



PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

PT INTI INDOSAWIT SUBUR – UKUI GROUP

Riau Province Indonesia

Report Author

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SUMMARY

PT Inti Indosawit Subur (PT IIS) owns and operates 17 Mills and 19 Oil Palm Estates in Indonesia. Asian Agri, a wholly owned subsidiary of PT IIS manages the oil palm operations of the Ukui Group comprising Ukui I and Ukui II Mills, two Estates, Smallholder Scheme, Third Party Crop, support services and infrastructure located in Riau Province, Indonesia. BSi has conducted an assessment of the Ukui Group and concludes that the operations comply with the requirements of RSPO Principles & Criteria : November 2007 and Indonesian Indicators and Guidance (INA NIWG) : 2008.

BSi recommends that the Ukui Group be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

AMDAL	Environmental Impact Assessment Report
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Agency)
CLA	Collective Labour Agreement
CPO	Crude Palm Oil
DPPL	Dokumen Pengelolaan dan Pemanataan Lingkungan Hidup (Document of Environment Management and Monitoring)
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GPS	Global Positioning System
HCVs	High Conservation Values
HGU	Hak Guna Usaha (Land Use Title)
HIRAC	Hazard Identification Risk Assessment Control
INA:NIWG	Indonesian Indicators and Guidance
IPM	Integrated Pest Management
KKPA	Koperasi Kredit Primer Anggota (Cooperative Credit Scheme)
KUD	Koperasi Unit Desa (Village Cooperative Unit)
MSDS	Material Safety Data Sheet
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PPE	Personal Protective Equipment
PK	Palm Kernel
PT IIS	PT Inti Indosawit Subur
R&D	Research and Development
RKL	Environmental Management Plan
RPL	Environmental Monitoring Plan
SIA	Social Impact Assessment
SOPs	Standard Operating Procedures
SPSI	Serikat Pekerja Seluruh Indonesia (All-Indonesia Workers Union)

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the Mills and their supply bases of FFB were assessed against the Indonesian Indicators and Guidance (INA NIWG) : 2008 of the International RSPO Principles and Criteria : 2007.

1.2 Certification Scope

The scope of certification includes the production from two (2) palm oil Mills that is sourced from their supply

bases of two (2) company owned oil palm Estates, Smallholders Scheme and Third Party Crop.

1.3 Location and Maps

Ukui Group is located in Pelalawan District, Riau Province, Indonesia (Figure 1). More detailed information on the Estate locations and layouts is shown in Figures 2, 3 and 4. The GPS locations of the Mills are shown in Table 1.

Table 1: GPS Locations of Mills

MILL	LONGITUDE	LATITUDE
Ukui I	102 09' 00" BT	00 23' 00" LS
Ukui II	102 12' 00" BT	00 28' 00" LS

1.4 Description of Supply Base

Oil palm fruit is sourced from two company owned Estates, Smallholders Scheme and Third Party Crop. The Ukui Group 2010 Budgeted FFB production tonnages are listed in Tables 2a and 2b.

Table 2a: Ukui I Mill Supply Base Jan-Dec 2010 (Budgeted)

Source	FFB (t)
Ukui I Supply Base	
Ukui Estate	120,781
Sub-total	120,781
Smallholders:	
KUD Sumber Makmur	37,812
KUD Bina Usaha Baru	14,634
KUD Bakti	10,863
KUD Karya Bersama	21,772
KUD Sawit Subur	23,820
KUD Bina Sejahtera	27,034
KUD Sumber Bahagia	26,819
KUD Bukit Potalo	9,985
KUD Usaha Baru	8,399
Sub-total	181,138
Third Party Crop	
L.P. Jadi Mulya	300
L.P. Usaha Tani	300
L.P. Rezeki Mulya	300
L.P. Bian Eka	300
L.P. Karya Mandiri	200
Usaha Dagang Panal	2,900
Usaha Dagang Langkat Jaya	800
L.P. Tani Bersama (Air Molek)	15,200
KUD Sumber Bahagia	15,700
KUD Air Hitam Jaya	1,000
Sahabat Jaya	1,000
SP 3 BC / SKP I	200
SP 4 / SKP I	1,000
SP 5 / SKP I	800
Sub-total	40,000
TOTAL UKUI I SUPPLY BASE	341,919

Table 2b: Ukui II Mill Supply Base Jan-Dec 2010 (Budgeted)

Source	FFB (t)
Ukui II Supply Base	
Soga Estate	141,298
Sub-total	141,298
Scheme Smallholders/KKPA:	
KUD Tani Subur	19,873
KUD Karya Tani	20,489
KUD Mekar Abadi	15,404
KUD Trani Maju	28,380
KUD Tani Bahagia	36,719
KUD Usaha Tani	39,767
Ukui KKPA	36,916
Sub-total	197,548
Third Party Crop	
Agro Plasma	9,000
Indrawati	17,000
Haluga	25,000
Putra Inhu	9,000
Sub-total	60,000
TOTAL UKUI II SUPPLY BASE	398,846
OVERALL TOTAL UKUI I & UKUI II	740,765

Ukui Smallholder Scheme

The smallholder scheme was developed as a condition of PT IIS project approval. The scheme comprises fifteen cooperatives whose smallholder members number 6,768 and have 13,536 ha planted to oil palm. The smallholders scheme supplies 46.1% of the FFB processed at the two mills.

The smallholder scheme originated from a government transmigration project (PIR-Trans Scheme) that was set up in the late 1980s for growing oil palm. In 1989, PT IIS received government approval for development of the Ukui oil palm project comprising Estate (inti), Smallholder Scheme (plasma) and two mills. The smallholder oil palm was planted at the same time as the Estates. PT IIS employed a Plasma Facilitation Team of extension workers to train the smallholders.

PT IIS has communicated information on RSPO to each of the cooperatives. BSi visited a sample of the cooperatives during the Assessment and checked field conditions at a sample of smallholders. The BSi audit team concluded that at the time of the audit the schemed smallholders did not meet the RSPO Certification requirements.

PT IIS Plasma Facilitation team's role is to support the smallholders and train them in the RSPO requirements. PT IIS has developed an RSPO implementation plan to achieve certification of its schemed smallholders within three years of the initial certification.

The production from the schemed smallholders and Third Party Crop is not included in the Initial Certificate.

1.5 Date of Plantings and Cycle

The PT IIS owned Estates were planted between 1987 and 2003 and the smallholder scheme between 1987 and 1996. The palms are mature and in the first cycle. A replanting programme has been prepared 2012 – 2017. The age profile of the palms is shown in Table 3.

Table 3: Age Profile of Palms

AGE (years)	% of PLANTED AREA SOGA ESTATE	% of PLANTED AREA UKUI ESTATE
21 – 30	14.8	39.3
11 – 20	82.3	53.2
4 – 10	2.9	7.5

1.6 Other Certifications Held

PT IIS has implemented an Environmental Management System and was awarded ISO14001 Certification on 10 June 2008 – Certificate Number GB05/65250 – expiry date 10 June 2011.

1.7 Organisational Information / Contact Person

The company contact details are as follows:

PT Inti Indosawit Subur
 Grand Indonesia – BCA Tower 38th Floor
 Jl M.H. Thamrin No 1
 JAKARTA INDONESIA 10310
 Contact Person: Ms Asrini Subrata
 Phone: +62 2123586611
 Fax: +62 2123586620
 Email: asrini_subrata@asianagri.com

1.8 Time Bound Plan for Other Management Units

PT Inti Indosawit Subur is a member of RSPO and has been involved in the Roundtable process since 2006; RSPO Membership No: 1-0022-06-000-00.

PT IIS owns and operates 19 Mills and 27 Oil Palm Estates, together with 11 Plasma Schemes covering approximately 60,000 ha of smallholders in Sumatra. PT IIS has developed a time-bound plan (Appendix A) for the phased implementation of the RSPO P&C, commencing with Mills and Estates. PT IIS will use the experience gained from achieving certification of the first few Mills and Estates to implement the RSPO P&C in parallel with the remainder of its operations. The BSi assessment team considers the time-bound plan to be reasonable and challenging, given the widespread geographic locations of its properties, the resources required and the large numbers of smallholders involved.

ESTATE MAP, PT. INTI INDOSAWIT SUBUR, UKUI & SOGA ESTATE
UKUI SUBDISTRICT, PELALAWAN & INDRAGIRI HULU DISTRICT, RIAU PROVINCE

