spreadt on Kebun Mandau Selatan 1 to Kebun Mandau Selatan 4 and Kebun Mandau Utara 5 to Kebun Mandau Utara 7. Meanwhile, the rest of the barn owl box shall be targetted to be completed on September 2015.

The company has monitored and reduced paraquat active ingredient pesticide use as written on the document of paraquat use monitoring. The paraquat use on 2011 was 10,456 liter, on 2012 was 9,132 liter, on 2013 was 6,227 liter and on 2015 (till July) was 3,310 liter. Therefore, the company has implemented policy to reduce the use of paraquat active ingredient pesticide as legalized by the Mandau Estate General Manager on June 1st 2015. According to the result of interview with management unit, the company is still using paraquat active ingredient pesticide only to run the stock out and only 1 rotation per year for LC area.

The company has held pesticide application technique training to 43 workers of Mandau Estate (sprayers, foreman and staff) on May 7th 2015. Furthermore, the company also has held paraquat operator training for North and Kebun Mandau Selatan on April 8th 2015. It was conducted by the paraquat producer.

The company has managed agrochemical waste including the pesticide containers based on the applied law: stored at the licensed hazardous waste storage (based on decree of Bengkalis Regent No. 66/KPTS/I/2012 dated January 17th 2012 on Kebun Mandau Utara and decree of Bengkalis Regent No. 67/KPTS/I/2012 dated January 17th 2012 on Kebun

Mandau Selatan), then it should be given to the licensed hazardous waste collector (decree of Environment Ministry No. 234 Year 2011 dated November 8th 2011) which is PT Primanru Jaya and the management (balance sheet and manifest) should be then reported to Bengkalis District Environment Agency.

According to the result of observation on block A-42 of Kebun Mandau Selatan 1 and Block 14-A of Kebun Mandau Selatan 2, Block 155 of Kebun Mandau Utara 6, the pesticide application has been conducted based on the SOP (proper dose and method), pesticide spraying is not conducted on the riparian area/bufferzone and conservation area. Sprayers have used complete PPE (helmet, apron, boots, masker, gloves and glasses).

The company does not apply pesticide from air.

The company has held regular medical check up to the sprayer team. It was conducted by the company's doctor. For example, 13 sprayers were examined on May 25th 2015 (for example, on behalf of Gerhayuni Sari dan Suciati).

According to the result of interview with sprayers, the sprayers have also received regular medical check up (at least annual medical check up). For example, blood test, lungs test and rontgen.

The company has had policy of reproduction right protection legalized by Regional Director on October 1st 2011. According to the policy, the pregnant and breastfeeding women workers are not allowed to work with pesticide. For example, Mrs. Eva Sari was given pregnant and breastfeeding day off on October 2014 to December 2014 and for Mrs Ernita on February to May 2015.

According to the result of interview with the sprayers, the sprayers have gotten wage above the applied minimum wage standard and have been examined for their health regularly and have gotten reproduction right protection (menstruation day off, childbirth day off and away from hazardous materials during pregnancy and breastfeeding program).

**Specific annual medical surveillance monitoring for pesticides applicator is well documented for health treatment condition. It could be proven by:**

- The company has held regular medical check up on April 30th 2015 for 6 POM workers (full blood test); medical check up for 36 workers of Kebun Mandau Selatan; 27 workers of Kebun Mandau Utara (cholinestrase). It was conducted by Thamrin Clinic.
- Evaluation and further medical check up conducted by the company's doctor for 26 workers of Kebun Mandau Selatan 1 (sprayers and manurers); 23 workers of Kebun Mandau Selatan 2 (sprayers and manurer); 29 workers of Kebun Mandau Selatan 3 (sprayers and manurer); 56 workers of Kebun Mandau Selatan 4 (sprayers and manurer); 38 workers of Kebun Mandau Utara 5 (sprayers and manurer); 33 workers of Kebun Mandau Utara 6 (sprayers and manurer) and 11 workers of Kebun Mandau Utara 7 (sprayers and manurer).
- Example of work mutation due to the doctor's recommendation (Low Cholinestrase) to be mutated. For example, worker on behalf of Lina Hati, medical check up date on March 31st 2015; doctor's recommendation on May 25th 2015 and based on the work book, Lina Hati has been mutated to non-chemicals maintenance on June 8th 2015.
- According to the document of mutation of employees of each unit, the recommendation for mutation of employee has been implemented by the management.

According to the result of field visit and interview with sprayers of block A42 of Kebun Mandau Selatan 1; Block 14A of Kebun Mandau Selatan 2 and Blok 155 of Kebun Mandau Utara 6, the company has held regular medical check up for the sprayers, result of medical check up shall be informed to the workers and the follow up the medical check up shall be reported.

The company has policy on SOP 21 RSPO which states that:

- Pregnancy test is the obligation to the sprayers to inform the company over her pregnancy. Once it is examined



by the doctor's (positively pregnant), the company shall mutate her on the lighter job away from chemicals.

- Breastfeeding women workers are not allowed to work with chemicals.

According to the result of interview with the sprayers like in block A42 of Kebun Mandau Selatan 1; Block 14A of Kebun Mandau Selatan 2 and Block 155 of Kebun Mandau Utara 6 and manurer in Block 14B of Kebun Mandau Selatan 1; BPN10A of Kebun Mandau Selatan 2 and Block 156 of Kebun Mandau Utara 6, the women workers have gotten reproduction right protection (menstruation day off, childbirth day off and away from hazardous materials during pregnancy and breastfeeding program).

**Status: Comply**

#### 4.7

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

The company has documentation of OHSMS applied by the authority of company. For example:

- OHS policy implemented by the Group Plantation Director on January 10th 2005 determined:
  1. Complying all laws and regulations that have to do with occupational health and safety.
  2. Ensuring the stage of procedure of occupational health and safety to be implemented and updated.
  3. Giving comprehensive training, information and guideline over aspect of OHS.
  4. Ensuring all workers to aware of their responsibility to work safely in order to avoid work accident for them and other.
- OHS program for OHS of estate and mill. OHS program on January – December 2015 was updated on August 10th 2015 (Kebun Mandau Selatan) and on March 16th 2015 (Kebun Mandau Utara). It was signed by the Senior Manager.

OHS programs are:

1. Training program covering technical, OHS, environment, workers and ISPO.
2. PPE Use.
3. OHS Guiding Committee Meeting.
4. Medical Check Up and Noise Test.
5. Emergency Response.
6. First Aid Kit.
7. Fire Extinguisher.
8. Audit of OHS/ISPO/ISPO.
9. OHS Risk Analysis.
10. Number of Work Accident.

Management review over the achievement of OHS program for period of 2014 was conducted on January 10th 2015 at Kebun Mandau Selatan meeting room. It was attended by 20 participants. According to the result of evaluation, all programs have been implemented and the target of work accident decrease have been accomplished.

Document of identification of hazard source and risk assessment. For example:

1. Kebun Mandau Selatan. There is a document of OHS hazard source identification and risk analysis of estate operational. It was updated on January 12th 2015. For example, program of Nursery; main program: spraying; hazard source: chemicals; risk: exposed by chemicals; risk level: medium; action to reduce risk: spraying program training, PPE use, medical check up and first aid action training; person in charge: manager/assistant.
2. Kebun Mandau Utara. There is a document of OHS hazard source identification and risk analysis of estate operational. It was updated on January 12th 2015. For example, FFB harvesting program; main program: frond cutting; hazard source: falling frond; risk: got injured; risk level: Medium; action to reduce risk: training for harvesting and provision for first aid kit; person in charge: manager.
3. Mandau Palm Oil Mill. There is a document of OHS hazard source identification and risk analysis of mill operational. It was updated on January 12th 2015. For example, FFB sterilization on sterilizer; main program:



sampling; hazard source: slippery floor; risk: got fallen; risk level: low; action to reduce risk: -; person in charge: manager/assistant.

Procedures that have to do with OHS are:

1. Procedure of occupational health and safety on PT. ADEI P & I estate which was signed by Senior GM on November 1st 2011.
2. Procedure of absolute operation safety (SaOP) for PT. ADEI P & I POM which was signed by Mill Controller on December 1st 2011.

According to the result of interview with workers like interview with foreman, manuring team foreman, security officer and harvesting foreman, each PIC on the operational knows OHS, emergency situation control and hazard risk control.

The company is routinely holding OHS training program for operational on each unit. For example:

- General treatment training with OHS, environment on May 12th 2014 in Kebun Mandau Utara. It was attended by 34 participants from division 4.
- Training of harvesting including OHS, environment on May 16th 2014 in Kebun Mandau Selatan 3. It was attended by 2 new harvesters. Furthermore, there was a training of PPE use for new harvesters on July 5th 2014. It was attended by 7 participants.
- Training of Early Warning System including OHS, environment on August 13th 2014 in Mandau POM. It was attended by 11 participants.
- Training of restricted pesticide on April 8th 2015. It was trained by 3 representatives of Agriculture Agency; 1 Manpower Agency; 2 people from PT. Kenso. It was attended by 200 workers.
- Training of pesticide application technique on May 7th 2015. It was trained by PT Bayer and was attended by 43 workers.

In term of the compliance over Manpower Ministry Decree No. 155 Year 1984 on Clause 6 verse 3, meeting of OHS Guiding Committee should be conducted monthly. For example:

1. There is a record of minute of meeting and attendance list of OHS Guiding Committee meeting on May 26<sup>th</sup> 2015; June 29<sup>th</sup> 2015, July 30<sup>th</sup> 2015 on Kebun Mandau Selatan Office led by Head of OHS Guiding Committee of Kebun Mandau Selatan or secretary.
2. There is a record of minute of meeting and attendance list of OHS Guiding Committee meeting on May 21<sup>st</sup> 2015; June 26<sup>th</sup> 2015, July 29<sup>th</sup> 2015 at Kebun Mandau Utara Office led by Head of Kebun Mandau Utara OHS Guiding Committee or secretary.
3. There is a record of minute of meeting and attendance list of OHS Guiding Committee meeting on May 25<sup>th</sup> 2015; June 23<sup>rd</sup>, July 29<sup>th</sup> at POM office led by Head of POM OHS Guiding Committee or secretary.

The company has policy on SOP 22 in term of medical facility. For example:

1. Giving help to the light sick patient.
2. Giving recommendation to estate clinic.
3. Medical staff recommends patient to the hospital if needed.
4. Medical service is given freely by the company for the workers and its family.
5. Workers are protected with labour social assurance.

The company showed evidence of labour social assurance payment (BPJS) over permanent and non-permanent employee (non permanent daily labour) based on the applied law. Several evidence of BPJS payment for all workers during period of April – June 2015 and evidence of labour social assurance for contractor's worker follows:

#### **Calculation of Lost Time Accident (LTA)**

Calculation of work day due to poison and disease.

- Kebun Mandau Selatan: Total of workhouris 2352.036 hourand number of lost time accident is 0 hour.

- Kebun Mandau Utara: Total of workhours 1047322 hour and number of lost time accident is 1933 hours.
- Mandau POM: Total of workhour is 212222 hours and number of lost time accident is 758 hours.

Calculation of day due to work accident.

