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ANNUAL ESG AUDIT REPORT – PROGRESS 2021 EXECUTIVE SUMMARY



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GLOSSARY OF TERMS/ ACRONYMS

BMP	Biodiversity Management Plan
BTPNP	Bukit Tigapuluh National Park
CPP	Community Participation Program
CHSS	Community Health, Safety and Security
CHMP	Cultural Heritage Management Plan
CLO	Community Liaison Officer
CRT	Conflict Resolution Team
Daemeter	PT Daemeter Consulting
Dept	Department
Ecositrop	Ecology and Conservation Center for Tropical Studies
EK	East Kalimantan
E&S	Environmental and Social
EHS	Environmental, Health and Safety
EMS	Environmental Management System
ESAB	Environmental and Social Advisory Board
ESAP	Environmental and Social Action Plan
ESG	Environment, Social, and Governance
ESMS	Environmental and Social Management System
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
FPIC	Free, Prior and Informed Consent
GM	Grievance Mechanism
GIIP	Good International Industry Practice
HTI	Industrial Forest Plantation (Hutan Tanaman Industri)
HSE	Health, Safety and Environment
HCV HCS	High Carbon Stock and High Conservation Value
HCV	High Conservation Value
HCVRN	High Conservation Value Resource Network
Hectare	Ha
ICLUP	Integrated Conservation and Land Use Planning
ICP	Informed Consultation and Participation
IDH	The Sustainable Trade Initiative
IFC	International Finance Corporation
IFMP	Integrated Forest Management Plan
ILO	International Labour Organization
IP	Indigenous Peoples
IUPHHK	Business License for The Use of Wood Forest Products in Plantation Forests (<i>Ijin Usaha Pemanfaatan Hasil Hutan Kayu pada Hutan Tanaman</i>)
LRF	Land Return Framework
KIIs	Key Informant Interviews
KPI	Key Performance Indicator
LAJ	PT. Lestari Asri Jaya
LPP	&Green Landscape Protection Plan
LULC	Land Use / Land Cover
MFC	MFC Consultant
MoM	Minutes of Meeting
MOU	Memorandum of Understanding
MKC	PT. Multi Kusuma Cemerlang

NGO	Non-Governmental Organisation
P4F	Partnerships For Forests
PCR	Polymerase Chain Reaction
PPE	Personal Protective Equipment
PR	Priority Recommendation
PS	Performance Standard
Ramboll	Ramboll Environ Singapore Pte Ltd
RLU	PT. Royal Lestari Utama
SDGs	Sustainable Development Goals
SEB	Socio-Economic Baseline Study
SEP	Stakeholder Engagement Plan
SHE	Safety, Health, and Environment
SIA	Social Impact Assessment
SLUS	Survey of Land Use
SOP	Standard Operation Procedure
SPI	Indonesian Farmers Union (<i>Serikat Petani Indonesia</i>)
TA	Technical Assistance
TLFF	Tropical Landscapes Finance Facility
TOR	Terms of Reference
US\$	United States Dollar
VPSHR	Voluntary Principles on Security and Human Rights
WALHI	The Indonesian Forum for Environment (<i>Wahana Lingkungan Hidup Indonesia</i>)
WCA	Wildlife Conservation Area
WFH	Work From Home
WMW	PT. Wanamukti Wisesa
WWF	World Wildlife Fund
KKI Warsi	Indonesian Conservation Community Warsi

EXECUTIVE SUMMARY

Background and Overview

Ramboll Environ Singapore Pte Ltd (Ramboll) was commissioned by PT. Royal Lestari Utama (RLU) to undertake an independent Environmental, Social and Governance (ESG) review of RLU's operations in 2021 within RLU's three concessions located in Jambi and East Kalimantan, Indonesia.