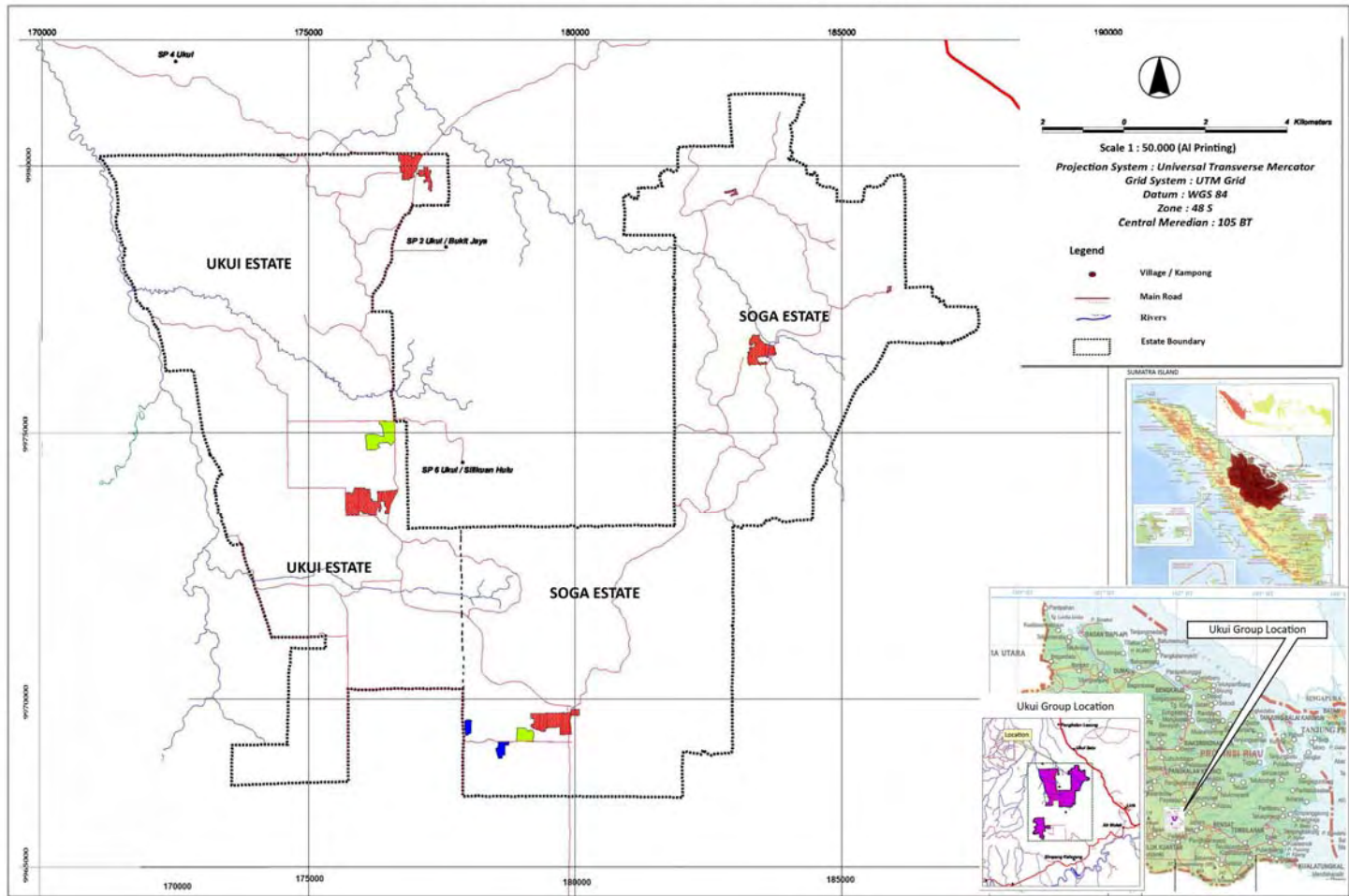


Figure 1: Location Map

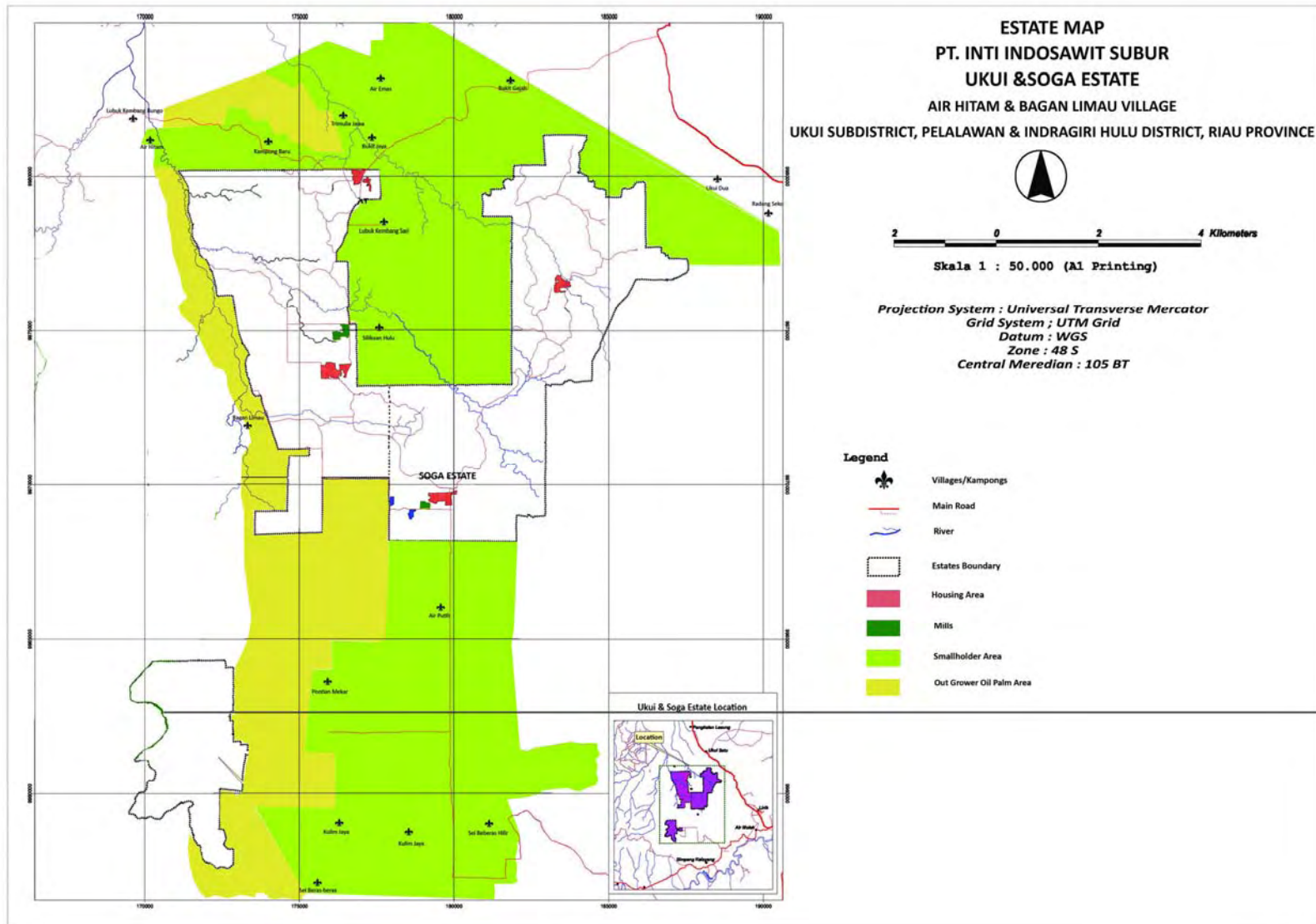


Figure 2: Estates, Mills and Smallholders Locations

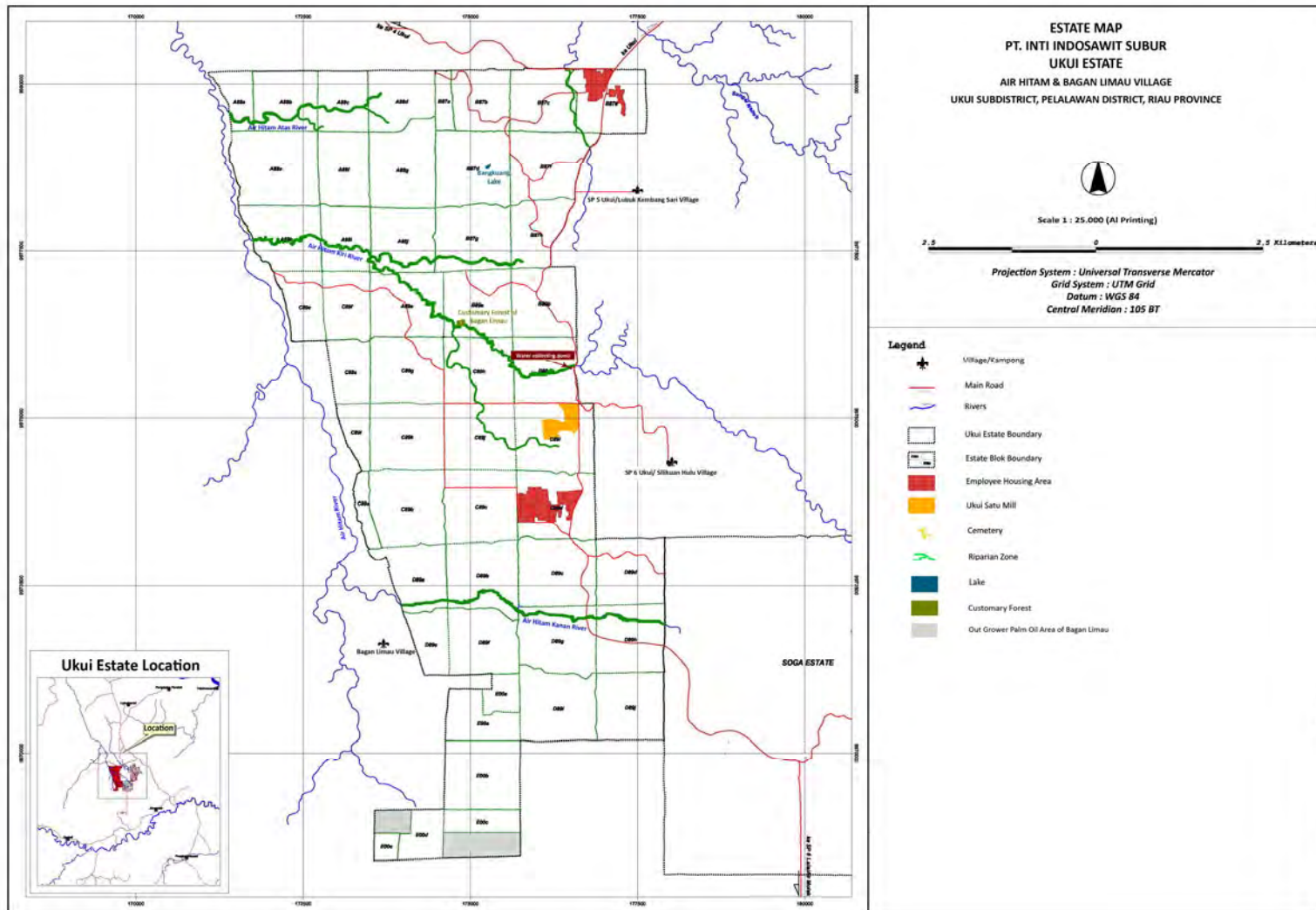


Figure 3: Ukui Estate Layout

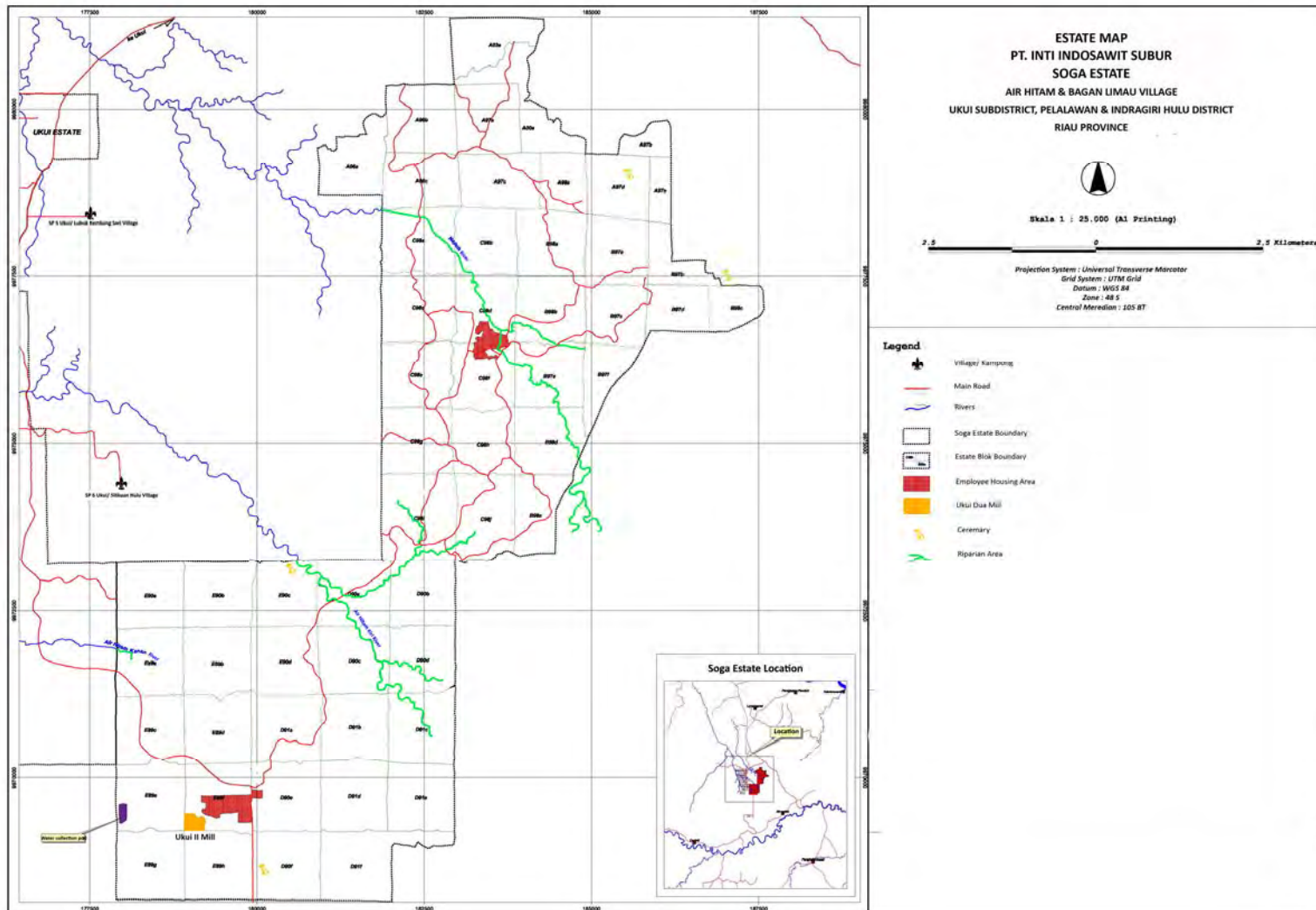


Figure 4: Soga Estate Layout

BSi has carried out pre-audits at four of the PT IIS Mills and supply bases in order to assess the requirements for Partial Certification. The Mills and supply bases assessed were: PT Gunung Melayu; PT Supra Matra Abadi; Ukui I and Ukui II. The sample size of four (4) Mills and supply bases is consistent with the sampling guidance of $0.8\sqrt{n}$, where n is the number of units. The pre-assessment process did not identify:

- (1) any unresolved significant land disputes;
- (2) any replacement of primary forest or loss of HCVs (there has been no new development at any of the properties since November 2005);
- (3) any labour disputes that are not being resolved through an agreed process;
- (4) any evidence of noncompliance with any law at any of the landholdings.

BSi considers the PT IIS Time Bound Plan to conform to the RSPO requirements for partial certification.

1.9 Area of Plantation and Approximate Tonnages Certified

The areas of palms at company owned Estates and smallholders are listed in Tables 4a and 4b. All of the Estate and Smallholder palms are mature.

Table 4a: Estates and Area of Palms

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Ukui	4,271	0
Soga	5,130	0
TOTAL	9,401	0

Table 4b: Smallholder Numbers and Area of Palms

Smallholder	Area (ha)	Member Nos.
Sumber Makmur	1,562	781
Bina Usaha Baru	616	308
Bakti	448	224
Karya Bersama	864	432
Sawit Subur	908	454
Bina Sejahtera	1,236	618
Sumber Bahagia	1,206	603
Bukit Potalo	494	247
Usaha Baru	494	247
Tani Subur	780	390
Karya Tani	734	367
Mekar Abadi	574	287
Trani Maju	962	481
Tani Bahagia	1,366	683
Usaha Tani	1,292	646
Tani Bahagia (KKPA)	1,660	830
TOTAL	15,196	7,598

1.10 Approximate Tonnages Certified

The approximate tonnages certified on the basis of 2010 Budgeted production from PT IIS owned Estates are detailed in Table 5.

NB: The production from Smallholders/KKPA and Third Party Crop is not included in the Initial Certificate.

Table 5: Approximate Tonnages Certified

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Ukui I	28,384	6,281
Ukui II	33,205	7,277
TOTAL	61,589	13,558

1.11 Date Certificate Issued and Scope of Certificate

The scope of the Certificate includes the production from the company owned and managed estates processed at the Ukui I and Ukui II Palm Oil Mills. Certificate details are included as Appendix B. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSi Group Singapore Pte Ltd
 3 Lim Teck Kim Road #10-02
 Singapore Technologies Building
 Singapore 088934
 Product Manager: Mr Soon Leong Chia
 Phone: +65 6270 0777 Ext 115
 Fax: +65 6270 2777
 Email: soonleong.chia@bsigroup.com

BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Group provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur.