- Kebun Mandau Selatan: Total of workhours 2352.036 hour and number of lost time accident is 19.6 hours.
- Kebun Mandau Utara: Total of workhours 1047322 hour and number of lost time accident is 19.6 hours.
- Mandau POM: Total of workhour is 212222 hours and number of lost time accident is 2 hours.

OFI. 2015.01

**Status: OFI. 2015.01**

#### 4.8

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

Program and realization of training on PT Adei Plantation & Industry for period of 2015 is well recorded. The document is consisted of the program, participant, trainer, plan and realization of training. Type of the held training on POM are the KLK Sustainability, ISCC training, OHS expert training, FFB quality socialization, water treatment system training, mill's operational training, handy fire extinguisher and PPE use training. Meanwhile, the training program for estate are the manuring program training, PPE training, paraquat operator training, new harvester training, IPM training and HCV training.

According to the result of interview with Manager of Kebun Mandau Utara and Mandau POM, the assessment for training need is based on the situation on field operation and the applied law, the management unit of PT Adei Plantation & Industry held training based on the SOP 24 in term of training for workers like identification of training need, planning training program, composing assessment post training and maintaining all records of training program.

Record of training for staff and employees are well maintained and stored by the management unit of estate or mill on the document of record of employee training. For example, analyst of Mandau POM has gotten 15 training programs since working on PT Adei Plantation & Industry. The training programs are: laboratory safety program on October 21<sup>st</sup> 2011, work instruction on laboratory on January 25<sup>th</sup> 2012, OHS technical training, RSPO training on January 26<sup>th</sup> 2012 and Supply chain training on January 13<sup>th</sup> 2014. Meanwhile, the employees of estate got the training of spraying program on October 4<sup>th</sup> 2011 and socialization of PPE use benefit on February 15<sup>th</sup> 2012.

**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.**

The company has had document of environment (EIA) for rubber and palm oil plantation. It has been legalized by the director general of preservation and conservation of nature/Head of EIA Central Commission of Department of Forestry and Plantation No. 86/DJ.VI/AMDAL/1999 dated July 6th 1999. The scope of EIA study is the hectarage of estate which is 14,900 ha (palm oil plantation for 8,900 ha and rubber plantation for 6,000 ha) and palm oil mill (palm oil mill with capacity of 80 ton of FFB/hour and rubber mill for 3 ton/hour). Type of crucial impacts that must be managed and monitored are the decrease of water quality, flora and fauna, job opportunity and health.

The company has had environment document (environmental management and monitoring effort) for the plant conversion from rubber plant to palm oil plant based on the recommendation letter of Bengkalis District Environment Agency No. 660/BLH-PPDL/22/2011 dated November 11th 2011. The scope of environmental management and monitoring effort for 2,594 ha. Type of the crucial impacts which are managed and monitored are the job and business opportunity and community's perception.

In term of the plan for adding hectareage of rubber plant conversion to palm oil plant for 1,833 ha, cumulatively the hectareage of palm oil plants of PT Adei Plantation & Industry is now 4,427 ha. The consequence of land hectareage change as written on the clause 50 verse 1 of Government Regulation No. 27 Year 2012 in term of environment permit, the PIC of program should propose environment permit for the change of land or building hectareage. Furthermore, according to Environment Ministry Regulation No. 5 Year 2012 in term of the type of busines plan and/or EIA mandatory program, plantation program with or without processing unit on non-forest area if  $\geq 3,000$  ha should conduct EIA analysis before operating. Then, based on the guideline of Environment Ministry on letter No. B-13887/Dep I/LH/PDL/12/2013 in term of the environment guideline and reference, the plan of conversion from rubber plant to palm oil plant cumulatively to 4,427 ha ini. Change of environment permit is conducted through procedure of new environment impact assessment compilation.

The company has document of reference framework (KA-EIA) for the palm oil estate and mill development. The background of compilation of KA-EIA is for the development of 4,427 Ha of palm oil plantation.

Based on the interview result with Bengkalis District Environment Agency, KA-EIA is now being processed for its legalization approval from the authority due to the fact the commodity adjustment on Land Use Title (HGU) must be executed first.

The company has managed and monitored environment as written on the document of environmental management and monitoring plan implementation in 1st semester of 2015. For example, management and monitoring of water quality flora and fauna, job opportunity and health. In term of water quality monitoring, the company has tested Penoso River water quality test on the upstream and downstream. The tested parameters were suspended residue, pH, BOD<sub>5</sub>, COD, NH<sub>3</sub>N, Fat and Oil. There were still parameters which were above the quality threshold which were BOD<sub>5</sub> (18.4 mg/l) and COD (64.28 mg/l). The company was able to show the evidence of evaluation over the parameters which were exceeding the applied quality (Government Regulation No. 82 Year 2001). The company needs to ensure that the quality of effluent of mill comply the applied quality threshold, manuring program should be conducted based on the determined target, the company should not apply chemicals on riparian area, etc (evaluation is recorded on the report of environmental management and monitoring plan implementation in 1st semester of 2015).

**Status: OFI.2015.02**

## 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**

Total of HCV hectareage: 112.41 Ha, where 110.15 Ha (98% of HCV hectareage) is the waterway in form of riparian and reservoir. Meanwhile, the rest 2.3 Ha (2% of HCV hectareage) is HCV 6.

Conclusion of HCV report:

- Area Status: it is located on non-forest area since the issuance of Land Use Title from National Land Agency (Decree of National Land Agency No. 12/HGU/1990 dated July 10<sup>th</sup>1990) with hectareage for 14,900 Ha.
- The area of Land Use Title(HGU) has been planted with rubber plant since 1990 and several of it has been converted to palm oil plants on 1998. Land Use Title (HGU) area is bordering withconsession of HTI of PT Arara Abadi (Indah Kiat) and community's land in form of rubber plantation and palm oil plantation. There is no forest area within Land Use Title (HGU) area, only bushes on Penaso Riparian. There is no primary forest on the area.

## OFI. 2015.03

According to the information from the management on March 6th 2012, there was a complain from the locals for the elephants which were entering the community's region. According to the result of investigation of the company, the elephant groups accrossed the main route (home range) which are consisted of community's area (Balai Pungut Village)

and on the area within company's Land Use Title (HGU), western and southern area of Kebun Mandau Selatan (Block BP91 Kebun Mandau Selatan 1 and Block PE05 Kebun Mandau Selatan 3).

The company responded it on March 7th 2012 by kicking the elephant group out from Land Use Title (HGU) area to the west (beyond Land Use Title area) with 40 of the locals across Pekanbaru – Duri highway to Balai Raja Wildlife Park.

The company invited Riau Province Conservation Agency and Bengkalis District Forestry Agency on May 23rd 2012 to socialize elephant conflict management. According to the communication, there are several important notes like:

Information:

- PT ADEI area is surrounded by 2 elephant habitat on SM Balai Raja and SM Giam Siak Kecil (Wildlife Reserve).
- Introduction of character of Elephants.

How to manage:

- Elephant habitat should be re-structured.
- Elephant should be captured to be trained on Elephant Training Centre (Minas Area).
- Conducting patrol with the trained elephant.
- Bufferzone area reservation for the habitat and bread bucket for elephant is needed.

According to the result of animal monitoring on Mandau Selatan 1, 2 and 3 Estates monthly on period of January – December 2014, there is no elephant disturbance on the area of PT ADEI Land Use Title (HGU).

<b>Status: OFI.2015.03</b>	
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### 5.3

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

The company has had the document of waste and pollution source identification. It was legalized on June 25th 2015. There are 21 identified waste sources such as vehicle and machine which generate used oil, workshop which generates rag and oil, boiler which generates emission, FFB processing stage which generates empty fruit bunch, clinic which generates medical waste, mill's waste water which generates POM effluent, WWTP pond which generates methane gas, etc.

According to the result of interview with workshop operator, the generated waste like used oil and rag are maintained on the licensed hazardous waste storage.

The company has managed agrochemical waste including pesticide containers based on the applied law for it should be maintained on the licensed hazardous waste before having it given to licensed hazardous waste collector. The waste management should be then reported to Bengkalis District Environment Agency.

According to the result of interview with Bengkalis District Environment Agency, the company has reported hazardous waste management and there is no complain expressed by the locals in term of hazardous waste storage so far.

The company has had the document of waste and pollution source identification. It was legalized on June 25th 2015. There are 21 identified waste sources such as vehicle and machine which generate used oil, workshop which generates rag and oil, boiler which generates emission, FFB processing stage which generates empty fruit bunch, clinic which generates medical waste, etc. The executed management are:

- Used oil, used battery, used filter, used rag are maintained on the storage prior having it given to the licensed collector.
- Effluent of mill has been processed on the WWTP pond and it has been applied for Land Application program once the BOD meet the standard and it shall be reported to the associated agency.
- Exhaust gas has been regularly tested and reported to associated agency.

- Shell and fiber are used as boiler fuel.
- Empty fruit bunch has been used as organic mulche.

**OFI. 2015. 04**
**Status: OFI.2015.04**
**5.4**
**Efficiency of fossil fuel use and the use of renewable energy is optimised.**

The company has analyzed the use of renewable energy resource for shell and fiber as boiler fuel. The review is recorded on the document of monitoring and analysis of renewable energy for period of January – July 2015. Hence, the energy efficiency generated from the renewable energy resource was 1.91 kWh/ton of FFB.

According to the result of field observation to mill, shell and fiber have been used as fuel.

The company has also had methane capture, November 2013 to September 2014 which got power utilisation Mill (kwh) for 978,795.

**Status: Comply**
**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.**

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.

Example of zero burning land clearing record:

1. Contract with PT Logoh Mitra Mandiri in Contract No. 04/KMU/X/2014.
2. Inspection on the project outcome of PT Logoh Mitra mandiri for period of June 2015 on June 29th 2015 in detail:
  - Record of Stacking Project for 36 Ha.
  - Record of Hole for Planting Project for 36 ha
  - Record of Contractor for Transporting 5,335 seeds).
  - Record of Trench Digging Project (1x1x1 M) for 7,620 M.
  - Record of Trench Digging Outcome (2x2x2 M) for 500 M.

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

**Status: Comply**
**5.6**
**Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.**

The company has had the document of waste and pollution source identification. It was legalized on June 25th 2015. There are 21 identified waste sources such as vehicle and machine which generate used oil, workshop which generates rag and oil, boiler which generates emission, FFB processing stage which generates empty fruit bunch, clinic which generates medical waste, mill's waste water which generates POM effluent, WWTP pond which generates methane gas.

The company has conducted inventory of GHG emission generated by each program. Source of GHG emission are: CO<sub>2</sub> emission generated by land clearing. CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emission generated by planting and replanting program. CO<sub>2</sub> emission generated by domestic waste burning. CO<sub>2</sub> and CH<sub>4</sub> emission generated by WWTP pond for power plant



(biogas). CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emission generated by petroleum fuel consumption. CO<sub>2</sub> and N<sub>2</sub>O emission generated by production process and fertilizer use. CO<sub>2</sub> emission generated by composting program. CO<sub>2</sub> emission generated by transportation operation. CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emission generated by generator.

According to the result of field observation to POM and estate, there is no burning activity or indication of it.

The company has held air quality test based on the work plan written on the document of implementation of environmental management and monitoring plan in 1st semester of January to June 2015. The air quality test covers test on generator, boiler emission, ambient test conducted by Baristan Laboratory, Padang on March 17th 2015. According to the result of the test, the tested parameters were still below the applied maximum threshold.