The RLU's project is designed to protect the environment and improve the people's livelihood. At the heart of these efforts is the establishment of a wildlife conservation area on RLU's concessions as a buffer to the Bukit Tigapuluh National Park in Jambi, which is a habitat for critically endangered fauna such as tigers, orangutans and elephants. This will help protect the southern border of the National Park from encroachment in a landscape with high population pressure and severe degradation of other existing forest conservation areas. In addition, RLU has set aside all High Conservation Value (HCV) and High Carbon Stock (HCS) areas, as well as riparian areas, for protection on both the Jambi and East Kalimantan concessions. There is an estimated 50,000 people currently live in and adjacent to the RLU concessions. RLU has partnered with international specialists to support the local community and indigenous people aspects, for example RLU provides regular health checks as well as ongoing education support, and facilitates national ID Card issuance to indigenous Orang Rimba group living in the RLU Wildlife Conservation Area (WCA), in partnerships with the government as part of the WCA program.

RLU was established in 2015 as a joint venture between France's Michelin Group (49%), one of the world's largest tire producers and Barito Pacific Group (51%). RLU strives to become a world leader in sustainable natural rubber by promoting a new model of sustainable rubber production that is economically empowering, socially inclusive, and environmentally friendly throughout the value chain. RLU runs and manages sustainable rubber plantations in Indonesia through three subsidiaries of Industrial Forestry License (HTI), PT. Lestari Asri Jaya (LAJ), PT. Wanamukti Wisesa (WMW), and PT. Multi Kusuma Cemerlang (MKC). RLU and its subsidiaries are collectively known as RLU Group. In 2016, MKC constructed a rubber processing facility with a total capacity of 27,000 tons per year in Palaran, Samarinda City, the first natural rubber processing facility in East Kalimantan Province. The facility commenced operations in 2017.

In 2018, TLFF I Pte Ltd (TLFF) issued a USD 95 million sustainability bond to finance a loan to RLU for the development of sustainable rubber plantations in Jambi (Sumatra) and East Kalimantan. The loan was partially guaranteed by USAID and represented Asia's first corporate sustainability bond. In 2019, the &Green Fund, a blended finance impact investment fund focused on forest protection and tropical forest commodities, purchased USD 23.75 million of the longer-dated notes issued by TLFF helping to catalyse the notes issuance.

In 2020, a total of +22,000 ha of commercial sustainable natural rubber had been planted across the RLU concessions in Jambi and East Kalimantan. RLU sets aside roughly half the land for conservation, restoration, livelihoods, carbon stock protection and smallholder rubber production. The set-aside areas are intended to provide a contiguous buffer zone to protect tropical lowland forest, mega-fauna, and biodiversity hotspots around the Bukit Tigapuluh National Park (BTPNP) in Jambi.

Objectives

As outlined under its Sustainability Policy, RLU is committed to driving continuous progress across its operations, providing transparency of its operation and appointing an independent third party to annually verify that the policy commitments in social and environment.

This annual ESG review is an independent assessment of the ongoing implementation, compliance, monitoring and reporting of the procedures, practices and programmes set out in the Environmental and Social Action Plan (ESAP) and by other relevant standards such as TLFF ESG Standards and &Green Landscape Protection Plan (LPP). The objective of the review is to assess the progress against the ESAP based on International Finance Corporation’s Performance Standards (IFC PSs), Key Performance Indicator (KPIs) developed by the TLFF which include core objectives for Forest Retention, Improved Rural livelihoods, Reduced Emissions, and Biodiversity Protection, and KPIs presented in the &Green LPP.

Applicable Lender Standards

The applicable lender requirements comprise:

- IFC PS on Environmental and Social Sustainability;
- TLFF core objectives and specific Key Performance Indicators derived for RLU operations; and
- Requirements of the &Green LPP.

ESG Audit Approach

The ESG audit comprised a desk-based assessment of documents, virtual interviews, and a physical site visit to Jambi and East Kalimantan.

Overarching Priorities

Comprehensive ESG strategy implementation and IFC PS compliance is an ongoing journey that requires continuous efforts to meet and sustain the requirements, and manage evolving E&S risks. It is recognised that full implementation of the commitments presents a number of challenges and will require innovation, support and time.