2.2 Assessment Methodology, Programme, Site Visits

The assessment was conducted in 2 stages. Stage I Assessment was conducted between 24 and 26 August 2010 against the Indonesian Indicators and Guidance INA NIWG : November 2007. The Stage I audit assessed the company's readiness for Certification. It focussed on review of internal procedures, management systems and field inspections to identify any significant environmental or social issues. A sample of stakeholders was consulted during the Stage I Assessment.

The Stage II Assessment was conducted between 23 and 26 November 2010 against the RSPO Principles & Criteria : November 2007 and Indonesian Indicators and Guidance (INA NIWG) : 2008. The Assessment Programme is included as Appendix C. Stage II assessed in detail the company's conformance with the RSPO P&C. The scope included Mills, Estates, support services, infrastructure and internal and external stakeholder consultation.

The approach was to audit the two Mills together with the two Estates, such that a range of environmental and social factors were covered. These factors included consideration of topography, soils, age of palms, areas with HCVs and proximity to local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information.

The assessment was based on random samples and therefore nonconformities may exist which have not been identified.

Mr Soon Leong Chia, BSi Product Manager RSPO, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirements.

2.3 *Qualifications of the Lead Assessor and Assessment Team*

BSi Group Singapore holds copies of educational qualifications, certificates and audit logs for each of the audit team members. BSi has evaluated the qualifications and experience of each audit team member and has registered the following designations for conducting RSPO Assessments:

Charlie Ross – Lead Assessor

B.App.Sc. M.Sc (Env.Studies)
Lead Auditor EMS RABQSA Cert N^o 14370

Iman Nawireja – Social Assessor

B.Ag.Sc. M.Sc. (Comm)

Robyn Ross – Social Assessor, Women and Families

Dini Harmita – Facilitator, Women and Families

B.Ag.Sc

Charlie Ross is an independent environmental auditor who has extensive fieldwork experience in conducting environmental and social assessments of oil palm projects over the past 18 years in Indonesia, Malaysia, Nigeria, Papua New Guinea and Solomon Islands. He has completed lead auditor training in ISO 9001 Quality Management Systems, lead auditor training in OHSAS 18001 Occupational Health and Safety Assurance Systems, auditor training in Environmental Management, SA8000 Social Accountability and RSPO P&C. He has been involved in the RSPO process since

RT1 and has conducted Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and Papua New Guinea.

Iman Nawireja graduated with a Bachelor of Agricultural Science from the University of Bogor in 1997 and a Masters Degree in Communications from the University of Indonesia in 2002. He is a Lecturer in social statistics at the University of Bogor and has more than 10 years experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 14001 Environmental Management Systems. He has assisted in conducting environmental and social assessments of oil palm projects during the past 7 years. He has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

Robyn Ross has a background in company administration and supporting women with mental health and physical disabilities by assisting them to develop skills for living independently in the community. She has assisted with fieldwork in conducting environmental and social assessments of oil palm projects over the past 7 years in Indonesia and Nigeria. She has completed auditor training in SA8000 Social Accountability. She has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and Papua New Guinea.

Dini Harmita holds a BSc in Agriculture from Bogor Agricultural University and is fluent in English. Ms Harmita assisted Robyn Ross as a facilitator during interview of female staff and workers and families.

2.4 *Stakeholder Consultation and a List of Stakeholders Contacted*

Stakeholder consultation involved internal and external stakeholders. External stakeholders were notified by placing a copy of the Stakeholder Notification letter on the RSPO, PT IIS and BSi websites. Letters were written to individual stakeholders and meetings were arranged to discuss PT IIS environmental and social performance.

During the stakeholder notification period, BSi did not receive any responses in writing from stakeholders in relation to PT IIS. Meetings were held with local stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. Stakeholders included those immediately linked with the operation of the company such as employees, smallholders and contractors, as well as those organisations including NGOs, whose activities cover the same geographical area as the estates. Stakeholder consultation took place in the form of meetings and interviews. The interviewer explained the purpose of the audit at the outset followed by an

evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the Mill and the Estates. Fieldworkers were interviewed informally in small groups in the field as well as at housing with families. In addition, the wives of workers and staff were interviewed at the housing areas in informal group meetings in the late afternoons. Company officials were not present at any of the interviews. A separate visit was made to Bagan Limau Village, Lubuk Kembang Limau Village and Air Hitam Village to meet with the Village Head and residents. A List of Stakeholders contacted is included as Appendix D.

2.5 Date of Next Surveillance Visit

The next surveillance visit is planned before the first anniversary of the RSPO approval of the Initial Certification.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.2, objective evidence was obtained separately for each of the RSPO Indicators for the two Mills and two Estates. The results for each indicator from each of these operational areas were evaluated to provide an assessment of conformance of the Company's operations with each Criterion. A statement is provided for each of the RSPO Indicators to support the finding of the assessment team.

Zero nonconformities were identified during this Initial Certification Assessment. Seven (7) Observations / Opportunities for improvement were identified. Details of the Observations are given in Section 3.2 (Page 20). The Observations will be followed up during the Annual Surveillance Assessment scheduled to be carried out within twelve months of RSPO approval of Initial Certification.

BSi has conducted an assessment of the PT IIS Ukui Group operations comprising 2 Mills, 2 oil palm Estates, support services and infrastructure. BSi concludes that PT IIS operations comply with the requirements of the RSPO Principles & Criteria : November 2007 and Indonesian Indicators and Guidance (INA NIWG) : 2008.

BSi recommends that PT IIS (Ukui Group) be approved as a producer of RSPO Certified Sustainable Palm Oil.

Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.

Ukui has implemented an SOP (No. AA-GL5008.1-RO, 05 December 2009) for responding to Stakeholders' Requests for Information. The procedure requires all information to be handled by the Ukui Public Relations Officer who will distribute the request to the appropriate department for further action. (1.1.1)

The Mills and Estates keep records of each request received, which is registered and stamped. The last request for information came from the Plantation Board of Riau province dated 15 February 2010, reminding the estate to send the production report every half year, and the estate responded with the half-year report on 18 August 2010. (1.1.2)

The company policy is to maintain records for 3 years. (1.1.3)

Criterion 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.

The company policy is to make relevant documents publicly available. Inspection confirmed that all of the documents required by RSPO were available at the Mills and Estates. The HGU number is displayed at the gate of each mill and details are described at Indicator 2.2.1. (1.2.1)

A copy of the AMDAL and the recent RKL-RPL are available at the Mills and Estates (Refer to Indicator 6.5.1 for details). (1.2.2)

The Mills and Estates have available information on Corporate Social Responsibility Programs involving contributions to educational and recreational activities for local schools and for religious ceremonies. (1.2.3)

Ukui has a Health and Safety Plan for the Mills and Estates that consists of the policy, training program, workplace inspections, Safety Committee meetings and reporting to head office on safety performance. (1.2.4)

Ukui has implemented an Environmental Management System that is certified to the ISO 14001 Standard and a continuous improvement plan is an important element of the system. The continuous Improvement Plan includes environmental and social issues. (1.2.5)

The company policy is to retain records for a minimum of 3 years, with some documents, such as those relating to permits and land tenure being held indefinitely. (1.2.6)

Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.

Legal compliance was assessed by examining a sample of records and documents and monitoring results related to environmental, health and safety, machinery and labour laws. At the time of the Initial Certification Assessment Ukui advised that there were no known legal noncompliances. Inspection of records showed there were no breaches of land tenure agreements.

Sucofindo tests Mill boiler and diesel genset emissions and ambient air quality six monthly, with the most recent report 20 May 2010 that confirmed compliance with the emission limits. Sucofindo had carried out testing of emissions at the mills between 15 and 19 November 2010, but the results were not available at the time of the site visit.

Mill effluent is sampled and tested independently each month by the District Government Laboratory. The BOD complied with the limit for land application (5,000 mg/L) throughout the year, except for one incident in May 2010 (7,826 mg L), which was reported to Government in the RKL/RPL Report and explained the corrective action taken and operational adjustments to reduce BOD to within the limit.

Drinking water supplies to housing were tested by Sucofindo Laboratory and all parameters were within the Indonesian water quality standard for domestic supply.

Ukui holds copies of relevant licences for operation of plant and equipment such as the mill boiler and other equipment. The machinery licences were available at the mill office and inspection of a sample of licences confirmed that these were current at the time of the Certification Assessment. A copy of the operators' certificates, such as the fireman, and drivers' licences were kept on personnel files.

Inspection confirmed the housing meets the minimum standard and appeared to be well maintained. Inspection of samples of pay records confirmed that wages were paid in accordance with regulations and relevant award agreements. (2.1.1)

The company Legal Department that is located at Head Office in Medan tracks changes to regulations and disseminates information to the Mills and Estates. For example, on 07 June 2010, the Minister of Labour and Transmigration issued new regulation No. PER.08/MEN/VII/2010 Tahun 2010 on Personal Protection Equipment (PPE). The Head Office Legal Department disseminated the regulation on 22 July 2010 through email to all departments and units. (2.1.2)

Each Mill and Estate holds copies of essential legislation and regulations relating to environment, health and safety, labour and agricultural chemicals. Head Office Legal Department maintains a Register of all legislation and permits which need to be complied with and provides relevant information to the Mills and estates. (2.1.3)

The Chief Clerk at each of the Mills and Estates ensures all permits are current by maintaining a calendar of permit expiry dates. Legal compliance is checked by the Mill Advisor and by the Legal Department. (2.1.4)

Criterion 2.2: The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.

PT IIS holds three HGU. (1) HGU No. 156/HGU/BPN/2004 dated 11 November 2004, totaling an area of 6,727,64 ha, expires on 31 December 2019. PT IIS has an extension of the HGU period until 2079. (2) HGU No. SK HGU 78 – HGU – BPN RI – 2008 dated 19

December 2008 for an area of 2,704.22 ha. (3) HGU No. 115/HGU/BPN RI/2009 dated 08 September 2009 for an area of 299.51 ha. The HGU land belonging to PT IIS was previously an ex-logging concession (Hak Pengusahaan Hutan – HPH) held by PT Dwi Marta, however since the 1960s the land was taken back by the government (Department of Forestry). Ukui has documents that show the process followed to acquire the land through to the issue of HGUs.

A Copy of all HGUs is available on site and the originals are held at Head Office Medan. The terms and conditions for the HGUs are for oil palm estate. The Ukui operations are consistent with the terms and conditions of the HGUs. (2.2.1)

BPN boundary stones were installed in the field and the Estates have maps showing the boundaries. Inspection of a sample of boundary stones in the field confirmed that the boundaries are well demarcated and boundary stones are visibly maintained, for example boundary stone no. 12 at block A88H and boundary stone no. 07 at block B87F close to Lubuk Kembang Sari village. (2.2.2)

Interviews with local community representatives, transmigrants, and a BPN official, confirmed there is no land dispute at either mill or estates. (2.2.3)

Interview to the local communities indicated that when land acquisitions were carried out, and where the land was being used for agriculture, Ukui paid for crops compensation. They also stated that when local people refused to surrender the land, the company left the land undeveloped as in the case of 6 hectares of land at Ukui Estate Block 5 Division 2 that is now planted to rubber, as well as customary land in Ukui Estate block 14/B89a. To date there has been no recorded land dispute between PT IIS and local people, which indicates the process of land acquisition was well executed and allowed local people to make their decision freely as to whether they wanted oil palm development. (2.2.4)

PT IIS has three SOPs issued in December 2009 to deal with complaints. (1) an SOP No AA-HR-308.5-RO on internal stakeholder grievances. (2) SOP No AA-GL-5003 on land conflict resolution and (3) SOP No. AA-GL.5005.1-RO on Environmental Pollution Handling. "The SOP "AA-GL.5005.1-RO" intended for External Stakeholder grievances focuses on environmental issues and could be improved by expanding the scope to cover social issues. – **Observation 01**". Interviews of local village representatives indicated that they had not had to use a formal process to resolve any issue with the company. They indicated there was good communication with the Mills and Estates and that they could readily bring issues to the company for discussion. (2.2.5)

Criterion 2.3: Use of the land for oil palm does not diminish the legal, or customary, rights of other users without their free, prior and informed consent.

The land was initially an ex-logging concession area. Inspection of the Summary of BPN Committee B survey dated 28 January 1988, showed the land was previously a forested area and unoccupied. Interview of local

community representatives indicated during the 1980s the local community practiced slash and burn shifting cultivation. However, opening the land for rice paddy planting was not recognised as land ownership unless a farmer planted perennial crops such as rubber. According to local informants, during estate development, PT IIS worked closely with the local village heads to ensure peoples’ understanding toward estates development. Each of the local households at the time of the oil palm development received a plasma plot for oil palm. (2.3.1)

Ukui recognises customary rights of local people, for example to 4 hectares of land within Ukui Estate (Block 14/B89a) where some ancestral graves are located. The land belongs to Petalangan Muncak Rantau Village that is mostly inhabited by Melayus. The 4 ha have been set aside from oil palm development and the villagers have unrestricted access to the land. Ukui has installed signboards warning of the protected status of the land and prohibiting company workers and staff who do not have customary rights, from entering the land. (2.3.2)

According to local communities, PT IIS paid crops compensation. If people refused to surrender the land, PT IIS enclosed the land as currently exists in Ukui Estate Block 5 Division 2, that is planted to rubber by local people and Ukui Estate Block 14/B89A currently designated for community forest. The fact that there is no land issue indicates acceptance by the local communities of the development process of PT IIS. (2.3.3)

Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.