According to the result of interview with management unit and Bengkalis District Environment Agency, the company has tested air quality and has it reported regularly like on August 6th 2015. Furthermore, there is no issue nor report for the negative impacts over environment caused by mill's operational.

The company has calculated GHG for period of 2014 as written on Palm GHG Summary Report dated August 13th 2015 with the result of 0.01 tCO<sub>2</sub>e/t product. The GHG calculation result has been reported to ERWG RSPO.

<b>Status: Comply</b>
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#### **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.**

The management unit of PT Adei conducted SIA (Social Impact Assesment) 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.

<b>Status: Comply</b>
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##### **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.**

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.

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 Kebun Mandau Utara 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 Kebun Mandau Selatan is HUMAS Assisstant Manager. It is supported by the decree No. AD-Pers/SKPTS/060/2014.

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)

**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.**

PT Adei Plantation & Industry – Mandau POM has had procedure in term of complain and disgruntle mangement. 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 Tenggau, 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.

Record and management of complain expressed by the locals are documented on the logbook of assistance request (RSPO 11) such as Kebun Mandau Selatan 1. There was only 1 complain paper from the stakeholder (villager of Tenggau Village) who was asking for replanting impact conducted by the company over villagers of Tenggau Village. The management unit responded the complain by giving written answer.

**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.**

PT Adei Plantation – Mandau POM has had procedure of land dispute resolution (SOP No 26). The procedue describes the mechanism of conflict resolution, dispute classification consisted of land/border dispute, squatter dispute and social issue. The process of land compensation has been done since the beginning of estate establishment and on 2003 to 2007. Document of declaration letter, official record of Sagu Hati Tanah payment, map of result of collective cadastral measurement between the company and land owner and receipt of payment from the associated company. All

documents are known by the representatives of the community such as chief of village, Batin Suku Sakai and Headman of the associated Sub-District.

According to the result of stakeholder consultation from the villages nearby estate such as Villages of Kuala Penaso, Semunai and Tenganu, there is no land dispute between the company and the locals.

<b>Status: Comply</b>
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#### 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.**

Minimum wage standard given to staff and employee of PT Adei Plantation & Industry are based on several things follows:

- Decree of Riau Governor No. 244/111/2015 in term of minimum wage standard for sub-sector of agriculture/plantation of palm oil and rubber on Riau Province on 2015 dated March 31st 2015 for IDR 2,125,500. Decree is valid since January 1st 2015.
- Collective labour agreement No. 93/GABKI/BKS-PPS/II/2015 dated February 6th 2015, official record of collective agreement in term of minimum wage standard for sub-sector of agriculture/plantation on 2015 on Riau Province dated February 6th 2015.
- Internal memorandum from GM of Mandau Estate which is the subsequent memo from Managing Director of PT Adei Plantation & Industry dated April 6th 2015 in term of sectoral minimum wage standard for IDR 2,125,500 (wage and natura) since January 1st 2015.
- PBTs Salary Revision (Permanent Monthly Employee) consisted of the work period, new wage and additional. Work period is divided into 0 -1 year period (wage for IDR 2,175,000 with additional IDR 10,000), 1-2 year work period (wage for IDR 2,185,000 with additional IDR 10,000), work period for 29-30 year (wage IDR 2,810,000 with additional IDR 30,000).

The management unit showed the list of wage and wage voucher of each employee and list of payment for non-permanent daily labour. According to the result of list review, there is no underpaid wage against the applied law. It is supported by the result of interview with labour unions (SPSI, SBSI and contractor's worker).

Agreement of the company and workers represented by 3 labour unions (SBSI, SBRI and SPSI) is written on the collective labour agreement. Recently, the applied collective labour agreement is still the old collective labour agreement due to the fact that new collective labour agreement is still being discussed. However, all stages and result of negotiation are always reported by the management unit to Manpower Agency.

PT Adei Plantation and Industry provides facilities like settlement, education, health, place of worship and sport facility for employees. According to the result of field visit, the facilities are well maintained and complain of employees are quickly responded.

PT Adei Plantation & industry assist the improvement of access for the proper food in ways of:

- Giving minimum wage standard based on the applied law.
- Allowing merchant to enter estate and mill area.
- Provide of seasonal traditional market twice a month on the first and third week of the month with the same price like market price. Hence, the daily need could be accessed in short period and the transport cost could be reduced.

<b>Status: Comply</b>
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**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.**

PT Adei Plantation and Industry through Regional Director dated October 1st 2011 determined the policy of freedom to unite, "The company gives freedom to the workers to unite under the law".

Implementation of the policy is by the decree of Head of Bengkalis District Manpower Agency No. Kep.560/DTKT-PHIJ/2014/OS dated February 10th 2014 in term of recording of Bipartit cooperative forum of PT Adei Plantation and Industry for 3 years.

The management unit showed the example of assembly with the employee. For example, assembly to discuss the extension of collective labour agreement. The assembly involves several parties of company and representative of worker. The company's representatives are the Public Relation (HUMAS), KMS, KMU, KCP Manager, POM Manager, Sustainability Head and representatives of labour union is consisted of 4 representative of SPSI, 2 representative of SBSI and 3 representatives of SBRI. The management unit showed the official record of assembly negotiation for collective labour agreement 2015-2017. The result of negotiation was reported to Manpower Agency in letter No. AD-KM/Humas/VIII/2015/023 dated August 5th 2015 in term of report of collective labour agreement negotiation.

The management unit of PT Adei Plantation and Industry, Bipartit cooperative forum and labour union could show the minute of meeting of assembly between the company and the representative of worker. The minute of meeting is well documented.

According to the result of interview with labour union (SBSI and SPSI), the company accommodate the interest of labour union by facilitating employee to express the aspiration or by giving food and transportation assistance as well as fund for the board of labour union (branch).

**Status: Comply**

**6.7**

**Children are not employed or exploited.**

The company has SOP 47 in term of policy for recruitment for workers on the revised SOP on August 1st 2015. It was signed by the General Manager. According to the SOP, the company must interview and check the documents such as ID card, family ID card, etc as required by the bylaw to ensure that the applicant is 18 years old or more. It applies on contract workers too.

The company has procedure to recruit workers which state that there should be no child worker. The age limit for the workers is 18 years old. The evidence that the minimum age standard for workers has been complied is written on the list of workers that has been revised on August 2015. For example, the company does not employ child worker is proven with the worker named Supriadi with employee No. 5056 and BPJS No. 11039691826. He was born on June 15th 1986 and start to work on June 1st 2015. Then Mrs Sri Wahyuni with employee No. 4190 and BPJS No. 12008628492. She was born on August 9th 1989 and was starting to work on June 1st 2015.

**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.**

The policy of prohibition over all discrimination is written on the policy of fair and equal opportunity and treatment signed by Regional Director on October 1st 2011. The policy stated that the company shall always fair and gives equal treatment regardless race, tribe, caste, nationality, religion, gender, sexual orientation and labour union membership.

According to the SOP 21 for the management and workers, there is a declaration that “no discrimination based on nation, caste, nationality, religion, disability, gender, labour union, political party and age.”

The management unit showed the evidence that selection, recruitment and promotion for workers are based on the competence, skill, capability, quality and health need for the job. Based on the review on the document of employee, there is no discrimination over tribe, religion and race. There is an information for job opportunity disseminated to several villages including the requirements like physical health, ID card, family ID card and education certificate. The example of employees of PT Adei Plantation and Industry in Kebun Mandau Selatan (KMS 1): workers for 268 workers (191 male and 77 female. Origin of the workers are Riau 2 workers, North Sumatera 239 workers and other regions 27 workers. Tribe is consisted of Melayu 1 worker, Minang 1 worker, Jawa 183 workers, Batak 66 workers, other tribes 17 workers. Religion is consisted of Islam 189 workers and the rest are Christian.

**Status: Comply**

## 6.9

### **There is no harassment or abuse in the work place, and reproductive rights are protected.**

PT Adei Plantation and Industry through Regional Director dated October 1st 2011 determine the policy of sexual harassment and domestic violence. The content of the policy are:

- Zero tolerance for any sexual harassment and domestic violence at the workplace.
- Sexual harassment and domestic violence are fatal mistakes. The punishment shall be given to the perpetrator.
- The management should become a good role model and should prevent sexual harassment and domestic violence.

Furthermore, the company also has women worker reproduction right protection on the policy of women reproductive right protection signed by Regional Director on October 1st 2011;

- The company shall comply all laws and regulations that have to do with women reproduction rights.
- Gender Committee shall be formed to implement and monitor the policy.

Implementation of the mentioned policy are by:

- Forming gender committee in each estate and mill unit. Work program of each gender committee based on the guideline of the company policy over sexual harassment, domestic violence and reproduction right protection.
- Day off for childbirth and list of pregnant women workers on policlinic. Each women worker has day off for 45 days before and after childbirth (90 days). There is also a list of women worker examination for pregnancy on policlinic. The list covers the date of examination, name of employee, position, age, division, pregnancy age, history of pregnancy and signature.
- According to the result of interview with women workers, they have aware of the reproduction rights and it has been well implemented by the management unit of PT Adei Plantation & Industry.

**Status: Comply**

## 6.10

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

Evidence that the composed and agreed contract can be shown by PT Adei and contractor. Therefore, the contract has been considered as fair, legal and transparent contract. The contract describes the type of job, payment method, period of cooperation and implementation, work technique, health insurance and OHS.

According to the result of interview with the contractor of CV Sejahtera Jaya, the contractor read the content of the contract before signing it so it should have been understood by them. The cooperation with PT Adei Plantation & Industry has been maintained since 1996. During that period, there is no any unsolved dispute. Therefore, the cooperation is good.