The key challenges related to implementation of ESG strategies and meeting IFC PS requirements for RLU can be summarised as follows:

- Siloed approaches and lack of ownership of ESG across the company;
- Complexity of documentation and lack of organisational capacity for full implementation of IFC PS and ESG requirements;
- Lack of internal engagement and focused strategy (roadmap) on achieving full compliance.

These challenges lead to low sustainability spirit among employees, particularly the non-executive level employees. Acknowledging these key challenges to strategy implementation and communicating them to those who are responsible for the execution is critical. Some recommendations to help address these challenges are provided in the table below.

Strengthen ownership and embedding of ESG within the Company	Reduce complexity and focus on capacity building across the Company	Improve internal engagement on ESG across the Company
<p>The ESG Department (Dept) forms a strong core for ESG implementation and oversight, however there is a 'siloed' approach to ESG which results in ESG not being embedded into the organisation.</p> <p>Some suggestions to improve ownership of ESG across the company include:</p> <p>Establish a realistic roadmap to full IFC PS compliance, as agreed with the Lenders;</p> <p>Improve ownership for ESG by</p>	<p>Increase organisational capacity (people with the right skillsets) to ensure continuity, ownership and consistency in the company's stakeholder engagement.</p> <p>Some suggestions for capacity building of ESG across the company include:</p> <p>Targeted hiring of people with the right skillsets for IFC PS implementation;</p> <p>Develop a training programme to improve internal capacity to meet the necessary standards, including</p>	<p>Incorporate a change management approach to implementing lender requirements, good international practice and IFC PS - starting with an internal communications campaign from executive / leadership team on commitment and expectations on E&S performance.</p> <p>Some suggestions for internal engagement of employees on ESG include:</p> <p>Improve the communication</p>

<p>existing Heads of Department (HOD) such as SHE, HRGA, Land, Operations and Plantations, by allocating certain responsibilities for ESG topics / tasks related to meeting the IFC PS;</p> <p>Establish ESG-related KPIs for management roles as part of their personal performance plans;</p> <p>Align ESG and core-business strategy, through workshops and agreement at HOD level of key priorities and risks (both financial, non-financial)</p>	<p>training on ESG / IFC PS requirements and stakeholder engagement for management level, making use of free resources such as IFC training¹;</p> <p>Establish a toolkit of key ESG documentation to reduce complexity and improve collaboration - inventorise all E&S studies, plans etc to show status of each document (current / active / retired) and the interconnections and dependencies between them.</p>	<p>across departments and to the plantation operations on the ground for better alignment on ESG (what to do and why).</p> <p>Communicate the benefits of sustainability practices to all employees, for business operations, for themselves as individuals, and for the communities within which they interact.</p> <p>Engage by various means and at levels within the Company such as with internal champions (below HODs), management updates, etc, to explain that sustainability and good E&S practices are international / lender requirements, and an integral part of enabling RLU to prosper.</p>
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Priority Findings and Recommendations

The summary of PS 1 through PS 8 below provides what Ramboll considers the priority findings and recommendations from the 2021 ESG Review.

¹ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifc_sustainability_webinars#Overvw_PerfStd_PS1-May-26-2021

PS 1: ENVIRONMENTAL AND SOCIAL MANAGEMENT / STAKEHOLDER ENGAGEMENT

Environmental and Social Assessment and Management System:

Over the past few years, RLU's efforts have focused on developing its systems and policies, as well as completing several key E&S special projects such as an update on the Stakeholder Engagement Plan (SEP), and joint efforts by relevant teams to work on the MFC project as part of their capacity building. It is recognised that the embedding of systems and policies across the company progresses gradually and takes time. Several ongoing gaps in RLU's Environmental & Social Management System (ESMS) in relation to IFC PS 1 and consequently PS 2 through PS 8 remain. While many documents 'say the right things' in relation to the standards, the implementation on the ground observed during both the interviews and the site visits was found to be lacking. This reflects and impacts primarily on organizational capacity, understanding, and most importantly company-wide buy-in of the standards as an expression of good international industry practice (GIIP).