The company has an Annual Plan with a budget for the current calendar year 2010 and projections forward to 2013. FFB production targets have been set for each Estate as well as targets for efficiency, such as Mill OER. The FFB production (Figure 5) has increased since 2005 to 26.6 t/ha at Soga Estate in 2009, due to improved sanitation, fertiliser inputs and crop recovery.

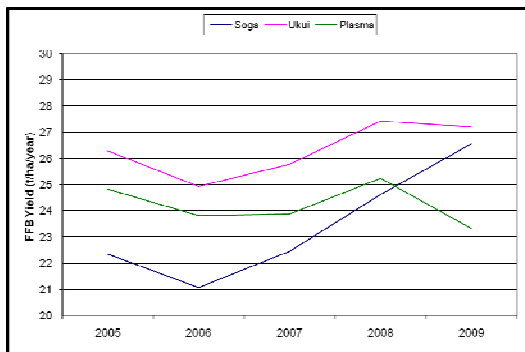


Figure 5: Average Annual FFB Yields of Estates and Plasma

The Mill OER (Figure 6) has declined over the 2005-2009 period to 21.7 % at Ukui Mills due to the increasing age of the palms. The company operates an Oil Palm

Research Station that includes a tissue culture laboratory and plant breeding research programme to improve yields. (3.1.1)

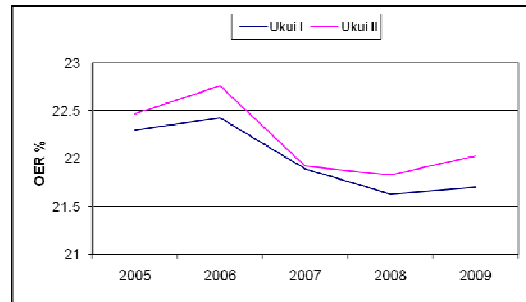


Figure 6: Average Annual Mill Oil Extraction Rate

The company has a replanting programme commencing 2012 through to 2017. The replanting programme shows the schedule of activities such as felling palms, contour preparation and areas to be replanted. For example, Ukui Estate in 2014 will carry out replanting for 641 ha; 2015 (570 ha); 2016 (567 ha) and 2017 (573 ha). (3.1.2)

Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.

The Company has implemented the Asian Agri Agronomy Policy Manual issued 1 February 2009 that covers activities from nursery, land preparation and planting through to upkeep and harvesting. Copies of the manual were available at each of the estate offices. (4.1.1)

SOPs are documented in the Mill Policy Manual – Reference AA-MPN-OP-1400.01-R1 revised 1 February 2009. The SOPs provide detailed descriptions of the operations for each workstation. A copy of the relevant SOP was displayed on a notice board at each workstation, for example, the Kernel Station Work Instruction ref AA_OP_1400.08.03 ISSUED 01 April 2009. (4.1.2)

An Agronomist carries out quarterly inspections and checks for yield, fertiliser application and pest and diseases, with the most recent visit 15-16 October 2010. The Plantation Inspector makes annual visits to check all Estate operations, with the most recent visit 19-24 April 2010. The Estate Managers have prepared an Action Plan in response to the Plantation Inspector’s findings. The Mill operators record hourly monitoring data onto shift log sheets, which are reviewed daily by the Mill Engineer and the Mill Manager. The Mill prepares a daily production report that includes quality control information from the laboratory. The Mill Technical Controller inspects the Mills monthly and the Head of Mills visits and reviews the Mill operations quarterly with the most recent visit to Ukui I Mill on 18 November 2010. The Mill Manager prepares a corrective action plan in response to the Head of Mills visit report findings. (4.1.3)

Production from the operations is compiled daily and reported monthly to Head Office against targets. As outlined in Indicator 3.1.1 above, Ukui Mills and Estates have monitored production and efficiency over the past five years as shown in Figure 5 and 6. (4.1.4)

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

The Company Agronomist carries out annual leaf sampling and twice yearly visual inspection of the palms. For example, leaf sampling was carried out at Soga Estate between 14 January and 6 February 2010. The results have been used for determining the 2011 fertiliser program, which details the quantities to be applied to each 85 ha oil palm block. Soil sampling is carried 5 yearly with the most recent sampling completed between December 2009 and January 2010. (4.2.1)

The company has a programme to apply EFB to specific soils where it will be beneficial and where areas are accessible. EFB is applied at the rate of 50 t per ha per year. Treated effluent from Ukui I Mill is applied to 264 ha of land and from Ukui II Mill to 306 ha. The quantity of effluent applied to the palms is recorded and reported monthly to head office. (4.2.2)

Criterion 4.3: Practices minimise and control erosion and degradation of soils.

Maps are available of the soil types at a 1:25,000 scale. The main soil type is a Typic dystrodept, with texture varying between sandy-clay loam and clay loam. The soils are well drained and the clay content is important for moisture retention on the hill slopes. There are no peat or fragile soils at the Estates. (4.3.1)

The land was initially planted in the late 1980s without terracing and at some locations palm platforms have been formed. Specific practices to manage these areas include maintenance of groundcover vegetation, such as *Nephrolepis spp* ferns, and frond stacking along the contour. Ukui plans to construct terraces on slopes greater than 12 degrees during the future replanting at Ukui and Soga Estates. (4.3.2)

The company owns and operates road maintenance equipment, including a grader and roller. The road maintenance programme includes twice yearly grading and rolling for compaction of the road surface. Repairs are carried out to pot-holes, culverts and bridges as required. Silt pits are maintained manually and improvements are carried out in relation to drainage and resurfacing of road sections with gravel. (4.3.3)

There are no peat soils or “fragile” soils at either Ukui or Soga Estates. (4.3.4, 4.3.5)

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater

Planning has commenced for the reinstatement of riparian buffer zones well before replanting commences.

For example at Bengkarai River in Soga Estate a 25 m buffer zone has been demarcated. The application of chemicals within the buffer zone has ceased and the palms are maintained by manual circle weeding. Although replanting of palms will not be carried out for another 10 years at this location, seedlings of local tree species, such as *Terminalia cattapa* and *Feronema canascens*, have been planted. Bamboo and Vetiver grass have been planted to stabilise the stream banks at road crossings and signboards installed to warn about protecting the area. (4.4.1)

Water management at the Estates has focused on utilising rainfall runoff on the hill slopes and the prevention of soil erosion. For example, Ukui Estate has installed 334 water conservation pits on steep areas to control runoff and trap sediment from harvesting paths. Rainfall runoff from roads is another important water source and Ukui Estate has installed 559 roadside conservation pits for trapping sediment and supplying water to the adjacent palms. “Immediately following road grading, manual maintenance is required to keep the “turn-out drains” leading into the silt traps “open”– **Observation 02.**” The Mills also are implementing water conservation measures to reduce water consumption. Inspection of the Mills confirmed that wastewaters were well managed, with good separation of high BOD effluent from clean rainfall runoff and drainage. Sediment and oil traps have been installed on mill stormwater drains and these were well maintained. (4.4.2)

The results of BOD sampling of treated mill effluent carried out monthly by the District Government Laboratory “Dinas Pekerjaan Umum”, are shown on Figure 7. Treated effluent from Ukui I Mill complied with the limit of 5000 mg/L for land application, except during May when a value of 7,825 mg/L was reported. Ukui I Mill explained that this occurred due to lowering the depth of the offtake pipe in order to increase the nutrient content of effluent applied to the palms. Corrective action was taken immediately the result was known, by raising the depth of the off-take pipe. The BOD of treated effluent from Ukui II Mill was well within the licence limit and had a maximum of 4,126 mg/L. (4.4.3)

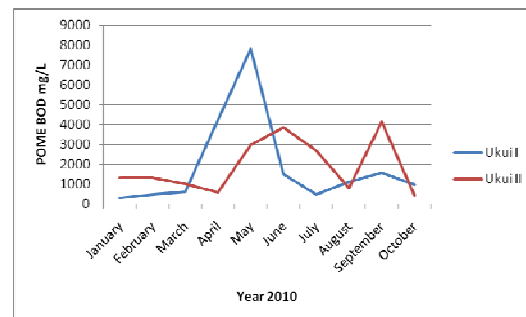


Figure 7: Monthly BOD of Treated Effluent at Ukui Mills

Mill water usage has been measured since 2007 and information from both mills is presented in Figure 8. The water usage has increased since 2008 at Ukui because greater use was made of the steam turbine to generate

electricity in preference to using the diesel genset. Ukui I Mill operates sludge centrifuges that use slightly less water than the decanters that are installed at Ukui II Mill. (4.4.4)

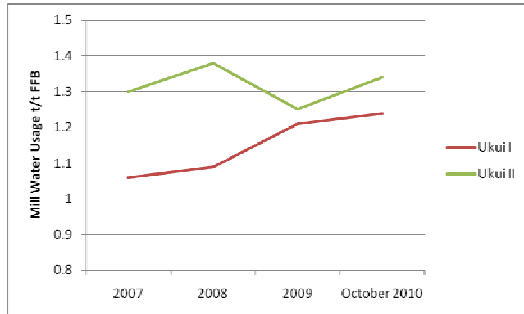


Figure 8: Average Annual Water Usage at Ukui Mills

Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate integrated Pest Management (IPM) techniques.

IPM is documented in SOP AA-APM-OP-1100.10-R1 Issued 01 February 2009 of the Agricultural Manual and describes monitoring of palms for pests and diseases. A full-time census team monitors palms for pests and diseases and results are summarised monthly and forwarded to R&D Department for review. Threshold levels have been set as triggers for early warning of outbreak of the main pests - leaf eating pests and rats. Beneficial plants – *Turnera subulata* and *Cassia cobanensis* have been established along roadsides, and the areas planted now total 9.6 km for *Cassia* and 14.6 km for *Turnera*. (4.5.1)

Barn owl boxes have been installed, totaling 190 at Ukui Estate with 76% occupancy. Soga has installed 205 barn owl boxes and occupancy was 56% when a census was carried out in September 2010. Training in IPM was carried out for 24 persons of the Pests and Diseases Census Team on 20 August 2010. (4.5.2)

Monitoring data are available since 2008 and are reported monthly for each pesticide. The data show that the total toxicity units applied per hectare per year increased from 314.8 in 2008 to 385 in 2009. This increase in the toxicity units is due to the phasing out of Paraquat, which is a very effective chemical for weed control. The phasing out of Paraquat has necessitated the greater usage of less-effective herbicides mixed with Glyphosate, resulting in higher toxicity units applied per hectare and per unit of palm product. (4.5.3)

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam

Conventions, growers are actively seeking to identify alternatives and this is documented.

PT IIS Head Office controls the purchase of chemicals based on R&D Department recommendation, which in turn selects only agricultural chemicals registered with the Pesticides Board (2008). The R&D Department carries out efficacy trials and uses the results to make recommendations to PT IIS Purchasing Department who then arrange tenders for supply of chemicals. Inspection of the pesticides stores and stock records confirmed only Pesticides Board registered chemicals were used. (4.6.1)

The use of pesticides is highly regulated by the company and involves preparation of a daily Work Program by the Assistant Manager and approval by the Estate Manager of the daily requirement. The quantities required are recorded on the Daily Work Program sheet, as well as in the daily usage book and includes information on the oil palm block location and hectareage where applied. (4.6.2)

Ukui has implemented a system for selection of herbicide that is based on inspection of field conditions to identify the type of chemical required and the spray technique, which are then recorded on the Daily Work Program. Records of the Daily Work program are available at the Pesticides Store. Inspection of spraying confirmed handling and use of chemicals is consistent with product label instructions. Ukui has implemented a system of transporting pre-mixed chemicals to the field in a portable tank, which provides very good control of the chemical measurement and mixing processes. Inspection confirmed all chemicals are stored in a purpose-built pesticide store that is secure, well ventilated and has spill containment. Chemicals were stored separately, clearly labeled and an MSDS in Bahasa Indonesia available for each chemical. (4.6.3)

Ukui has constructed a centralised hazardous waste store at Ukui Estate, that has been inspected (03 September 2010) and approved by the Pelalawan District Environment Department, and the permit is current to September 2013. The company has engaged PT Elmusonsetindo Nusaindah (Environment Department Registration Number B-5277/MENLH/6/2003) for collection and disposal of used pesticide containers. Monthly stocktakes are carried out of the quantity of materials stored. Inspection confirmed copies are retained of manifests, for example, No 0007505, 06 April 2010. (4.6.4)

The only World Health Organisation (WHO) Type 1 chemical used by Ukui is paraquat. On 01 September 2009, the company made a commitment to reduce and phase out the use of paraquat. Records show reduction in usage at Ukui Estate from 4,438 L in 2008, 2,966 L in 2009 and 181 L in 2010; Soga Estate 5,236 L in 2008, 3,615 L in 2009 and 413 L in 2010. (4.6.5)

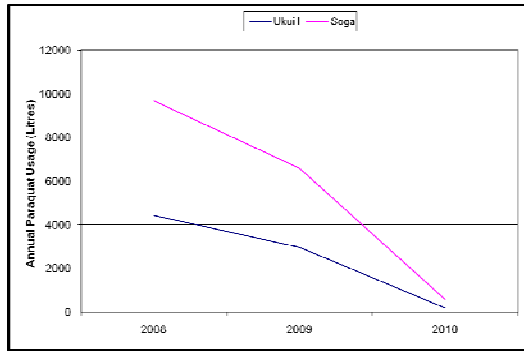


Figure 9: Annual Paraquat Usage

All pesticide workers and fertiliser applicators are required to undergo a six-monthly comprehensive medical check that includes liver function and blood testing. The most recent medical check was carried out by the medical service provider, PT Margie Andalan, on 9 August 2010 for 122 Ukui Estate operators and 92 Soga Estate operators. The medical report confirmed that all operators were fit for duties. (4.6.6)

It is company policy that pregnant or breast-feeding mothers are not permitted to work with pesticides and to transfer any female confirmed pregnant, and who wishes to continue working, to other duties. Female workers are not permitted to return to work with pesticides until they have finished breastfeeding. Interview of Ukui and Soga Estate pesticide operators confirmed they are aware of this company policy and that it is implemented. (4.6.7)

Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.