- The management unit of PT Adei Plantation & Industry showed the evidence of payment over the job based on the contract agreement paper No. 047/KMS/SPB/XI/2014 dated November 1st 2012 between Manager of

Kebun Mandau Selatan and the Director of CV Sejahtera Jaya. Evidence of payment is supported with official record of job inspection and monitoring of contractor's work conducted by PT Adei Plantation & Industry.	
<b>Status: Comply</b>	
<b>6.11</b>	
<b>Growers and millers contribute to local sustainable development wherever appropriate.</b>	
<p>Contribution on local development such as CSR assistance to the locals nearby PT Adei Mandau Plantation &amp; Industry. Assistance of CSR realization of PT Adei Plantation &amp; Industry have been well documented.</p> <p>As the reward over the contribution on local development at Pinggir Sub-District, Bengkalis District. Pinggir Sub-District gave reward certificate to PT Adei Plantation &amp; Industry of Pinggir Sub-District for its participation on developing Pinggir Sub-District through CSR program on May 26th 2015. It was given by the Headman of Pinggir Sub-District in reward No. 410/V/2015/01</p>	
<b>Status: Comply</b>	
<b>6.12</b>	
<b>No forms of forced or trafficked labour are used.</b>	
<p>According to the review on work contract, there is no illegally hired nor slave workers as well as contract substitution. Each future employee compose their own application letter with requirements based on the company's need and the documents should be put on specific cover. Each employee is promoted through selection process, they shall be stationed on position as written on the contract. The change of position shall require the approval of the future employees and the manager could be then write a new decree. The example of promotion follows:</p> <ul style="list-style-type: none"> <li>Recommendation for promotion of foreman to candidate of staff (Kebun Mandau Selatan 2 and Kebun Mandau Utara 6) was proposed by the manager of KMS and KMU from the General Manager since June 1st 2015. The recommendation is attached with: (1) recommendation for candidate for staff from foreman and from manager of each estate on May 13th 2013, (2) Formulir of assessment for staff which is consisted of the capability to handle the workers, knowledge of plant and cultivation technique, initiative, integrity/honesty, loyalty, IQ, capability on working, administration capability.</li> </ul> <p>According to the result of interview with maintenance officer on Kebun Mandau Selatan 1 and with the boiling process assistant of Mandau POM,:</p> <ul style="list-style-type: none"> <li>Personally apply to PT Adei Plantation &amp; Industry,</li> <li>There is no force to work and stationed on specific position.</li> <li>The interviewed employees aware of the rights and obligations based on the composed agreement.</li> <li>Have been working on PT Adei Plantation &amp; Industry</li> </ul>	
<b>Status: Comply</b>	
<b>6.13</b>	
<b>Growers and millers respect human rights</b>	
<p>The human right policy owned by PT ADEI is attached on the Sustainability Policy of KLK (KLK sustainable policy). For example:</p> <ul style="list-style-type: none"> <li>Encourage and support the universal declaration of human right.</li> <li>Respect and admit all rights of employees.</li> <li>Facilitating the independent smallholders on the supply chain.</li> <li>Respecting the right of land ownership.</li> <li>Respecting customary right of the locals.</li> <li>Managing the verified complain and conflict through open, transparent and consultative process.</li> </ul> <p>Socialization of human right policy: Kebun Mandau Selatan 1 on January 22nd 2015. It was attended by 28 participants and on January 12th 2015. It was attended by 33 participants.</p>	



According to the result of interview with the management unit, there is no discrimination on the job recruitment based on tribe nor religion. All employees have right to be promoted regardless specific group. Each employee who has good performance and loyal shall be given positive assessment from the manager and shall have opportunity to be promoted.

<b>Status: Comply</b>	
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**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.**

The company has had document of environment (EIA) for rubber and palm oil plantation. It has been legalized by the director general of preservation and conservation of nature/Head of EIA Central Commission of Department of Forestry and Plantation No. 86/DJ.VI/AMDAL/1999 dated July 6th 1999. The scope of EIA study is the hectareage of estate which is 14,900 ha (palm oil plantation for 8,900 ha and rubber plantation for 6,000 ha) and palm oil mill (palm oil mill with capacity of 80 ton of FFB/hour and rubber mill for 3 ton/hour). Type of crucial impacts that must be managed and monitored are the decrease of water quality, flora and fauna, job opportunity and health.

The company has had document of environment (environmental management and monitoring effort) for the conversion of rubber plantation to palm oil plantation based on the recommendation from Bengkalis District Environment Agency in letter No. 660/BLH-PPDL/22/2011 dated November 11th 2011. The scope of environmental management and monitoring effort study is 2,594 ha. Type of the crucial impacts that must be managed and monitored are the job and business opportunity and community's perception.

According to the result of interview with Bengkalis District Environment Agency, the analysis of environment document (EIA and environmental management and monitoring effort) of PT Adei Plantation has involved the stakeholders for EIA analysis including the locals (representatives).

The company has managed and monitored environment as written on the document of environmental management and monitoring plan in 1st semester of 2015. For example, management and monitoring of water quality, flora and fauna, job opportunity and health.

<b>Status: Comply</b>	
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**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 Kebun Mandau Utara 6; block 14A of Kebun Mandau Selatan 2 and block 15B of Kebun 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.**

The company has composed document of HCV identification on August 2011 based on toolkit of HCV identification in Indonesia on June 2008. It was conducted by Aksenta with Assesor named Sujadnika (Approved RSPO), Pupung F. Nurwantha (Approved RSPO), Robert H. Sinaga, Gena Lysistrata and Yunus Bahar.

There are type of endanger species protected by law, list of Redlist of IUCN and CITES;

- a. Mammals 15 types including Sumatera Elephant (*Elephas maximus spp. sumatranus*) with status of CR Ver. 2011.2 dated March 12th 2012, Sunda Pangolin (*Manis javanica*) with status of EN.
- b. Reptile 11 types
- c. Aves 12 types

The company has issued SOP of HCV, Flora and Fauna identification and management No. 15 revision on April 1st 2014. It was issued on July 1st 2014. The procedure of wildlife and vegetation on riparian area cover:

1. Method and technical guideline of vegetation inventory and method of vegetation analysis.
2. Method and technical guideline of wildlife inventory and method of wildlife analysis.
3. Procedure of conservation area damage (wildlife habitat).
4. Procedure of the mentioned plants enrichment vegetation.

Total of HCV hectareage: 112.41 Ha, where 110.15 Ha (98% of HCV hectareage) is the waterway in form of riparian and reservoir. Meanwhile, the rest 2.3 Ha (2% of HCV hectareage) is HCV 6.

Conclusion of HCV report are:

- Area Status: it is located on non-forest area since the issuance of Land Use Title from National Land Agency (Decree of National Land Agency No. 12/HGU/1990 dated July 10<sup>th</sup> 1990) with hectareage for 14,900 Ha.

- Land Use Title (HGU) area which have been planted with rubber plants since 1990 and several of it was converted to palm oil plants on 1998. Land Use Title (HGU) area is bordering with concession of HTI of PT Arara Abadi (Indah Kiat) and community's land in form of rubber plantation and palm oil plantation. There is no forest on Land Use Title (HGU) area, only bushes on Penas Riparian. There is no primary forest area.

However, PT ADEI P&I was not able to show the evidence of land use change analysis over the land layer since November 2015. Meanwhile, the hectareage of palm oil estate since November 2005 to 2007 was 1,151 Ha. While the hectareage of conversion from rubber plant to palm oil plants since period of 2010 – 2015 was 2,950 Ha. Hence, **NC No. 2015.01**

#### Root Cause:

The company did not aware that Mandau Estate must also be analyzed for its land layer change since 2005.

#### Corrective Action:

Composing the land use analysis over the Mandau Estate land layer from 1988 to 2014 (attached).

#### Preventive Action:

Every land use change shall be analyzed for at least 5 years.

### Observation and Auditor Conclusion

October 13th, 2015

PT ADEI P&I has informed the corrective action evidence of *Land Use Change Analysis (LUCA)* following the RSPO template. It has been conducted internally by PT Applied Agricultural Resources (AAR) Indonesia as the research company for all groups of Kuala Lumpur Kepong in Indonesia.

LUCA review analyzed the land cover on PT ADEI P&I Mandau Estate area for period of 1988, 1995, 2005, 2010 and 2014. The reviewed parameters are: Secondary Forest, Community's Land/Bushes, Open Area, Rubber Plant, Oil Palm Plants and Waterbody. The data is provided in form of hectareage (ha), percentage over Land Use Title (HGU) hectareage and map of land layer.

Report of LUCA has been reported to RSPO secretariat via email on October 13th, 2015. Hence, **Major NC No. 7.3.2 is CLOSED.**

**Status: Comply**

### 7.4

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

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.

The are maps of slope area of PT adei Plantation and industry and based on the legend of the map, there are 3 slope land within PT Adei area such as flat (0-2), undulating (2-6), Rolling (2-6)

According to the Replanting report for Kebun Mandau Selatan, there are records of limited planting on the fragile and marginal land of Kebun Mandau Selatan 2 on block 13A-14A specific slope area by using soil conservation method like terrace contour for 108ha of 448ha of LC hectareage and stacking for 448 ha and *Mucuna bracteata* planting has been conducted.

Based on the report of Mandau Estate for replanting program, there is a record of terrace construction for 27 ha and *Mucuna bracteata*, PJ and CM planting for 456 ha.

**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.**

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 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 so it won't be cultivated despite it is still under the Land Use Title (HGU) of the 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.**

PT Adei Plantation & Industry – Mandau POM has had SOP 26 in term of dispute negotiation procedure and SOP 27 in term of land compensation and acquisition.

Process of land compensation resolution is conducted by involving several parties such as National Land Agency and other parties like village/sub-district government and NGO. The land compensation on PT Adei Plantation – Mandau POM area has been conducted on the early of estate establishment. The documents that have to do with land compensation are maintained on the Pekanbaru Central Office and several of it are maintained on Estate Office. Based on the existed record evidence, the latest land compensation on Kebun Mandau Utara was conducted on 2007 and for Kebun Mandau Selatan, it was conducted on 2003 – 2004. 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. The land compensation is conducted voluntarily, without force, informed and focused on the compensated land. The documents can be accessed by the parties as evidence of transparency of the management unit.

According to the information based on the result of field visit to the nearby villages (Villages of Muara Basung, Semunai and Tenganu) and the result of consultation with the associated agencies of Bengkalis District, there is no land ownership issue nearby PT Adei Plantation – Mandau POM area.

PT Adei Plantation & Industry has the CSR programs for the locals from the villages nearby company's area such as Villages of Muara Basung, Tenganau, Kuala Penaso, Beringin, Koto Pait, Balai Pungut, Semunai, Balai Raja and Titian Antui. The CSR programs are divided into several aspects such as: community's welfare and health, infrastructure, education, sport and art and culture, socio-spiritual, local wisdom, unexpected donation based on proposal and environment preservation. Example of CSR programs on community's welfare and health on 2015. Programs are consisted of the medical check up, donation for fish net to 2 villages (Kuala Penaso and Balai Pungut), socialization in term of estate and assistance for farming tools (all villages), assistance for fish seed to all villages, development for Sakai Tribe and assistance to Sakai Tribe (Sub-District of Pinggir) monthly. Realization on aspect of community's welfare and health are the donation for petroleum and rice for the elder nearby company's area, security partner with the locals. CSR programs are supported by event photographs. Furthermore, management unit of PT Adei Plantation

<p>&amp;Industry shows evidence of award from Headman of Pinggir Sub-District, Bengkalis District for the participation on the development of Pinggir Sub-District through CSR program.</p> <p>The management unit has attempted to reduce negative impacts caused by the company's operational if there are complains from the locals, job opportunity, reduction on negative impact over the community's economy, environment and social by: (1) prioritizing local workers, (2) improving cooperation with the village government apparatus and the locals, and (3) Composing CSR programs based on the characteristic of the mentioned village.</p>			
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<b>Status: Comply</b>			
<p><b>7.7</b>  <b>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.</b></p>			
<p>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).</p> <p>The company has formed fire team on estate and mill.</p> <p>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.</p> <p>According to the result of document review and field visit, the company has had facilities to deal with fire on North and Kebun Mandau Selatan and Mandau POM. Kebun Mandau Selatan 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.</p>			
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<b>Status: Comply</b>			
<p><b>7.8</b>  <b>New plantation developments are designed to minimise net greenhouse gas emissions.</b></p>			
<p>The company has conducted GHG calculation for period of 2014 as written on Palm GHG Summary Report on August 13th 2015 for 0.01 tCO<sub>2</sub>e/t product. The GHG calculation is reported to ERWG RSPO.</p> <p>The company has had several attempts to mitigate green house gas follows: Implementing <i>zero burning</i> 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 tCO<sub>2</sub>e/t product. The company also has methane capture with the Mill utilization power (kwh) for 978.795 on November 2013 to September 2014.</p>			
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<b>Status: Comply</b>			
<p><b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b></p>			
<p><b>8.1</b>  <b>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b></p>			
<p>The company has implemented commitment to reduce environment impacts on the regular action plan. For example:</p> <ul style="list-style-type: none"> <li>- <b>Effluent management and monitoring.</b> 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).</li> <li>- <b>Air quality management and monitoring.</b> Road maintenance, air quality test and report it to Bengkalis District Environment Agency.</li> <li>- <b>Ground water management and monitoring.</b> Testing ground water quality and report it to Bengkalis District Environment Agency.</li> </ul>			