PT IIS senior management approved a health and safety policy in September 2008 with a commitment to an integrated management system for environment and health and safety. PT IIS has integrated health and safety with the ISO14001 EMS by consideration of health and safety risks and preventive measures associated with each work activity. Each SOP at the Mill and Estates contains information on both environmental and health and safety risks associated with the specific work activity. Implementation includes a safety training program and briefings at morning muster. *“Implementation of the OSH Policy could be improved by carrying out more structured workplace inspections using a check list to aid hazard identification and training – Observation 03.”* Inspection of Mill and Estate workplaces found safety signage was prominently displayed and that workers were wearing appropriate and correct PPE for the tasks being carried out and appeared to be working safely. (4.7.1)

PT IIS has appointed a full-time Head Environment, Safety & Health and RSPO who is responsible for coordination and implementation of programs. At local level a staff member representing each mill and estate unit has been trained in the National Safety Certificate

(AK3 Umum), and has been appointed as the Secretary of the Unit Safety Committee. The Local Safety & Health Committees have been established for each Unit and meetings are held monthly with Minutes recorded and forwarded to the District Government Labour and Transmigration Department. For example, a meeting on 27 October 2010 was attended by 9 representatives who discussed a number of near miss accident occurrences. (4.7.2)

Inspection of records confirmed that the company maintains current accident insurance policies for its workers as follows: JAMSOSTEK Ukui I Mill Policy 03GD4004 – 132 workers paid July 2010; Ukui II Mill 03GD4003; Ukui Estate Policy 03AD4004 and Soga Estate Policy 03GD4001 paid 22 July 2010. (4.7.3)

All Mill staff and workers undergo medical checks twice yearly that include a hearing test and an Electrocardiogram (ECG). The medical checks for the first half of the year were carried out on 5 April 2010 and the second check-ups are scheduled for December 2010 by the Medical Service Provider, PT Margie Andalan. (4.7.4)

A HIRAC was carried out April 2010 for all tasks. Issues raised by the Safety Committee are risk assessed and the Register updated. Information on the health and safety risks associated with each work activity is documented in the SOPs that are ISO 14001 controlled documents. The last update was on 15/11/2010 for the activity spraying. (4.7.5)

Safety briefings are given informally at each morning muster at the Estates and at each weekly Mill shift briefing. In addition, specific safety training is carried out for tasks. For example, Safe Use of Pesticides was conducted by Syngenta in conjunction with the Provincial Commission of Fertiliser and Pesticides on 18-19 February 2010 for 206 attendees. Records of training are maintained as part of the EMS. (4.7.6)

Ukui has developed an Emergency Response Plan that describes the actions to be taken in an emergency and has a list of emergency contacts, that was updated 12 July 2010. A pictorial schematic of the steps to be taken in an emergency is posted on noticeboards at workstations throughout the mills and at the estate offices and housing areas. An emergency shut-down procedure is posted at the boiler station at both mills. (4.7.7)

Inspection confirmed First Aid equipment is available at workstations throughout the Mills and at areas of risk in the Estates. For example, the Pesticide Mandor carries a First Aid kit into the field. First Aid kits are checked monthly and replenished with materials as required. (4.7.8)

Training in basic first aid was carried out by PT Margie Andalan, the company Medical Service Provider, for 245 persons progressively between January and 16 June 2010. Interviews of Mandors at the Estates confirmed they had received First Aid training and were aware of the action to be taken in the event of an accident. (4.7.9)

Records are held of each accident and include details of the investigation of the cause and recommended corrective and preventative actions. *“Additional training is required to provide more consistent classification and reporting of accidents to distinguish between “first aid”, “medical aid” and “lost time” – Observation 04.”* Records are available since January 2010 of the safety performance in terms of the number of accidents involving medical aid and lost time. (4.7.10)

Criterion 4.8: All staff, workers, smallholders and contractors are appropriately trained.

The company has prepared an Annual Training Plan that consists of a matrix of the training topics for skills, EMS, OSH and RSPO for each of the main activities at the Mills and Estates, and where appropriate, Smallholders. The Plan also includes the schedule for when the training will be carried out during 2010. The majority of the training is informal on the job instruction in the field to correct the techniques and improve the skills of workers. (4.8.1)

The Mills and Estates maintain records for each type of formal training that is carried out, and include details of the topic, the trainer and list of attendees together with their signatures. For example, First Aider training carried out on 22 January 2010 included representatives from each smallholder KUD. Records are not kept of the informal on the job training. (4.8.2)

Each contractor worker must complete induction training prior to employment. An OHS briefing also is given during morning muster. Ukui also provides regular training for contractor workers, for example on 26 October 2010 training was given to the backhoe loader on road maintenance, silt traps, and bridge maintenance. Training records are held on file. (4.8.3)

Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

PT IIS prepared an AMDAL in 1994, that received approval No 013/ANDAL/BA/V/95, on May 3, 1995 from the Ministry of Agriculture, BADAN AGRIBISNIS. The AMDAL covers a total area of 37,029 ha for the Buatan (5,781 ha + plasma 12,000ha) and Ukui (6,727 ha + plasma 12,520 ha) projects and construction of two palm oil mills of capacity 65 ton/hour and 60 ton/hour. In addition, Ukui Group has implemented an ISO 14001 EMS that involved the identification and assessment of environmental impacts, which are recorded in a Register that was updated in April 2010. (5.1.1)

The Ukui Group prepares an RKL & RPL Report that is submitted 6-monthly to the Pelalawan District Environment Department. The most recent RKL/RPL Report covers the period January-June 2010 and was submitted to the Pelalawan District Environment Department on August 18 2010. (5.1.2)

The 1995 AMDAL was revised in 2009 due to up-grade of the capacity of Ukui I Mill from 65 ton/hour to 90

ton/hour and Ukui II Mill from 60 ton/hour to 75 ton/hour and changes of the district boundaries. Ukui prepared a DPPL (Dokumen Pengelolaan dan Pemanataan Lingkungan Hidup or Document of Environment Management and Monitoring), which was approved October, 28, 2009 by the Riau Governor Reference Number:Kpts/976/X/2009, Covering areas of Inti 9,860 ha and Plasma 12,520 ha. (5.1.3)

Criterion 5.2: The status of rare, threatened or endangered species and 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 their conservation taken into account in management plans and operations.

The University of Bogor IPB carried out an HCV assessment for Ukui and Soga Estates, with the report completed May 2010. The assessment identified HCV 1.1 and 4.1 at riparian areas on 138.34 ha at Ukui Estate and 90.09 ha at Soga Estate. These riparian areas were cleared during the original land development to oil palm and are planned to be reinstated during future replanting. The assessment also identified the presence HCVs 1.2, 2.3 and 6 at the 3.97 ha block of protected land at Ukui Estate where ancestral graves of the Kg Bagan Limau people are located. Ukui also engaged WWF Indonesia to carry out a peer review of the HCV assessment. World Wildlife Fund (WWF) confirmed the HCVs assigned to Ukui and Soga Estates. (5.2.1)

The HCV assessment identified the presence of several dipterocarp tree species at the 3.9 ha block of land at Ukui Estate. The dipterocarps are classified by the IUCN as endangered species in Sumatra and those identified included *Shorea leprosula*, *Shorea teysmanniana* and *Shorea bracteolate*. Inspection showed that Ukui has installed signboards at prominent locations warning of the protected status of the land. In addition, Ukui has conducted awareness training for staff and workers on the protection of the land and prohibition of entering or disturbing the forest. Interviews of workers confirmed they were aware of the company rules to protect the conservation area. (5.2.2)

Review of the Ukui Group HCV Management Plan confirmed the protection measures are consistent with relevant Indonesian Regulations. (5.2.3)

Ukui has installed signs at prominent locations such as the entrance to the Estates and adjacent to the protected areas, including the road bridges and culvert crossings of streams. In February and March 2010 information on the HCV areas was socialised to the staff and workers of Ukui Group. This was followed in June by a meeting with the Plasma village heads to make them aware of the company's program to reinstate the riparian buffer zones and protection of HCV areas. (5.2.4)

Ukui has appointed an appropriately qualified and experienced full-time staff for management of HCVs and conservation at the company properties. His role is to initiate and guide the development of conservation areas, such as reinstatement of riparian buffer zones and to train local staff at the Estates to take on responsibility

for maintenance and monitoring of the work programs. (5.2.5)

Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.

Wastes and sources of pollution are identified in the EMS Aspects and Impacts Register prepared 01 February 2007 RefAA-431-001-LT Revision 01 April 2010. The EMS lists the types of wastes generated, their potential impacts and methods of management. (5.3.1)

Ukui Group has implemented the waste management hierarchy of Reduce, Re-use, Recycle or Disposal of wastes. Palm by products of nut-shell and fibre are used as fuel in the mill boiler. Fibre and nut-shell that are excess to requirements are sold as biofuel. Empty fruit bunches are recycled to the palms as mulch and treated mill effluent is applied to the palms in order to utilise nutrients. "At Ukui II Mill, the use of nets to cover trucks transporting EFB needs to be improved to prevent loss of material during transport – **Observation 05.**" Hazardous wastes are separated at source and collected by a government registered recycler. Wastes that cannot be recycled or re-used are disposed in a small purpose-built landfill at each Estate. Inspection of the landfills confirmed that the operation was consistent with municipal guidelines for sanitary landfill operation. (5.3.2)

Ukui has implemented an EMS Procedure AA-KL-06-EFP, issued 01 February 2008, that describes management of hazardous wastes. As described in Indicator 4.6.4 above, Ukui has developed a centralised hazardous waste store at Ukui Estate, that has been inspected (03 September 2010) and approved by the Pelalawan District Environment Department current to September 2013. (5.3.3)

The company has engaged PT Elmusonsetindo Nusaindah (Bapedal Registration Number B-5277/MENLH/6/2003) for collection and disposal of used pesticide containers. Monthly stocktakes are carried out of the quantity of materials stored. Inspection confirmed copies are retained of manifests, for example, No 0007505, 06 April 2010. The Mills and Estates maintain records of the quantities of wastes such as palm by-products that are recycled to the palms. For example EFB and decanter sludge are weighed at the mill weighbridge and the Estates keep records of the locations where the materials are applied. (5.3.4)

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.

The Mills have maintained records of annual renewable energy usage (Figure 10), which shows increasing usage due to greater use of the mill boiler to generate electricity for housing. (5.4.1)

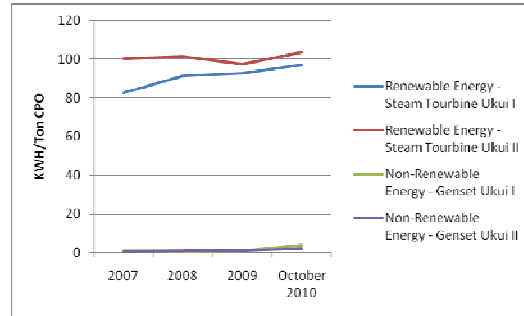


Figure 10: Average Annual Energy Usage at Ukui Mills

The Mill usage of fossil fuel has remained steady since 2007 by using the mill boiler to generate electricity. Fossil fuel is used for transporting FFB to the mills. The Estates have optimised the harvesting programme in order provide efficient collection and transport of fruit to the Mills and to minimise the use of diesel fuel. (5.4.2)

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, as identified in the ASEAN guidelines or other regional best practice.