- **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 tCO<sub>2</sub>e/t product. The company also has methane capture

<b>Status: Comply</b>
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**3.2 Summary of Assessment Report of Supply Chain Requirements**

Clause	(Module E) CPO Mills - Mass Balance Requirements
<b>E.1</b>	<b>Definition</b>
<b>E.1.1</b>	<p><b>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.</b></p> <p>Mandau POM process the FFB from certified own estate and other non-certified suppliers. Therefore, Mandau POM implemented Mass Balance model using Modul-E CPO Mills requirements. The claim of certified product is source from the certified own estate only. Volume of certified product stated on Mandau POM certificate Annex.</p> <p>Auditor team observed against the data of FFB received Process and Produced by Mandau POM related to the implementation of Module-E Mass Balance for CPO Mill. Mandau POM has been fulfilled the requirements, particularly to separate of Certified and Non-Certified volume.</p>
	<b>Status: Comply as Required</b>
<b>E.2</b>	<b>Explanation</b>
<b>E.2.1</b>	<p><b>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&amp;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.</b></p> <p>Estimation of the produced CPO and PK product produced by Mandau POM is attached on the basic information on the report of audit result. The suitability of the certified volume shall be verified on the annual Surveillance Assessment.</p> <p>Estimation of claim certified product (CSPO and CSPK) Mandau POM are listed in the assessment report part of Basic Information. Appropriateness of Mass Balance product will be verify during surveillance audit.</p> <p>Actual data during ASA-3 program on Mandau POM in term of Certified Palm Product production follows: Attachment of RSPO ASA-2 certificate (October 19<sup>th</sup> 2014 – October 18<sup>th</sup> 2015) FFB Produced: 176,480 MT CSPO: 39,708 MT CSPK: 9,582.86 MT</p> <p>Actual certified product (October 19<sup>th</sup> 2014 – August 12<sup>th</sup> 2015) FFB Certified: 132,084.79 MT CSPO: 28,754.86 MT CSPK: 6,778.66 MT (produced); 5,360.58 MT (sale)</p> <p>All production of Certified Palm Product for Mandau POM is still below the claim on RSPO certificate.</p>
	<b>Status: Comply as Required</b>
<b>E.2.2</b>	<p><b>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).</b></p> <p>Mandau POM updates the certified product volume based on the data sent to Certification Body (CB). CB shall then input it on eTrace. Meanwhile, Mandau POM monitor it via eTrace or GreenPalm.</p> <ul style="list-style-type: none"> <li>• RSPO IT Platform member registration number Mandau POM: RSPO_PO1000000411.</li> <li>• Based on data Summary of FFB Processed, CPO-MB &amp; PK-MB Produced and Sales Mandau POM period October</li> </ul>



2014 – August 2015, there is no CPO sale with claimed as Certified RSPO (CSPO). Data stock balance is refer to Clause E 5.1 below.

- Certified Palm Kernel sold to each buyer based on Summary of FFB Processed, CPO-MB & PK-MB Produced and Sales Mandau POM period October 2014 – August 2015.

MONTH	FFB CERTIFIED PROCESSED (KG)	CSPO PRODUCED (KG)	SALES		REMARKS	CSPK PRODUCED (KG)	SALES		Buyer
			CONTRACT NO	TONAGE			CONTRACT NO	TONAGE (KG)	
OKT'14	8,509,690	2,103,968	-	-		497,361	MDU-PK-MB/1014/5 ( 200 mt ) MDU-PK-MB/1114/1 ( 500 mt )	240,550	Mandau KCP
NOV'14	16,495,440	3,677,984	-	-		659,100	MDU-PK-MB/1114/5 (300 mt)	659,100	
DES'14	13,549,130	2,952,959	-	-		681,273	MDU-PK-MB/1214/1 (700 mt)	636,300	
JAN'15	12,767,270	2,830,145	-	-		603,018	MDU-PK-MB/1214/1 ( 700 mt ) MDU-PK-MB/0115/3 ( 500 mt )	563,650	
FEB'15	15,573,340	3,465,160	-	-		786,864	MDU-PK-MB/0215/3 (400 mt)	409,600	
MAR'15	20,832,040	4,446,738	-	-		1,067,761	MDU-PK-MB/0315/3 (400 mt) MDU-PK-MB/0415/1 (600 mt)	406,190	
APR'15	18,437,380	3,989,441	-	-		978,911	MDU-PK-MB/0415/1 (600 mt) MDU-PK-MB/0515/3 (600 mt)	646,520	
MEI'15	19,297,460	4,350,178	-	-		1,062,145	MDU-PK-MB/0515/3 (600 mt)	538,720	
JUN'15	19,617,820	4,198,397	-	-		916,277	MDU-PK-MB/0615/1 (600 mt)	542,680	
JUL'15	15,790,130	3,417,296	-	-		728,571	MDU-PK-MB/0715/3 (500 mt)	492,840	
AUG'15	9,447,760	2,070,214	-	-		474,627	MDU-PK-MB/0815/3 (500 mt)	471,910	
<b>TOTAL</b>	<b>170,317,460</b>	<b>37,502,480</b>	-	-	-	<b>8,455,908</b>		<b>5,608,060</b>	

**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:

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

Mandau POM has the procedure of Supply Chain Requirements written on the SOP of RSPO Supply Chain Certification system scheme for Palm oil Mill October 2011. It was legalized by Mill advisor. According to the procedure, the personels in charge of each division that has to do with implementation of Supply Chain requirements are:

- Manager of Mandau POM who maintain and keep all documents and records of raw materials, supporting materials used for production process and final product quality, CPO dispatch.
- Assistant Manager who compose daily recapitulation/report.
- Assistant of Laboratorium who analyze and test the raw material and product quality in all production process stages.
- Supervisor Assistant who monitor mill's operational process.
- Mill Assistant who monitor the CPO and PKO product transportation from POM to bulking station.
- Bulking manager who monitor the Bulking Station at Dumai.

There is no change nor revision over procedure untill ASA-3 implementation.

**Status: Comply as Required**

**E.3.2**

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

The procedure of FFB receipt and process documentation for the certified and non-certified FFB is conducted by method:  
Receipt on the weighbridge station.

- Internal FFB (certified) and external FFB (non-certified) are weighted and recorded on the computer data.
- Computer automatically save the daily records continuously by showing the amount of internal and external FFB.
- Production records (Production records)

Providing the attachment for record to calculate CSPO (MB) which is produced daily. The daily record shall be calculated with formula of Total of CPO x % of internal FFB.

**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.**

In order to verify and document the certified and non-certified FFB volume, Mandau POM has procedure of FFB supply sources identification started with FFB covering letter from each unit that will enter the mill. All the FFB from the nucleus estate are identified as certified sources while the external suppliers shall be considered as non-certified one.

Documentation of FFB volume recorded on the documents are: FFB covering letter, weighbridge ticket, daily and monthly production report and summary of monthly certified product report.

Sampel Daily Report on August 12th 2015

**Table 1. FFB Own Suppliers as RSPO Certified**

Details	Planted Hectarage (Ha)	Total FFB (MT)	
		Today	Todate
Ladang KMS 1	397.00	23.71	334.78
Ladang KMS 2	571.00	31.46	380.16
Ladang KMS 3	1,984.00	249.48	2,759.72
Ladang KMS 4	2,183.00	329.35	2,787.43
<b>Sub total KMS</b>	<b>5,135.00</b>	<b>634.00</b>	<b>6,262.09</b>
Ladang KMU 5	309.00	39.41	547.72
Ladang KMU 6	495.00	49.79	690.46
Ladang KMU 7	1,091.00	79.56	1,301.29
<b>Sub total KMU</b>	<b>1,895.00</b>	<b>168.76</b>	<b>2,539.47</b>
<b>Grand total</b>	<b>7,030.00</b>	<b>802.76</b>	<b>8,801.56</b>

**Table 2. FFB Outside Suppliers claimed as Non-Certified**

Details	Total FFB (MT)	
	Today	Todate
CV Abdi Mandiri	43.53	150.07
CV Sejahtera Jaya	111.69	535.19
KKPA Sekarbumi	-	-
PT Tiara Surya Prima	-	-
PT Permata Sawit Perkasa	-	-
PT Sekarbumi Alamlestari	17.40	160.94
<b>Grand total</b>	<b>172.62</b>	<b>846.20</b>

	<b>Status: Comply as Required</b>				
<b>E.4.2</b>					
<b>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</b>					
Actual data during ASA-3 program on Mandau POM in term of Certified Palm Product production follows: Attachment of RSPO ASA-2 certificate (October 19 <sup>th</sup> 2014 – October 18 <sup>th</sup> 2015) FFB Produced: 176,480 MT CSPO: 39,708 MT CSPK: 9,582.86 MT					
Actual certified product (October 19 <sup>th</sup> 2014 – August 12 <sup>th</sup> 2015) FFB Certified: 132,084.79 MT CSPO: 28,754.86 MT CSPK: 6,778.66 MT (produced); 5,360.58 MT (sale) All production of Certified Palm Product for Mandau POM is still below the claim on RSPO certificate.					
	<b>Status: Comply as Required</b>				
<b>E.5</b>	<b>Record keeping</b>				
<b>E.5.1</b>					
<b>a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</b>					
<b>b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</b>					
<b>c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)</b>					
PT Adei Plantation– Mandau POM has had system to balance the RSPO certified product with quarter-based period. There is a document of Summary of Certified Sustainable of Palm Oil CSPO (MB) and CSPK (MB) during period of October 19 <sup>th</sup> 2014 – August 12 <sup>th</sup> 2015. For example:					
Summary of Certified Sustainable of Palm Oil CSPO (MB) in Metric Tonnes (MT)					
Month	Tonnage of CPO (MB)			Actual Stock	Remark
	Produced	Sale	Balance		
19-31 October 2014	1,314.01	-	1,314.01	985.78	
November 2014	3,156.10	-	4,470.21	683.40	
December 2014	2,371.07	-	6,841.28	1,055.83	
Sub Total	6841.18				
January 2015	2,199.64		9,040.92	369.66	
February 2015	2,315.05		11,355.97	2,088.06	
March 2015	3,127.14		14,483.12	737.77	
Sub total	7641.83				
April 2015	2,834.18		17,317.30	2,483.73	
May 2015	3,532.72		20,850.02	1,739.36	
June 2015	3,301.95		24,151.97	1,228.69	

Sub total	9668.85				
July 2015	2,680.30		26,832.27	1,563.19	
1-12 August 2015	1,922.58		28,754.86	-	
Sub total	4602.88			-	
Grand Total	28,754.86		28,754.86		

**Summary of Certified Sustainable of Palm Oil CSPK (MB) in Metric Tonnes (MT)**

Month	Tonnage of CPO (MB)			Physical Stock	Remark
	Produced	Sale	Balance		
19-31 October 2014	361.20	155.55	205.65	103.53	
November 2014	817.71	659.10	364.26	149.47	
December 2014	547.58	636.30	275.54	47.70	
Sub Total	1,726.49	1,450.95			
January 2015	483.97	563.65	195.86	87.07	
February 2015	527.93	400.05	323.74	291.41	
March 2015	776.49	406.19	694.04	217.69	
Sub total	1,788.39	1,369.89			
April 2015	688.50	646.52	736.02	56.81	
May 2015	852.18	538.72	1,049.48	255.84	
June 2015	716.51	542.68	1,223.31	98.33	
Sub total	2,257.19	1,727.92			
July 2015	570.99	492.84	1,301.46	184.60	
1-12 August 2015	435.60	318.98	1,418.08	-	
Sub total	1,006.59	811.82			
Grand Total	6,778.66	5,360.58	1,418.08		

**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.**

The company has Mandau Kernel Crushing Plant which is still under one management (PT Adei Plantation) and no kernel crushing process conducted by other party. The status of SCCS certification for KCP is separated from Mill CPO certification.