PT IIS implemented a Zero Burning Policy within the company in 1994. The Policy makes a commitment that at replanting, fire will not be used. The palms will be felled and all locations where there is no *Oryctes* or *Ganoderma* problems, palm trunks will be windrowed. At problematic areas (*Oryctes*/*Ganoderma*) palm trunks will be chipped and windrowed. (5.5.1)

Interviews of staff and workers confirmed they were aware of the company's zero burning policy. Inspections of work areas at the Mills and Estates and at housing areas did not find any location where fire had been used for waste disposal. (5.5.2)

Ukui Estates have implemented the procedure for Emergency Response to Land Burning that lists the persons responsible, the action to be taken to control a fire outbreak and contact phone numbers. The Procedure has been integrated with the ISO 14001 EMS (Document number AA-EMS-447-PR). (5.5.3)

Inspections of the Mills and Estates confirmed the company has fire-fighting equipment that is maintained in readiness, in case an emergency should occur. For example, carbon dioxide and dry powder fire extinguishers, water hydrants and hose reels are located throughout the mills. The Estates have a water tanker, robin water pump and hose reels for fighting fire. (5.5.4)

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

Sources of pollution and emissions are identified in the ISO 14001 Environmental Aspects and Impacts Register that was updated 01 April 2010. (5.6.1)

The Mills have implemented monitoring of gaseous emission and noise emission sources by the independent laboratory Sucofindo on a six-monthly basis. The

monitoring program includes sampling and testing the gaseous emissions from stationary sources (boilers and diesel gensets) and noise levels within the mill, such as the engine room and the kernel station. The most recent sampling was carried out at Ukui II Mill on 12 November 2010. (5.6.2)

The Ukui Group ceased the use of incinerators for the disposal of EFB on the 01 December 2009 and since that date the EFB is recycled to the field as mulch. This has reduced substantially the emission of smoke and particulates to the air. The Mills have reduced the ratio of nut-shell to fibre used as fuel in the boilers from approximately 50:50 to 25:75 which has reduced the incidence of black smoke emission. In 2009, Ukui installed automation of the fuel feed to the mill boilers which also reduced the black smoke emissions previously caused by manual over-feeding. In April 2010, Ukui Group replaced the refrigerant in 10 air-conditioning units with non-chlorofluorocarbon refrigerants. (5.6.3)

Ukui Mills have implemented a Work Instruction Reference: AA-OP-14000.13.001 Issued 01 April 2009 for management and monitoring of POME treatment. Each Mill has assigned a full-time operator for maintenance of the effluent treatment system. The operators keep daily records of the transfers made from the ponds to the land application system. Inspection of the effluent ponds confirmed that the ponds were well maintained and that the operators had a good understanding of the pond system operation. (5.6.4)

Criterion 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 continuous improvement.

As outlined at Indicator 5.1.1 The AMDAL was prepared in 1994, and covered both the positive and negative social impacts. At the time of preparation of the AMDAL, socialisation of the project impacts to the local community was not required.

To supplement the AMDAL and a DPPL referred to below at Indicator 6.1.3, Ukui commissioned an independent SIA that was carried out in May 2010, by Bogor Agriculture University. The SIA reported that meetings were conducted in 19 villages close to the estates. (6.1.1)

Interviews with local community representatives during the site visit confirmed that the SIA preparation involved their participation. Following the completion of the initial SIA, Ukui plans to carry out follow-up surveys involving the local communities and reporting of the results to Government. *“Ukui Group is improving the RKL/RPL Report to Government by including the participation of communities in the consultation process, which is planned for reporting January 2011 – Observation 06.”* (6.1.2)

In 2007 PT IIS decided to increase the mill capacity from 65 to 90 ton/hour (Ukui I Mill) and 60 to 75 tons/hour

(Ukui II Mill). The Ministry of Environment reviewed the situation and required Ukui to prepare an Environmental Management & Monitoring Plan (DPPL) to assess the mill expansion. Ukui prepared a DPPL which was approved on 28 October 2009 (No. Kpts 976/x/2009). (6.1.3)

PT IIS has submitted reports of RKL & RPL every 6 months to the District Government. The Report of RPL and RKL for the period January-June 2010 was distributed to Pelalawan District Environment Department on August, 18, 2010 and acknowledged on August, 23, 2010. (6.1.4)

The January-June 2010 RKL and RPL report did not make reference to local communities (refer 6.1.2) or the plasma scheme. *“Ukui Group is improving the RKL/RPL Report to Government by including the impacts of the Plasma Scheme, which is planned for reporting in January 2011 – Observation 07.”* (6.1.5)

Criterion 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.

Ukui has an SOP available (No. SOP AA-GL-008.1-RO dated 05 December 2009) for communications. Ukui coordinates the management of 13,536 ha of plasma estate in 15 villages. PT IIS has assigned 6 officers (Plasma Facilitation Team) to assist implementation of best agriculture practice. The Facilitation Team coordinates meetings between PT IIS and village head, KUD representative and forum in every village. For example, on 02 June 2010 PT IIS carried out public consultation with the local community in Lubuk Kembang Sari village attended by 24 people. Main issues discussed were dust from Ukui Mill 1 access road and protection of riparian buffer zone. Records of meetings are held on file. (6.2.1)

The Mills and Estates have prepared a list of stakeholders, including government officials, local community representatives, SPSI, NGO, supplier, and contractors, which was updated in August 2010. (6.2.2)

The company keeps records of local communities' aspiration, for example on 02 June 2010 at a meeting with the local community in Lubuk Kembang, a request was made to reduce dust on the Ukui I Mill access road. The company responded on 7 June 2010 and records are held on file. (6.2.3)

The Mill and Estate Managers have responsibility for consulting with local communities, which is coordinated through the Ukui Group Plasma Facilitation Team who liaise with local communities in relation to smallholder oil palm. Consultation takes place in the form of site visits to local community and transmigration settlements. (6.2.4)

Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Ukui has an informal system of receiving complaints from external stakeholders, who are able to approach any of the Managers of the Estates or Mills and raise any issue directly with them. Ukui also has a formal system that involves filling out a “Complaint Request Form”. For example, internal requests for repairs to housing are made by residents to the Assistant Manager then a “Complaint Request Form” is completed. Interview of residents indicated awareness of the system and that repairs were carried out in a timely manner. (6.3.1)

The Mills and Estates have kept records of complaints in a “Complaints Register” that includes details of the complaint and the action taken. A specific example was a complaint raised on 12/08/2010, where workers requested for issue of better quality gloves. The company responded by reviewing the issues and changing the brand of gloves to better quality for issue to workers where required. (6.3.2)

Ukui has an SOP (No AA-GL-5003 dated 05 December 2009) on land conflict resolution that provides a mechanism for identification and calculation of fair compensation for the legal and customary right of the land. The identification and calculation will include local community representative, government representatives, and the company and is publicly available. The last crops compensation was made at over ten years ago (01 February 1997), where company paid crops compensation for the two “land owners” witnessed by local community representatives. A copy was available on site at Ukui Estate. (6.3.3)

Criterion 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.

See above 6.3.3. (6.4.1)

The Estate development for inti and plasma was carried out around 20 years ago under PIR Trans program, where the company developed the land for oil palm for plasma while the government provide housing and support for the smallholder families for the first three months after moving into their new homes. At that time of development, the local community was concentrated mainly in Air Hitam village. According to local village representatives, all of the married villagers were eligible for receiving plasma and a house in the Transmigration Settlement. A total of 1,354 local families took part in the plasma programme. (6.4.2)

Ukui Estate has limited records of the PIR-TRANS programme negotiations that involved Government the company and local people. Interviews of local community representatives found that there is no outstanding land dispute and indicated there were no land disputes in the last 20 years, which indicated that local community accepted the process of negotiation and compensation. (6.4.3)

Allocation of plasma provided the record of compensation, where the loss of access to land was compensated with an oil palm block and a house. (6.4.4)

Criterion 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.

Workers are advised verbally of the daily at time of hiring, and this was confirmed by interviews of a sample of workers. When a daily rated person moves to permanent employment, pay rates and terms and conditions are advised in a letter of appointment. Payment and conditions include - working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, dismissal reasons, and period of notice. (6.5.1)

Working conditions are documented in the Collective Labour Agreement (CLA), which is the formal agreement between workers represented by the Labour Union, the company union and the Government. The CLA is produced is a form of booklet which is provided to employees’ representatives and cops are made available on notice boards at the Mills and Estates. The CLA 2010/2012 was signed by the Director General of Industrial Relations, Department of Manpower in 04 August 2010 and is valid through to 03 August 2012. The CLA is in line with regulatory requirements approved by the Manpower District Agency. Inspection of pay records and a sample of pay slips confirmed pay and conditions are in accordance to for example Minister of Manpower Decree No Kep-102/MEN/Year 2004 and the CLA with the Labour Union. (6.5.2)

Housing is provided for all staff and workers and is in good condition. Electricity and water is supplied to all houses at no cost to residents. The company issues a monthly rice subsidy to all workers at no cost. A Government Kindergarten, Elementary and Secondary Schools are located at “Plasma SP5 and SP6”, 1.5k and 2.5k distance from Ukui Estate, with the company providing transport for children at no cost. As a result of issues raised during the Stage I Assessment, the company has converted a vacant house at Ukui Estate for use as a Kindergarten, which will commence operation in January 2011. Playground equipment has also been installed at the housing area. Free medical treatment is provided to all staff and workers and their dependents at the company clinics. Places of worship (mosque, church), sporting and recreation facilities and community hall are provided by the company. A Crèche is available to all families, free of charge, at each housing area with the company supplying milk, biscuits and porridge. (6.5.3)

PT IIS implemented a new template for contractor agreements, commencing 01 September 2010, which includes detailed terms and conditions of contractor, for example, that the contractor must comply with minimum wage, PPE usage, not use child labour, and no pregnant female should be involved in handling/use of pesticides. The Contracts include a requirement to abide by labour laws (Government Regulation No 13 2003) and

include a clause that PT IIS has a right to check contract compliance and to terminate the contract for failure to comply with labour laws. (6.5.4)

Criterion 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.

Freedom of association is included in the “Policy on Environment, Social, Health, and Safety” approved by top management September 2008. Copies of the policy are displayed on notice boards at the Mills and Estates. (6.6.1)

The Mills and Estates meet with union representatives approximately monthly and minutes are recorded. For example the last meeting was held at Ukui I Mill on 12 November 2010, attended by 12 workers representatives, and for the Estate on 14 October 2010 attended by 22 workers representatives discussing implementation of new policy on employment. (6.6.2)

Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

The minimum age requirement is included in PT IIS “Policy on Environment, Social, Health, and Safety” dated September 2008 as well as in the Recruitment SOP (No.SOP AA-HR-305.2-RO dated 01 February 2009) and is consistent with the National Labour Law. (6.7.1)

Inspection of Mill and Estate records confirmed that checks of ID are carried out prior to hire. Field inspections found no instances of underage workers at the mills and estates workplaces. (6.7.2)

Criterion 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 equal opportunities policy is documented in the company’s Environment, Social, Health and Safety Policy, September 2008. (6.8.1)

Inspection of pay records confirmed equal pay for equal jobs. Interviews of staff and workers confirmed they are treated equally in relation to pay, gender, religion and ethnicity. (6.8.2)

Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

A policy on the prevention of sexual harassment and violence is documented in the company’s Environment, Social, Health and Safety Policy, September 2008. A Gender Committee has been formed with a

representative elected from each area of the company operations. The most recent meeting was held 18 October 2010. Topics of discussion included – the lack of a water dispenser at the crèche, which has been resolved after it was brought to Management’s attention. (6.9.1)

A policy on the protection of reproductive rights is documented in the company’s Environment, Social, Health and Safety Policy, September 2008. Interviews of female staff and workers confirmed they were aware of the policy, which is displayed on notice boards. (6.9.2)

Interview of female office staff, office workers and field workers confirmed their knowledge of the Gender Committee and the name of the representative with whom they could raise any issues of concern. Regular meetings are held, for example, Ukui I Mill most recent meeting was held October 18 with 21 attendees. (6.9.3)

Interview of the Doctor during visits to each clinic, and female staff and workers confirmed that women may continue working when pregnant. Pesticide sprayers are transferred to other duties and are not permitted to return to work with pesticides until they are no longer breastfeeding. The company allows nursing mothers to take breaks to feed their babies. Interview of female fieldworkers indicated they were aware of the Policy. (6.9.4)

The company has established a “Gender Committee” that is charged with raising the awareness of women’s concerns and responding to the needs of women. Interview of female staff and workers confirmed their awareness of the grievance procedure and advised that any issues raised were addressed in an appropriate and timely manner. (6.9.5)

Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.

The current FFB price is displayed on a notice-board at the Mill weighbridge and at the Plasma Office and is updated weekly. (6.10.1)

KUD representatives, the company, and government hold weekly meetings to decide the FFB price. The KUD representatives were aware of the pricing mechanism and the current FFB price. (6.10.2)

Interviews of contractors confirmed that they understand contractual agreement, and that they understood the requirements relating to labour laws. Interviews of Contractors at Estates and Mills and plasma KUD suppliers of FFB confirmed fairness of dealings with the company. (6.10.3)

Interviews of contractors and suppliers confirmed that payments are made in a timely manner and that they had no outstanding complaints or grievances. (6.10.4)

Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.

PT IIS makes contributions to local development, and review of the records found that the consultative arrangements are clear and open. There are several routine activities, such as donations during Ramadan, payment to elementary school teachers, support for educational facilities, and the public health service. (6.11.1)

Principle 7: Responsible Development of New Plantings

PT IIS has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.

Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The company is implementing a programme to reduce and phase out the use of Paraquat. As outlined above for Indicator 4.6.5, the quantity of paraquat used was halved between 2008 and 2009 and in 2010 has reduced to approximately 10% of the previous usage.

The Estate has documented an Environmental Improvement Programme that is a key element of the ISO 14001 EMS and extends through to 2014. Examples of improvements are: concreting of drains at housing, installation of culverts to reduce soil erosion from roads, installation of water conservation pits and silt pits along roadsides and expansion of IPM, such as installation of additional barn owl boxes and expanding the areas of beneficial plants along the roadsides.

Waste reduction examples include reduction of oil losses in the Mill, reduction of water consumption in the Mill and reduce water loss by recycling steriliser condensate. The Estate recycles plastics from domestic waste, empty fertiliser bags are washed and reused for loose fruit collection.

The Mill is installing a multi-cyclone dust collector for boiler number 1 to reduce particulate emissions. Reduction of noise emissions from the kernel station by installation of ducting for nut transport. Mill wastewaters surface runoff are transferred to the effluent ponds for treatment and utilised by land application.

An important component of the Social Improvement Plan is related to land tenure for Plasma and KKPA. For example, PT IIS is facilitating the process to obtain Land Certificate for Smallholders at Kelompok 29A Desa Air Putih. (8.1.1)

3.2 Detailed Identified Nonconformities, Corrective Action and Auditor Conclusions

Zero nonconformities were identified during the Initial Certification Assessment. Seven (7) Observations/Opportunities for Improvement were identified and details are given below. These will be followed up

during the First Annual Surveillance Assessment scheduled to be carried out within twelve months of RSPO Certification approval.

01. (2.2.5) The SOP “AA-GL.5005.1-RO” intended for External Stakeholder grievances focuses on environmental issues and could be improved by expanding the scope to cover social issues.
02. (4.4.2) The Estates have recently constructed additional silt traps along roadsides, which is very positive for reducing sediment discharge into streams. Immediately following road grading, manual maintenance is required to keep the “turn-out drains” leading into the silt traps “open”.
03. (4.7.1) Implementation of the OSH Policy could be improved by carrying out more structured workplace inspections using a check list to aid hazard identification and training.
04. (4.7.10) Additional training is required to provide more consistent classification and reporting of accidents to distinguish between “first aid”, “medical aid” and “lost time”.
05. (5.3.2) At Ukui II Mill, the use of nets to cover trucks transporting EFB needs to be improved to prevent loss of material during transport.
06. (6.1.2) Ukui Group is improving the RKL/RPL Report to Government by including the participation of communities in the consultation process, which is planned for reporting January 2011.
07. (6.1.5) Ukui Group is improving the RKL/RPL Report to Government by including the impacts of the Plasma Scheme, which is planned for reporting in January 2011.

3.3 Noteworthy Positive Components

- Ukui manages a large plasma scheme of smallholders, which is very successful as indicated by FFB yields that are comparable to those of the company estates.
- Ukui is making good progress on the reinstatement of riparian buffer zones.
- There are no land disputes, which indicates the land acquisition process was well executed and is equitable.

3.4 Issues Raised by Stakeholders and Findings with Respect to Each Issue

A list of stakeholders contacted is included as Appendix D.


Stakeholders did not provide any comments in writing in relation to PT IIS Ukui Group environmental and social performance. All stakeholders interviewed had positive comments about PT IIS Ukui Group. WWF Riau collaborated with Ukui Group in investigating HCV at areas adjacent to the Estates and has prepared mitigation measures for avoiding human/wildlife conflict.

3.5 Acknowledgement of Internal Responsibility

PT IIS acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. PT IIS accepts the responsibility for addressing the opportunities for improvement detailed in the Assessment Report.

3.6 Formal Sign-off of Assessment Findings

Signed for on behalf of
PT Inti Indosawit Subur



.....
Mr Omri Samosir
Head Environment & Sustainability

Signed for on behalf of
BSi Management Systems Singapore Pte Ltd



.....
Mr Charlie Ross
Lead Auditor

Appendix “A”

PT Inti Indosawit Subur Time Bound Plan

PT INTI INDOSAWIT SUBUR – TIME BOUND PLAN

NAME OF PLANTATION	LOCATION		AREA SUMMARY		TARGET YEAR FOR RSPO	CERTIFIED
	ADDRESS	GPS REFERENCE	TOTAL HA	PLANTED HA		
A	BUATAN	DESA DELIK & PANGKALAN KERINCI, KEC. BUNUT LANGGAM, KAB. PELALAWAN, RIAU	101°49' 07" - 101°53' 05" East Longitude 00° 25' 46" - 00°30' 38" NORTH LATITUDE	5,781 HA	5,536 HA	16 SEPTEMBER 2010
B	UKUI & SOGA	DESA UKUI, KEC. UKUI, KAB. PELALAWAN, RIAU	00°10' 00" LU-00° 17' 12" LU 102° 02'45" BT- 102° 11'38" BT	9,731 HA	9,616 HA	2010
C	TUNGKAL ULU	DESAPULAU PAUH/PENYABUNGAN/MERLUNG, KEC. TUNGKAL ULU, KAB. TANJUNG JABUNG, JAMBI	01°18' 32" LU-01°20' 20" LU 102°56'56" BT- 103°05'16" BT	4,614 HA	4,396 HA	2011
D	MUARA BULIAN	DESA SINGOAN/BUKIT SARI/ BULIAN JAYA, KEC. MUARA BULIAN/PEMAYUNG, KAB. BATANG HARI, JAMBI	01°34' 29'2" LU-01° 35' 49" LU 103° 10'55" BT-103°13'38" BT	1,856 HA	1,772 HA	2011
E	BUATAN (PLASMA)	KEC. KERINCI KANAN, PANGKALAN KERINCI, DAYUN, KAB. SIAK & PELALAWAN, RIAU	00°25' 05" LU-00° 30' 38" LU 101°49'07" BT- 101°53'05" BT	10,946 HA	10,946 HA	2011
F	BUATAN (KKPA)	KEC. KERINCI KANAN, PANGKALAN KERINCI, DAYUN, KAB. SIAK & PELALAWAN, RIAU	00°25' 05" LU-00° 30' 38" LU 101°49'07" BT- 101°53'05" BT	1,500 HA	1,500 HA	2011
G	UKUI & SOGA (PLASMA)	Kec. Ukui & Lubuk Batu Jaya, KAB. PELALAWAN & INHU, RIAU	00°10' 00" LU-00° 17' 12" LU 102° 02'45" BT- 102° 11'38" BT	13,536 HA	13,536 HA	2012
H	UKUI & SOGA (KKPA)	Kec. Ukui & Lubuk Batu Jaya, KAB. PELALAWAN & INHU, RIAU	00°10' 00" LU-00° 17' 12" LU 102° 02'45" BT- 102° 11'38" BT	1,660 HA	1,660 HA	2012
I	TUNGKAL ULU (PLASMA)	Kec. Renah Mendalo, Merlung, Muara Papalik, Kab. Tanjabbar, Jambi	01°18' 32" LU-01°20' 20" LU 102°56'56" BT- 103°05'16" BT	10,277 HA	10,277 HA	2012
J	MUARA BULIAN (PLASMA)	KEC. MARO SEBO ILIR DISTRICT, KAB. BATANGHARI, JAMBI	01°34' 29'2" LU-01° 35' 49" LU 103° 10'55" BT-103°13'38" BT	4,710 HA	4,710 HA	2013
K	MUARA BULIAN (KKPA)	KEC. MARO SEBO ILIR DISTRICT, KAB. BATANGHARI, JAMBI	01°34' 29'2" LU-01° 35' 49" LU 103° 10'55" BT-103°13'38" BT	2,428 HA	2,248 HA	2013
L	TOPAZ & SEED GARDEN	DESA PETAPAHAN, KEC. TAPUNG, KAB. KAMPAR, RIAU	00°38' 08" LU-00° 43' 45" LU 100°55'40" BT- 101°00'05" BT	4,124 HA	4,252 HA	2013
M	TAMAN RAJA & BADANG	DESA LUBUK BERNAI/KAMPUNG BARU/PELABUHAN DAGANG/PEMATANG PAUH, KEC. TUNGKAL ULU, KAB. TANJUNG JABUNG, JAMBI	01°06' 25" LU-01° 14' 18" LU 102°57'42" BT- 103°02'35" BT	9,077 HA	8,847 HA	2013
N	SEGATI	DESA LANGKAN/PENARIKAN/TAMBAK/SO TOL, KEC. LANGGAM, KAB. PELALAWAN, RIAU	00°05' 46" LU-00° 14' 07" LU 101°35'44" BT- 101°41'49" BT	6,485 HA	3,850 HA	2014
O	PENARIKAN & GONDAI	DESA PANGKALAN SARIK/BARU, KEC. LANGGAM/SIAK HULU, KAB. PELALAWAN/KAMPAR, RIAU	00°05' 49" LU-00° 13' 49" LU 101°41'31" BT- 101°50'28" BT	7,666 HA	6,269 HA	2014
P	PENARIKAN (KKPA)	DESA PANGKALAN SARIK/BARU, KEC. LANGGAM/SIAK HULU, KAB. PELALAWAN/KAMPAR, RIAU	00°05' 49" LU-00° 13' 49" LU 101°41'31" BT- 101°50'28" BT	95 HA	95 HA	2014
Q	GUNUNG SAHILAN (KKPA)	DESA GUNUNG SAHILAN, KEC. LIPAT KAIN KAB. PELALAWAN	00°05' 46" LU-00° 14' 07" LU 101°35'44" BT- 101°41'49" BT	4,322 HA	4,322 HA	2014
R	BAHILANG	DESA BAHILANG, KEC. TEBING TINGGI, KAB. SERDANG BEDAGAI, SUMATERA UTARA	03°15' 38" LU-03° 18' 43" LU 99°08'10" BT-99°09'52" BT	1,019 HA	947 HA	2015
S	TANAH DATAR	DESA TANAH DATAR PETATAL, KEC. TALAWI, KAB. ASAHAN, SUMATERA UTARA	03°06' 09" LU-03°09' 12" LU 99°29'25" BT-99°33'44" BT	1,062 HA	1,006 HA	2015
T	AEK NABARA	DESA S1-S3/SUKADAME, KEC. BILAH HULU/KOTA PINANG, KAB. LABUHAN BATU, SUMATERA UTARA	01°55' 37" LU-02°00' 40" LU 99°54'23" BT-99°58'30" BT	4,830 HA	4,371 HA	2015

PT INTI INDOSAWIT SUBUR – TIME BOUND PLAN

NAME OF PLANTATION		LOCATION		AREA SUMMARY		TARGET YEAR FOR RSPO	CERTIFIED
		ADDRESS	GPS REFERENCE	TOTAL	PLANTED		
U	TELUK PANJIE	DESA TELUK PANJIE, KEC. KAMPUNG RAKYAT, KAB. LABUHAN BATU, SUMATERA UTARA	01°54'52" LU-02°02'07" LU 100°13'33" BT-100°20'55" BT	4,656 HA	3,963 HA	2015	
V	PERANAP	DESA SIMELINYANG/PAUH RANAP/SENKILO, KEC. PERANAP, KAB. INDRAGIRI HULU, RIAU	00°33'51" LU-00°38'15" LU 101°59'35" BT-102°04'23" BT	5,215 HA	3,660 HA	2016	
W	BUNGO TEBO	DESA TUO SUMAI/SUNGAI RAMBAI, KEC. PWK SUMAI/TEBO ULU, KAB. BUNGO TEBO, JAMBI	01°15'13" LU-01°21'51" LU 102° 21'39" BT-102°29'08" BT	2,652 HA	2,551 HA	2016	
X	PERANAP (PLASMA)	DESA SIMELINYANG/PAUH RANAP/SENKILO, KEC. PERANAP, KAB. INDRAGIRI HULU, RIAU	00°33'51" LU-00°38'15" LU 101°59'35" BT-102°04'23" BT	5,142 HA	5,142 HA	2016	
Y	BUNGO TEBO (PLASMA)	DESA TUO SUMAI/SUNGAI RAMBAI, KEC. PWK SUMAI/TEBO ULU, KAB. BUNGO TEBO, JAMBI	01°15'13" LU-01°21'51" LU 102° 21'39" BT-102°29'08" BT	5,910 HA	5,910 HA	2016	
Z	TANJUNG SELAMAT	DESA KAMPUNG PADANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	02°07'17" LU-02°10'15" LU 100° 00'28" BT-100°07'32" BT	3,885 HA	3,854 HA	2017	
AA	PANGKATAN	DESA SENNAH, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	02°10'19" LU-02°15'27" LU 99° 57'10" BT-100°01'55" BT	4,336 HA	3,656 HA	2017	
AB	SENTRAL & BATU ANAM	DESA GONTING MAHALA, KEC. BANDAR PULAU, KAB. ASAHAN, SUMATERA UTARA	02°41'59" LU-02°46'34" LU 99° 23'13" BT-100°29'12" BT(KSN) 02°42'12" LU-02°46'54" LU 99° 26'35" BT-99°33'34" BT(KBA)	10,414 HA	8,306 HA	2017	
AC	PULAU MARIA	DESA RAHUNING, KEC. BANDAR PULAU, KAB. ASAHAN, SUMATERA UTARA	02°43'57" LU-02°47'44" LU 99° 33'04" BT-99°36'35" BT	2,302 HA	2,057 HA	2017	
AD	NEGRI LAMA	DESA NEGRI LAMA SEBERANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	02°16'29" LU-02°23'28" LU 99°59' 08" BT-100°23'06" BT(KNS) 02°21'15" LU-02°25'40" LU 99° 58'45" BT-100°02'37" BT(KNC) 02°23'54" LU-02°28'30" LU 99° 58'56" BT-100°02'35" BT(KNU)	12,011 HA	11,799 HA	2018	
AE	AEK KUO	DESA AEK KORSIK, KEC. AEK NATAS, KAB. LABUHAN BATU, SUMATERA UTARA	02°22'58" LU-02°26'00" LU 99° 54'18" BT-99°59'00" BT	2,588 HA	2,542 HA	2018	