**Status: NOT APPLICABLE**

**Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-3</b>	PT Adei Plantation – Mandau POM has had approval/permit of certificate use in No.MUTU-RSPO/021 untill October 18 <sup>th</sup> 2017.	
	<b>Status: Not Applicable</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-3</b>	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.	
	<b>Status: Not Applicable</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-3</b>	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.	
	<b>Status: Not Applicable</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-3</b>	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.	
	<b>Status: Not Applicable</b>	



**3.3 Summary of RSPO Partial Certification**

<b>Management unit(s) observed:</b> 1. PT Satu Sembilan Delapan 2. PT Hutan Hijau Mas 3. PT Malindomas Perkebunan		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	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.	√
	<b>Status: Comply</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	<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><b>1. PT Satu Sembilan Delapan</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Land Use Title (HGU) certificate:               <ul style="list-style-type: none"> <li>- Decree of Head of RI National Land Agency No. 16-HGU-BPN RI-2009 dated January 22nd 2009.</li> <li>- Decree of Head of East Kalimantan National Land Agency No. 58-550.2-44-2009 dated April 27th 2009</li> <li>- Decree of Head of East Kalimantan National Land Agency No. 103-550.2-44-2009 dated July 16th 2009</li> </ul> </li> <li>• 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.</li> </ul> <p><b>2. PT Hutan Hijau Mas</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Land Use Title (HGU) certificate:               <ul style="list-style-type: none"> <li>- Decree of Head of RI National Land Agency No. 19-HGU-BPN RI-2008 dated June 4th 2008</li> <li>- Decree of Head of East Kalimantan National Land Agency No. 57-550.2-44-2009 dated April 27th 2009</li> <li>- Decree of Head of East Kalimantan National Land Agency No. 104-550.2-44-2009 tanggal 16 Juli 2009</li> </ul> </li> <li>• 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.</li> </ul> <p><b>3. PT Malindomas Perkebunan</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Land Use Title (HGU) certificate:               <ul style="list-style-type: none"> <li>- Decree of Head of RI National Land Agency No. 18-HGU-BPN RI-2008 dated June 4th 2008.</li> </ul> </li> <li>• 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.</li> </ul>	√

	<b>Status: Comply</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	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"> <li>• Land/Border dispute.</li> <li>• Land occupation dispute.</li> <li>• Other social issue</li> </ul>	√
	<b>Status: Comply</b>	
<b>6.4</b>	<b>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.</b>	<b>X or√</b>
	There are evidence of records of compensation or land compensation to the land owners of each unit.	√
	<b>Status: Comply</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	There is no are within 3 management unit area which are the conversion of primary forest nor HCV area.	√
	<b>Status: Comply</b>	
<b>7.5</b>	<b>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.</b>	<b>X or√</b>
	According to the document of HCV identification in each management unit, there is no area under customary acquisition rights.	√
	<b>Status: Comply</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	Each management unit has compensated the land to the previous land owners. There are examples of land compensation in each management.	√
	<b>Status: Comply</b>	

**3.4 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components**
**3.5.1 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	<b>Land Use Change Analysis</b> 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"> <li>• <b>Root Cause:</b> The company did not aware that Mandau Estate must be analyzed for its land layer change since 2005.</li> <li>• <b>Corrective Action:</b> Making analysis of land layer change over Mandau Estate since 1988.</li> <li>• <b>Preventive Action:</b> Each change of land shall be analyzed for every 5 years.</li> <li>• <b>Auditor Conclusion:</b> PT ADEI P&amp;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&amp;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</li> </ul>	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, <b>Major NC 7.3.2</b> is <b>CLOSED</b> .		

**3.5.2 Opportunity for Improvement**

No	Ref Std	Descriptions
1	4.7.7	OHS expert could evaluate every cause of work accident to identify root cause, decide the corrective action so it could reduce the potential work accident to occur one more time.
2	5.1.3 7.1.2	According to the result of document review, the company has had records of environment monitoring which cover the number of local worker, community's perception over the existence of company, income of local workers, number of health indicator, flora and fauna monitoring. However, result of environmental management and monitoring review on is not attached on the report.  According to the result of interview with Bengkalis District Environment Agency, there is no objection over the report of environmental management and monitoring plan reported by the company.  The company should inform the data of environmental monitoring and have it reported to Bengkalis District Environment Agency. The information should cover number of local workers, community's perception over the company's existence, local worker's income, number of health indicator, flora and fauna monitoring.
3	5.2	The company has opportunity to enrich the woody tree area on bufferzone (reservoir, estate drainage, tributary) with hard rods tree.
4	5.3.3	The company has opportunity to reduce pollution of solid waste (domestic waste) based on the applied management plan.
5	7.8	The company needs to ensure that the report of GHG calculation has been informed to ERWG RSPO by converting unit from ton CO <sub>2</sub> e to ton C per hectare.

**3.5.3 Noteworthy Positive Components**

No	Ref Std	Descriptions
1		The company has had biogas plant as one of effort to reduce GHG emission and to manage effluent.
2		Good and integrated teamwork on participating on assessment program.



**3.5 Summary of Arising Issues from Public, Management and Auditor Response**

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
Stakeholder consultation held on Monday, 10 <sup>th</sup> August 2015		
<b>Bengkalis District Environment Agency.</b> <ul style="list-style-type: none"> <li>- The company has the document of environment (EIA) for the palm oil and rubber plantation business which was legalized by the Director General of Conservation and Preservation of Nature / Head of EIA Central Commission of Department of Forestry and Plantation.</li> <li>- The company has the document of environmental management and monitoring effort for the rubber plant conversion to palm oil plants which was legalized by Bengkalis District Environment Agency.</li> <li>- The company has the document of reference framework (KA-EIA) for the palm oil plants and rubber plants plantation development. The background of KA-EIA compilation is caused by the expansion program for palm oil plants for 4,427 ha. According to the result of interview with Bengkalis District Environment Agency, KA-EIA is now being processed for the approval of the authorize party because it must be adjusted for the commodity on Land Use Title (HGU).</li> <li>- The company has hazardous waste storage which has been legalized by Bengkalis Regent. The hazardous waste storages are located on Mandau POM, North and Kebun Mandau Selatan.</li> </ul>	<ul style="list-style-type: none"> <li>- the company committed to comply the applied law and regulation in term of environment.</li> <li>- Correct. Permit No. 660/BLH/PPDL/22/2011 for 2,594 Ha.</li> <li>- Document of KA is now on approval process. It is targetted to be finished on 2015.</li> <li>-Correct</li> </ul>	<p>Based on the observation of documents and interviews with the Environment Agency, District of Bengkalis that the company has consistently sent a report on the implementation environment (eg report the results of testing the quality of effluent, plant air quality, noise, hazardous waste management and others).</p> <p>In addition the company has had EIA documents, Environmental management efforts (UKL/UPL), KA-EIA and permission of hazardous waste landfills. Then there are no issues and reports from others about the negative impact on the environment as a result of farm management and mill by PT ADEI Plantation &amp; Industry.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>- The company has the permit of hazardous waste storing period from Bengkalis District Environment Agency (from 90 days to 180 days).</li> <li>- The company has the permit to use effluent on estate. It has been legalized by Bengkalis Regent.</li> <li>- The company has conducted monthly effluent quality test and has it reported to Bengkalis Environment Agency in each quarter.</li> <li>- The company has conducted underground water test in each semester and has it reported to Bengkalis District Environment Agency in each semester.</li> <li>- The company has conducted air quality test per semester and has the result reported to Bengkalis District Environment Agency in each semester.</li> <li>- The company has conducted test on noise, vibration and odour and has it reported to Bengkalis District Environment Agency in each semester.</li> <li>- The company has conducted surface water quality in each semester and has it reported to Bengkalis District Environment Agency in each semester.</li> <li>- Perusahaan telah melaporkan pengelolaan Limbah B3 (neraca dan manifest) ke BLH Kab. Bengkalis.</li> <li>- The company has sent the report of environmental management and monitoring plan implementation to Bengkalis District Environment Agency regularly. For example, on 1st semester of 2015.</li> <li>- The company has managed riparian area by installing</li> </ul>	<ul style="list-style-type: none"> <li>- Correct. Comply with Government Regulation sesuai No. 18 Year 1999. Permit No. 660/BLH-PPDL/2014/669 dated November 11th 2014.</li> <li>- Correct.</li> <li>- The company shall committed to monitor environment impact based on EIA and environmental management and monitoring effort.</li> </ul>	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>signboard and not applying chemicals.</p> <ul style="list-style-type: none"> <li>- There is no issue nor report from other parties in term of negative impact caused by estate and mill management over environment so far.</li> </ul>	<ul style="list-style-type: none"> <li>- The company shall committed to preserve conservation area and socialize the signboard installation.</li> <li>- The company shall improve positive aspect of its existence by maintaining harmonic relation with the stakeholders.</li> </ul>	
<p><b>Bengkalis District National Land Agency.</b></p> <ul style="list-style-type: none"> <li>- The company has had document of legality including Land Use Title (HGU).</li> <li>- The interviewee did not know the development whether there is a planting program beyond Land Use Title (HGU) area.</li> <li>- The company has had permit of forest area lease issued by Forestry Ministry.</li> <li>- The company's managed area are beyond the conservation forest and mining complex area.</li> <li>- Legality of land ownership of company has been <i>clear dan clean</i> with the issuance of Land Use Title (HGU)</li> </ul>	<ul style="list-style-type: none"> <li>- Correct. Land Use Title (HGU) No. 12/HGU/1990 for 14,900 Ha until December 31st 2020.</li> <li>- There is no planting beyond Land Use Title (HGU) area.</li> <li>- Correct. IPKH No. 027/Kpts-II/1990.</li> <li>- Correct. It has been confirmed with overlay map.</li> </ul>	<p>Based on the observation of documents and interviews with the National Land Agency, District of Bengkalis that the company has had legal documents of land (HGU) and is outside the protected forest and mining areas. In addition there are the issues and reports from others about land management conflicts.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
certificate.	<ul style="list-style-type: none"> <li>- Correct.</li> </ul>	
<p><b>Bengkalis District Forestry and Plantation Agency.</b></p> <ul style="list-style-type: none"> <li>- The interviewee did not know the update of estate status of PT Adei Plantation &amp; Industry recently.</li> <li>- The interviewee did not know the plan of land conservation of PT Adei Plantation &amp; Industry recently.</li> <li>- Conservation area within PT Adei Plantation &amp; Industry are the conservation area for Melayu Sakai Tribe Culture and riparian area.</li> <li>- PT Adei Plantation &amp; Industry has had the document of legality including plantation business permit (IUP) and plantation industry business permit (IUIP).</li> <li>- The managed area of Adei Plantation &amp; Industry are not located on conservation forest nor mining complex.</li> <li>- The company has reported business progress (LPUP) in each semester like in 2nd semester of 2014.</li> </ul>	<ul style="list-style-type: none"> <li>- Estate classification of PT. ADEI P&amp;I Mandau is class II, on November 2014.</li> <li>- The development of conversion has been reported to Forestry and Plantation Agency regularly on the report of plantation business progress.</li> <li>- Correct. The company committed to preserve and improve HCV area.</li> <li>- Correct. Plantation Business Permit No. 744/UT.512/VI/2004 and plantation industry business permit No. 746/UT.513/VI/2004.</li> <li>- Correct. It has been confirmed with overlay map.</li> <li>- The company shall commit to comply the law that has to do</li> </ul>	<p>Based on the observation of documents and interviews with the Plantation Agency, District of Bengkalis that the company has consistently sent a report related to the plantation business. Then there are no issues and reports from others about the negative impact on the environment as a result of farm management and mill by PT Adei Plantation &amp; Industry. However, the company is expected to maintain communication and cooperation with stakeholders.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
	with plantation business progress reporting.	
<b>Head of Muara Basung Village</b> <ul style="list-style-type: none"> <li>- The company has good relation with the community of Muara Basung Village. The relation improved since the change of management on PT Adei Plantation &amp; Industry.</li> <li>- New management of PT Adei Plantation &amp; Industry gives more opportunity to Muara Basung Villagers to work despite the small number of them.</li> <li>- The assistance given to Muara Basung Village community are the provision of al-Quran, road grader for road maintenance, fund assistance every Idul Adha, books for school children, praying carpet and fund for village operational.</li> <li>- There is no land dispute with the company. Land compensation has been conducted several years ago.</li> <li>- Village staff knows how to express complain and to ask for assistance for the locals (oral and written).</li> <li>- Letter and assistance requests from the village are quickly responded by the company (less than 10 days).</li> <li>- There is a theft conducted by the locals.</li> <li>- The chief of village expects special concern from the company over Sakai and Melayu Indigenous tribe through scholarship to college. Especially, the genius but poor student.</li> </ul>	<ul style="list-style-type: none"> <li>- The company shall maintain and improve good relation with the locals.</li> <li>- The company shall accomodate the interest of the locals.</li> <li>- The assistance is always given on event or moment based on the community's need.</li> <li>- Correct.</li> <li>- The company shall attempt to socialize every public policy widely and committ to comply the composed SOP in term of complain management.</li> <li>- Correct and it has been solved by involving village</li> </ul>	<p>Based on discussions with the head of the village there is no indication and information about land conflicts between communities around the company.</p> <p>The Company has also provided assistance to surrounding communities recorded on the program and the realization of CSR. Assistance provided for educational, religious, facilities / infrastructure and sports.</p> <p>However, the company is expected to maintain communication and cooperation with local communities, particularly Sakai Melayu indigenous tribes.</p>



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
	<p>government apparatus and community figures.</p> <ul style="list-style-type: none"> <li>- The company attempts to accomodate the interest of the locals.</li> </ul>	
<p><b>Chief of Tenganau and Youth Figure of Tenganau Village.</b></p> <ul style="list-style-type: none"> <li>- The company's relation with the community of Tenganau Village is good (each issue is solved perfectly).</li> <li>- The community of Tenganau Village felt assisted by the new management and staff. Therefore, the relation becomes better. It is proven by the job and business opportunity as employee and contractor. There is also job opportunity announcement.</li> <li>- The assistance frequently given by the company are assistance for the orphans, fund assistance for eid al-fitr, eid Mubarak, independence day and praying carpet assistance.</li> <li>- The company hired employees despite they must through selection process.</li> <li>- Understanding the procedure of complain to the company (oral and written).</li> <li>- Good response from the company over the community's complain and request (<math>\leq 1</math> week).</li> <li>- There is no land issue with the locals because it has been solved several years ago (on 2000).</li> </ul>	<ul style="list-style-type: none"> <li>- The company shall maintain and improve good relation with the locals.</li> <li>- The company shall accomodate the interest of the locals</li> <li>- The assistance shall always be given on specific event or moment.</li> <li>- Based on the company's policy, the selection is the absolute thing that must be conducted to determine worker's competence.</li> <li>- The company has attempted to</li> </ul>	<p>Based on discussions with the head of the village there is no indication and information about land conflicts between communities around the company. The Company has also provided assistance to surrounding communities recorded on the program and the realization of CSR. Assistance provided for educational, religious, facilities / infrastructure and sports.</p> <p>The Company has been active in the recruitment of local labor and cooperation with local contractors. However, the company is expected to maintain communication and cooperation with the surrounding community.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>- The need for concern from the company in term of road damage (before Jepang Intersection on RT 2 RW 03) which is caused by the trench digging. The damage lies for <math>\pm</math> 6 months.</li> <li>- There is no collective socialization in term of flora and fauna which are considered endanger. However, the company installed several signboard on strategic points.</li> </ul> <p>Expectation:</p> <ul style="list-style-type: none"> <li>- Expecting the priority for Tengganau Village on the implementation of CSR program because Tengganau is the widest village within Kebun Mandau Selatan area.</li> <li>- Expecting further discussion with the company to discuss CSr program. Therefore, the program shall give more benefit to the locals.</li> </ul>	<p>socialize every of its public policy widely and has committed to comply the composed SOP in term of complain management and expression.</p> <ul style="list-style-type: none"> <li>- Correct</li> <li>- The management has visit the mentioned road for knowing the further repairment.</li> <li>- Signboard installation as early stage to socialize the endanger flora and fauna.</li> <li>- The company shall keep proportional on every single thing including CSR program.</li> <li>- The company shall keep concerning and accomodating the needs of the locals for the CSR program.</li> </ul>	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Semunai Village Member of Village Forum Body</b></p> <ul style="list-style-type: none"> <li>- The assistance given to Semunai Village are the assistance for paintaing, household commodities, eid al-fitr and eid Mubarak assistance, fund assistance for Sub-District Headman Office, assistance for fish and tree, monthly road rent to Sakai Tribe cemetery complex.</li> <li>- Good communication with the locals.</li> <li>- No land conflict with the company.</li> <li>- Understanding the way to give information, complain and proposal to the company.</li> <li>- Quick response of the company for the complain and assistance request from the locals (<math>\leq 2</math> weeks).</li> <li>- The given assistance only based on the incoming proposal to the company.</li> <li>- Contract with local contractor.</li> <li>- No complain from Semunai Village Community.</li> <li>- Wood theft is conducted by the locals.</li> <li>- The wood theft with Sakai Village is solved by making declaration letter to not do that thing on the future signed by both parties.</li> </ul>	<ul style="list-style-type: none"> <li>- The assistance shall always be given on specific event or moment.</li> <li>- The company has attempted to socialize every of its public policy widely and has committed to comply the composed SOP in term of complain management and expression.</li> <li>- Resolution of the theft with the local youth. The company emphasize guidance of cooperation with the community figure.</li> </ul>	<p>Based on discussions with member ofvillage consultative body (BPD) of semunai there is no indication and information about land conflicts between communities around the company.</p> <p>The Company has also provided assistance to surrounding communities recorded on the program and the realization of CSR. Assistance provided for educational, religious, facilities / infrastructure and sports.</p> <p>However, the company is expected to maintain communication and cooperation with local communities, particularly Sakai Melayu indigenous tribes.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<b>Local Contractor (CV Sejahtera Jaya)</b> <ul style="list-style-type: none"> <li>- Land clearing contract.</li> <li>- Number of employees are 60 employees. All of them have gotten work accident insurance, death insurance and retirement insurance.</li> <li>- There are 8 heavy equipments operators (5 of them have operator license).</li> <li>- The company gives safety briefing before starting the work.</li> <li>- Contractor provides PPE for its workers.</li> <li>- Cooperating with PT Adei since 1996.</li> <li>- There is no issue of late salary payment to its workers.</li> <li>- Wage based on Bengkalis District sectoral minimum wage standard.</li> <li>- Workers are above 20 years old.</li> <li>- Good relation with the company.</li> <li>- Every issue can be solved.</li> <li>- Always sign the contract in each new program or extension</li> <li>- The contractor aware and comply the content of contract.</li> </ul>	<ul style="list-style-type: none"> <li>- The contractor who work for the company compose the agreed contract for service which is signed by both parties.</li> <li>- The company encourage contractor to comply the applied law and regulation.</li> <li>- Each contract is signed in writing by both parties as authentic evidence that the cooperation is conducted transparently and based on law.</li> </ul>	<p>The company has been cooperating with local contractors and local suppliers. Results of interviews with labor contractors, there are now workers under 18 years employed at PT Adei Plantation &amp; Industry. Furthermore, gain social security employment and include workers in the Social Security program (BPJS) in accordance with the applicable legislation.</p>
<b>Head of Labour Union (Labour Union of Kebun Mandau Utara).</b> <ul style="list-style-type: none"> <li>- Member of labour union are 320 workers.</li> <li>- Non-permanent workers are allowed to be labour union member.</li> <li>- Dues for labour union is IDR 10,000/month.</li> </ul>	<ul style="list-style-type: none"> <li>- The company has policy of freedom to unite.</li> </ul>	<p>The management unit PT Adei Plantation and Industry gives the freedom for employees to associate and assembly in accordance with the applicable legislation, evidenced by the recognition of the three unions as SBSI, SPSI and SBRI.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>- Dues deduction is conducted by cooperating with the company.</li> <li>- Crucial complains such as clean water are quickly responded by the company.</li> <li>- Good relation with the management unit since the new management on the company.</li> <li>- Head of labour union wants the collective labour agreement, especially the agreed clauses that could be implemented by both parties.</li> <li>- The management unit supports labour union by giving chamber for labour union.</li> <li>- Giving permission of work to express aspiration to several parties.</li> </ul> <p>Expectation:</p> <ul style="list-style-type: none"> <li>- Collective labour agreement to be quickly implemented.</li> <li>- Employee's welfare to be improved.</li> </ul>	<ul style="list-style-type: none"> <li>- The agreement of content of clause on collective labour agreement could be implemented post collective labour agreement signing and recording at manpower agency.</li> <li>- The management committed to facilitate labour union.</li> <li>- Collective labour agreement shall be implemented once it has been agreed and signed by both parties.</li> <li>- The must-conducted employees welfare improvement are:               <ul style="list-style-type: none"> <li>• Settlement facilities.</li> <li>• Water tower construction</li> </ul> </li> </ul>	