SUMMARY OF ALL MILLS:

NAME OF MILL	LOCATION		ANNUAL OUTPUT 2009		TARGET YEAR FOR RSPO CERTIFICATION	CERTIFIED
	ADDRESS	GPS REFERENCE	CPO	KERNEL OIL		
1 BUATAN I	DESA DELIK & PANGKALAN KERINCI, KEC. BUNUT LANGGAM, KAB. PELALAWAN, RIAU	101°49'07" - 101°53'05" East 00°25'46" - 00°30'38" North	58.985 MT	14.828 MT		16 SEPTEMBER 2010
2 BUATAN II	DESA DELIK & PANGKALAN KERINCI, KEC. BUNUT LANGGAM, KAB. PELALAWAN, RIAU	101°49'07" - 101°53'05" East 00°25'46" - 00°30'38" NORTH	56.248 MT	14.373 MT		16 SEPTEMBER 2010
3 UKUI I	DESA UKUI, KEC UKUI, KAB. PELALAWAN, RIAU	00°10'00" LU-00°17'12" LU 102°02'45" BT-102°11'38" BT	73.825 MT	17.694 MT	2010	
4 UKUI II	DESA UKUI, KEC UKUI, KAB. PELALAWAN, RIAU	00°10'00" LU-00°17'12" LU 102°02'45" BT-102°11'38" BT	85.651 MT	20.046 MT	2010	
5 TUNGKAL ULU	DESAPULAU PAUH/PENYABUNGAN/MERLUNG, KEC. TUNGKAL ULU, KAB. TANJUNG JABUNG, JAMBI	01°18'32" LU-01°20'20" LU 102°56'56" BT-103°05'16" BT	56.415 MT	13.483 MT	2011	

PT INTI INDOSAWIT SUBUR – TIME BOUND PLAN

NAME OF MILL		LOCATION		ANNUAL OUTPUT 2009		TARGET YEAR FOR RSPO CERTIFICATION	CERTIFIED
		ADDRESS	GPS REFERENCE	CPO	KERNEL OIL		
6	MUARA BULIAN	DESA SINGOAN/BUKIT SARI/ BULIAN JAYA, KEC. MUARA BULIAN/PEMAYUNG, KAB. BATANG HARI, JAMBI	01°34' 29'2" LU-01°35' 49" LU 103°10'55" BT-103°13'38" BT	44.578 MT	10.693 MT	2011	
7	TOPAZ	DESA PETAPAHAN, KEC. TAPUNG, KAB. KAMPAR, RIAU	00°38' 08" LU-00°43' 45" LU 100°55'40" BT- 101°00'05" BT	47.161 MT	12.388 MT	2013	
8	TAMAN RAJA	DESA LUBUK BERNAI/KAMPUNG BARU/PELABUHAN DAGANG/PEMATANG PAUH, KEC. TUNGKAL ULU, KAB. TANJUNG JABUNG, JAMBI	01°06' 25" LU-01°14' 18" LU 102°57'42" BT- 103°02'35" BT	56.714 MT	14.033 MT	2013	
9	SEGATI	DESA LANGKAN/PENARIKAN/TAMB AK/SOTOL, KEC. LANGGAM, KAB. PELALAWAN, RIAU	00°05' 46" LU-00°14' 07" LU 101°35'44" BT- 101°41'49" BT	59.107 MT	14.615 MT	2014	
10	TANAH DATAR	DESA TANAH DATAR PETATAL, KEC. TALAWI, KAB. ASAHAN, SUMATERA UTARA	03°06' 09" LU-03°09' 12" LU 99°29'25" BT-99°33'44" BT	22.505 MT	6.948 MT	2015	
11	AEK NABARA	DESA S1-S3/SUKADAME, KEC. BILAH HULU/KOTA PINANG, KAB. LABUHAN BATU, SUMATERA UTARA	01°55' 37" LU-02°00' 40" LU 99°54'23" BT-99°58'30" BT	50.141 MT	13.924 MT	2015	
12	TELUK PANJIE	DESA TELUK PANJIE, KEC. KAMPUNG RAKYAT, KAB. LABUHAN BATU, SUMATERA UTARA	01°54' 52" LU-02°02' 07" LU 100°13'33" BT- 100°20'55" BT	34.412 MT	8.920 MT	2015	
13	PERANAP	DESA SIMELINYANG/PAUH RANAP/SENKILLO, KEC. PERANAP, KAB. INDRAGIRI HULU, RIAU	00°33' 51" LU-00°38' 15" LU 101°59'35" BT- 102°04'23" BT	38.276 MT	9.096 MT	2016	
14	BUNGO TEBO	DESA TUO SUMAI/SUNGAI RAMBAI, KEC. PWK SUMAI/TEBO ULU, KAB. BUNGO TEBO, JAMBI	01°15' 13" LU-01°21' 51" LU 102°21' 39" BT-102°29' 08" BT	25.716 MT	6.252 MT	2016	
15	TANJUNG SELAMAT	DESA KAMPUNG PADANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	02°07' 17" LU-02°10' 15" LU 100°00' 28" BT-100°07' 32" BT	41.988 MT	12.099 MT	2017	
16	GUNUNG MELAYU I	DESA RAHUNING, KEC. BANDAR PULAU, KAB. ASAHAN, SUMATERA UTARA	02°43' 57" LU-02°47' 44" LU 99°33' 04" BT-99°36' 35" BT	31.432 MT	9.242 MT	2017	
17	GUNUNG MELAYU II	DESA GONTING MAHALA, KEC. BANDAR PULAU, KAB. ASAHAN, SUMATERA UTARA	02°41' 59" LU-02°46' 34" LU 99°23' 13" BT-100°29' 12" BT(KSN) 02°42' 12" LU-02°46' 54" LU 99°26' 35" BT-99°33' 34" BT(KBA)	27.054 MT	6.208 MT	2017	
18	NEGRI LAMA I	DESA NEGRI LAMA SEBERANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	02°16'29" LU-02°23'28" LU 99°59' 08" BT-100°23'06" BT(KNS) 02°21'15" LU-02°25'40" LU 99° 58'45" BT-100°02'37" BT(KNC) 02°23'54" LU-02°28'30" LU 99°58'56" BT-100°02'35" BT(KNU)	48.130 MT	13.606 MT	2018	
19	NEGRI LAMA II	DESA NEGRI LAMA SEBERANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	02°16'29" LU-02°23'28" LU 99°59' 08" BT-100°23'06" BT(KNS) 02°21'15" LU-02°25'40" LU 99° 58'45" BT-100°02'37" BT(KNC) 02°23'54" LU-02°28'30" LU 99°58'56" BT-100°02'35" BT(KNU)	31.504 MT	9.628 MT	2018	

Appendix “B”

PT Inti Indosawit Subur – Ukui Group RSPO Certificate Details

PT Inti Indosawit Subur
Desa Ukui, Kec Ukui,
Kab. Pelalawan
Riau INDONESIA

Certificate Number : SPO 565807
Certificate Issue Date: (RSPO Approval Date)

Website: www.asianagri.com

Standards: RSPO Principles & Criteria : 2007; Indonesian National Interpretation : 2008

Ukui I Palm Oil Mill and Supply Base	
Location	Pelalawan District, Riau, Indonesia
Address	Desa Ukui, Kec Ukui, Kab. Pelalawan Riau INDONESIA
GPS	Longitude: 102 09' 00" BT Latitude: 00 23' 00" LS
CPO Tonnage Total Production	76,395
PK Tonnage Total Production	17,780
Company Estate FFB Tonnage	Ukui: 120,781
Smallholders FFB Tonnage*	Plasma (181,138)
Third Party FFB Tonnage*	40,000
CPO Tonnage Claimed**	28,384
PK Tonnage Claimed**	6,281

Ukui II Palm Oil Mill and Supply Base	
Location	Pelalawan District, Riau, Indonesia
Address	Desa Ukui, Kec Ukui, Kab. Pelalawan Riau INDONESIA
GPS	Longitude: 102 12' 00" BT Latitude: 00 28' 00" LS
CPO Tonnage Total Production	88,869
PK Tonnage Total Production	20,541
Company Estate FFB Tonnages	Soga: 141,298
Smallholders FFB Tonnage*	Plasma (160,632); KKPA (36,916)
Third Party FFB Tonnage*	60,000
CPO Tonnage Claimed**	33,205
PK Tonnage Claimed**	7,277

* Tonnage not included in Certificate

** The tonnage claimed is the proportion of the total budgeted 2010 FFB production that is derived from Company Estates

Appendix “C”

Certification Assessment Programme

ASSESSMENT PROGRAMME 23 – 26 NOVEMBER 2010

TEAM: CR: CHARLIE ROSS; RR: ROBYN ROSS; IN: IMAN NAWIREJA; DH: DINI HARMITA					
<i>Day / Date</i>	<i>Time</i>	<i>Details</i>	<i>CR</i>	<i>IN</i>	<i>RR/ DH</i>
Tuesday 23 November UKUI I MILL	1300	Combined Opening Meeting (for both Mills and both Estates)	√	√	√
		Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill	√		
		Interview Male Workers		√	
		Visit Clinic Interview Staff			√
		Inspect Housing and Interview Residents			√
		Interview Contractors/External Stakeholders			√
Wednesday 24 November SOGA ESTATE	AM	Opening Briefing	√		√
		Physical Inspection Estate	√		
		Physical Inspection Stores, Workshop, Land Application, Landfill	√		
		Inspection of Buffer Zones/Enclaves/Conservation areas	√		
		Interview Female Fieldworkers			√
		Interview Female Office Staff/Workers			√
	PM	Review Pay Documentation			√
		Visit Clinic Interview Staff			√
		Document Review	√		
		Inspect Housing and Interview Residents			√
Wednesday 24 November UKUI ESTATE	AM	Opening Briefing		√	
		Physical Inspection Estate/Interview Male Field Workers		√	
		Interview Female Office/Field Workers and			√
		Physical Inspection Stores, Workshop, Land Application, Landfill		√	
	PM	Inspection of Buffer Zones/Enclaves/Conservation areas		√	
		Interview Contractors/External Stakeholders		√	
		Document Review		√	
		Visit Clinic Interview Staff			√
Thursday 25 November UKUI II MILL	AM	Inspect Housing and Interview Residents			√
		Visit Local Communities			√
		Gather any outstanding data/information		√	
		Prepare Visit Report			√
		Prepare Closing Meeting			√
	PM	Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill	√	√	√
		Visit Clinic Interview Staff			√
		Inspect Housing and Interview Residents			√
		Visit Local Communities		√	
		Gather any outstanding data/information	√		
Friday 26 November	AM	Closing Meeting	√	√	√

Appendix “D”

List of Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders – Ukui I</i></p> <p>Mill Manager, Mill Engineer, Assistant Manager 4 Male Mill Workers 3 Female Mill Office Staff/Workers 5 Female Mill Office Staff/Workers 2 Female Estate Office Staff/Workers 5 Female Pesticide Sprayers 5 Harvesters Ukui Estate Doctor and 2 Clinic Staff Mechanic, Storeman Ukui Estate Group Residents (30+) Mill/Estate Housing</p>	<p><i>Internal Stakeholders – Ukui II</i></p> <p>Mill Manager, Mill Engineer, Assistant Manager 8 Male Mill Workers 3 Female Mill Office Staff/Workers Doctor and 2 Clinic Staff 5 Female Estate Office Staff/Workers 10 Pesticide Sprayers 7 Harvesters Group 16 Residents Mill/Estate Housing Mechanic, Storeman Soga Estate</p>
<p><i>Contractors & Consultants</i></p> <p>PT Central Bearindo International (Bearing Supplier) Herimel (Supplier) Multiganda (Electrical) PT Buana Putra Jaya Lestari (Construction Contractor)</p>	<p><i>Local Communities</i></p> <p>Bagan Limau Village Local Community Elder Bagan Limau Village Head Transmigrants Air Hitam Village Leader KUD Bina Sejahtera</p>
<p><i>Government Departments</i></p> <p>Badan Lingkungan Hidup (Environment Agency of Pelalawan District) Badan Pertanahan Nasional (National Land Agency) of Pelalawan Department of Labour Pelalawan</p>	<p><i>NGOs and others</i></p> <p>World Wildlife Fund (WWF) Indonesia (Riau) Yayasan Elang (Riau) Lembaga Advokasi Lingkungan Hidup (Riau)</p>