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
	<p>for clean water.</p> <ul style="list-style-type: none"> <li>• Installation of National Electricity grid.</li> <li>• Increase of attendance/harvest incentive.</li> </ul> <p>Welfare programs are also incorporated on the sustainable corrective action programs.</p>	
<p><b>Labour Union (Head of Indonesia Labour Union SBSI)</b></p> <ul style="list-style-type: none"> <li>- There are 3 labour unions on PT Adei Plantation &amp; Industry, which are SBRI, SPSI, dan SBSI.</li> <li>- Indonesia Labour Union is constituted by ± 50 members.</li> <li>- The latest labour union meeting was held on 2013 (minute of meeting was not shown ye).</li> <li>- The unsolved issues with the management are the bonus, separated money and health. Three of the issues are expected to be written on the ongoing collective labour agreement discussion with the management unit (collective labour agreement of PT Adei has expired since April 2014 and has been extended for 1 year until April 2015. However, due to the unfinished collective labour agreement negotiation, the collective labour agreement is not yet legalized).</li> <li>- The company invites all labour unions to discuss</li> </ul>	<ul style="list-style-type: none"> <li>- The negotiation shall continue until the agreement is reached.</li> </ul>	<p>The management unit PT Adei Plantation and Industry gives the freedom for employees to associate and assemble in accordance with the applicable legislation, evidenced by the recognition of the three unions as SBSI, SPSI and SBRI</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>collective labour agreement extension.</p> <ul style="list-style-type: none"> <li>- The suggestion of Indonesia Labour Union is rarely listened by the company. Therefore, many members out and become the member of Indonesia Republic Labour Union which is considered has balls to express the suggestion.</li> <li>- Indonesia Labour Union think that the management unit is less assertive on creating boundary to express opinion. Therefore, suggestion without negotiation (demonstration) can still be accommodated. Hence, it impacts the number of each labour union member.</li> <li>- Company's contribution over labour union in form of fund assistance to Indonesia Labour Union Board Representative and consumption for the meeting.</li> <li>- Indonesia Labour Union thinks that the company prioritize Indonesia Republic Labour Union because they have more balls.</li> </ul>	<ul style="list-style-type: none"> <li>- The fact is that all complains are responded by the management unit regardless background of the parties who express complain.</li> <li>- The management unit emphasize persuasive method to deal with internal issue based on the policy. The assertive actions could be implemented once the persuasive actions are ignored by the troublemaker.</li> <li>- The company treated all labour unions fairly.</li> </ul>	
<p><b>Gender Committee (Head of Mandau Selatan and POM Gender Committee).</b></p> <ul style="list-style-type: none"> <li>- The gender committee shows the company's policy in term of sexual harasshment and domestic violence legalized by Regional Director (Mr. Tan Kei Yoong) on October 1<sup>st</sup> 2011.</li> <li>- SOP of sexual harasshment complain has been updated on April 12<sup>th</sup> 2012 (SOP 25) as the reference of gender committee to receive complain of sexual harasshment and</li> </ul>	<ul style="list-style-type: none"> <li>- The company shall keep supporting and facilitating the gender committee.</li> <li>- Correct, it will always be socialized to all level of workers. Especially women workers.</li> </ul>	<p>The management unitPTAdeiPlantationandIndustry hashadgendercomposition ofcommitteesandthere are meetingactivitieswhichare conducted regularly. Supposea meetingon sexual harasshment andprotection of the rightsof women workers.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>domestic violence.</p> <ul style="list-style-type: none"> <li>- The organization structure of gender committee has been legalized by the General Manager named Mr Chuan Chor Meng (without date and year of legalization including period of position).</li> <li>- The protection of gender committee are:               <ol style="list-style-type: none"> <li>1. The pregnant women workers are given 3 months childbirth day off with full paid wage.</li> <li>2. Non-permanent women workers are given 3 months childbirth day off with full paid wage and no contract termination).</li> </ol> </li> <li>- The company's support over the gender committee such as assistance for transportation and consumption for the meeting.</li> <li>- The gender committee work program on 2015 is the repairment on daycare station.</li> <li>- The gender committee work program on 2014 were the rehabilitation of daycare station and seminar for women reproduction rights.</li> <li>- Procedure of specific complain such as sexual harassment and domestic violence are attached on the announcement board on 2012. There is no inspection nor maintenance since its poster socialization.</li> </ul>	<ul style="list-style-type: none"> <li>- The period for position of gender committee board has been corrected with the issuance of decree for Head of Gender Committee from General Manager for 5 years.</li> <li>- The company committed to protect women reproduction rights which has been legalized by Mr. Tan Kei Yoong on October 1st 2011.</li> <li>- Shall always be facilitated.</li> <li>- The gender committee programs are not limited on sexual harassment and domestic violence but also the welfare of women and family.</li> <li>- Documents inspection and maintenance for the attached documents shall be regularly conducted by the formed team of sustainability.</li> </ul>	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<b>Head of Kebun Mandau Utara Gender Committee.</b> <ul style="list-style-type: none"> <li>- Gender committee held socialization of women worker's rights such as breastfeeding women workers, pregnant day off and childbirth day off.</li> <li>- There is no complain during period of 2014 to 2015 in term of sexual harasshment and domestic violence.</li> </ul>	<ul style="list-style-type: none"> <li>- The company committed to support and facilitate gender committee.</li> <li>- Correct.</li> </ul>	<p>The management unitPTAdeiPlantationandIndustry hashadgendercomposition ofcommitteesandthere are meetingsactivitieswhichare conducted regularly.</p>

**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**  
13 October 2015

Mutuagung Lestari  
Lead Auditor



**YUDWI WISNU RAHMANTO**  
13 October 2015

**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 2015		✓
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 2015		✓
3.	WWF	Graha Simatupang Tower 2 Unit C, 7 <sup>th</sup> – 11 <sup>th</sup> Floor Jl. Letjen TB Simatupang Jakarta - 12540	wwf-indonesia@wwf.or.id	Email	5 August 2015		✓
4.	Yayasan Elang	Jl. Ambilin/Semangka No. 8 Pekanbaru - RIAU	elang.yayasan@gmail.com	Email	5 August 2015		✓
5.	Sawit Watch	Perum Bogor Baru Taman Jl. Cisangkui, Blok B6 No. 1 Bogor, Jawa Barat, 16127	Sawitwatch.or.id	Email	5 August 2015		✓
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 2015		✓
7.	Head of Environmental Agency, District of Bengkalis	Jl. Antara No. 437 Riau	Telp 0766-21026,21582 Website: <a href="http://blh.bengkalis.go.id">blh.bengkalis.go.id</a>	Interview	10 August 2015	✓	
8.	Head of National Land Agency, District of Bengkalis	Jl. Hang Tuah No. 08 Bengkalis, Riau	bengkalis@bpn.go.id	Interview	10 August 2015	✓	
9.	Head of Forestry and Plantation, District of Bengkalis	Jl. Jend. Sudirman No. 24 Bengkalis	Tlp (0762) 21016	Interview	10 August 2015	✓	
10.	Head of Mining and Energy, District of Bengkalis	Jl. Hang Tuah No. 8 Bengkalis, Riau	-	-	10 August 2015		✓
11.	Head of Manpower and Transmigration, District of Bengkalis	Jl. Antara Bengkalis ,Riau	-	-	10 August 2015		✓
12.	Headman of Muara Basung village	Desa Muara Basung	-	Interview	10 August 2015	✓	
13.	Headman of Tenggau village	Desa Tenggau	-	Interview	10 August 2015	✓	
14.	Member of the villageconsultative body of semunai	Desa Semunai	-	Interview	11 August 2015	✓	



**Appendix 2. Assessment Program**

DATE	9 – 14 August 2015					
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR				
		YWR	MES	SHL	EH	RAH
Sunday, 9 August 2015						
12.00 – 14.00	Jakarta →Pekanbaru.	✓	✓	✓	✓	✓
14.00 – 17.00	Pekanbaru →PT Adei Plantation					
Monday,10August 2015		YWR	MES	SHL	EH	RAH
04.30 – 10.00	Bengkalis →Government Institution Opening Meeting			✓		
08.00 – 09.00	Stakeholders consultation about Company with surrounded village and community leader;Contractor; Labor Unions; Koperasi Managementand Committe Gender (will be determined later) <u>Field Observation to KMS-1:</u> - Implementation of Environmental, Occupational Health & Safety Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management) and Social (worker quarters, workers facilities) - Implementation of Agronomy Aspect (Harvesting & Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application) - Implementation of Legal Aspect (Land Ownership, Legal Boundaries), Conservation Area, Peatland Management (water gate, subsidence).				✓	✓
09.00 – 12.00					✓	✓
			✓	✓		
14.00 – 17.00	Verification of field visit and completing checklist					
Tuesday,11August 2015		YWR	MES	SHL	EH	RAH
08.00 - 12.00	<u>Field Obsevation to KMS 2</u> - Implementation of Environmental, Occupational Health & Safety Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management) and Social (worker quarters, workers facilities) - Implementation of Agronomy Aspect (Harvesting & Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application) - Implementation of Legal Aspect (Land Ownership, Legal Boundaries), Conservation Area, POME Land Application. - Field observation of Sakai tribe area				✓	✓
		✓	✓			
14.00 - 17.00	Verification of field visit and completing checklist	✓				

<b>Wednesday, 12 August 2015</b>		<b>YWR</b>	<b>MES</b>	<b>SHL</b>	<b>EH</b>	<b>RAH</b>
08.00 - 12.00	<b>Field Observation to KMU 6</b> <ul style="list-style-type: none"> <li>- Implementation of Environmental, Occupational Health &amp; Safety Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management) and Social (worker quarters, workers facilities)</li> <li>- Implementation of Agronomy Aspect (Harvesting &amp; Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application)</li> <li>- Implementation of Legal Aspect (Land Ownership, Legal Boundaries), Land Use, Land Conflict (if any)</li> <li>- Implementation of Conservation Area, POME Land Application.</li> </ul>	✓	✓		✓	✓
14.00 - 17.00	Verification of field visit and completing checklist			✓		
<b>Kamis, 13 Agustus 2015</b>		<b>YWR</b>	<b>MES</b>	<b>SHL</b>	<b>EH</b>	<b>RAH</b>
08.00 - 12.00	<b>Field Observation to Mandau POM:</b> <ul style="list-style-type: none"> <li>- Supply Chain verification</li> <li>- FFB Processing line and OSH implementation</li> <li>- Waste Management Aspect (Inspection to Chemical Storage, Hazardous Waste Storage, POME Pond)</li> <li>- Interview with Worker's Union Mill, Contractor of CPO Transporter, Gender Committee.</li> <li>- Worker quarters and facilities</li> </ul>	✓	✓	✓	✓	✓
14.00 - 17.00	Verification of field visit and completing checklist	✓	✓	✓	✓	✓
17.00 - 18.00	<b>Closing Meeting</b>					
<b>Friday, 14 August 2015</b>		<b>YWR</b>	<b>MES</b>	<b>SHL</b>	<b>EH</b>	<b>RAH</b>
07.00 - 11.00	<b>PT Adei Plantation → Pekan Baru</b>	✓	✓	✓	✓	✓
13.00 - 14.50	<b>Pekan Baru → Jakarta</b>					