A priority through 2021 was the conduct of a Socio-Economic Baseline Study (SEB) and/or associated Social Impact Assessment (SIA) and delivery of two technical Assistance (TA) packages. The substantial focus and resources devoted by RLU to support the SEB and TAs is commended by the Audit team. A+CSR was engaged to conduct the SEB, and the SEB is anticipated for completion and delivery of a final Report in the first quarter of 2022. For the TAs - on land return and Indigenous People's (IPs) - Monkey Forest Consulting (MFC) was engaged through 2021 and these remain ongoing.

A+CSR and MFC research is noted to support the findings regarding the ESMS and impact assessment, among others. For example, RLU has several overarching management plans and land use analyses (IFMP, LPP, HCV-HCS, Survey of Landuse [SLUS], Land Use / Land Cover [LULC] map) that offer varying pictures of concession land use and that use different terminology. The evolution from one plan to another and the status of various plans and data sets appears clear to RLU personnel directly involved. However, there is no documentation that describes this evolution and which plans (or which parts of plans) are still current. Again, consolidation of all studies is recommended..

Recommended Actions:

1. Inventorise all E&S studies and management plans to show status of each document (current / active / retired) and the interconnections and dependencies between the components with consolidation where possible. Mapping of documentation could be depicted graphically for ease of use.

Identification of Risks and Impacts:

Notwithstanding the 2017 ESDD which is a useful resource, RLU has not yet implemented a full E&S assessment and socio-economic baseline as would normally be the case for a project of this scale. As a result, RLU lacks the specific data and analysis needed to develop their approach to land return, IPs, Community Health, Safety and Security (CHSS), Cultural Heritage, among others and in line with IFC PS1 through 8. RLU is currently in the midst of conducting the SEB and associated risk/impact assessment (as recommended in the 2020 ESG Review Report). This is a critical component that will support RLU to improve the coherency of its ESMS and will support addressing IFC PS 1 gaps.

Review of the dashboard and preliminary SEB results indicate a robust process in place for SEB, including format, and methodology that is consistent with GIIP. The SEB has targeted 500 respondents initially, and with an additional 150 households targeted for survey in each of Jambi and East Kalimantan in early 2022. The number of respondents is mainly influenced by the constrained budget available for the SEB; the study should ensure that it justifies and comments

on robustness of the sample size as representative of the population in the Project area of influence. Despite these challenges RLU remains proactive in developing the SEB.

A priority is that RLU is able to utilise the SEB tools (KOBO Toolbox, and PowerBI Dashboard) themselves in order to undertake additional baselining activities in a progressive manner such that over time a representative baseline is established.

Recommendations:

2. Based on forthcoming SEB results, conduct a desktop ESIA scoping exercise that covers the entire concession (Jambi and East Kalimantan), to identify gaps, if any. It would allow RLU to scope key impacts and identify appropriate mitigation measures based on application of the mitigation hierarchy
3. Upon completion / revision of Management Plans (and procedures) as currently planned as part of TA and including the recommended ESIA Scoping, conduct internal awareness and socialisation training in relation to the revised documentation for all RLU staff involved in implementation to assist in driving understanding of the requirements / practices, and who is responsible for implementing.
4. Prioritise capacity building (as per A+CSR contract Addendum) of RLU teams with A+CSR on methodologies and platform for SEB data collection and analysis, such that these tools are able to be utilised by RLU.
5. Develop a SEB plan that targets further SEB activities, with particular focus on IPs and land return targets.

Management Programs:

Alternatives assessment has not been adequately conducted consistent with IFC PS as part of previous studies for the Project. This would be expected to include assessing alternatives to the project siting and to the proposed design and configuration of the project. The alternatives assessment is based on the mitigation hierarchy which stipulates that preference should be given first to avoiding impacts, then to minimize them, and finally, if necessary, to compensate them.

RLU has varyingly applied the mitigation hierarchy as demonstrated in existing management plans and approaches and corroborated in interview discussions. This includes referencing strategies for avoidance of certain areas for planting, among others. However, documentation supporting decision-making to avoid or minimise impacts and risks is somewhat poor. Previous work with WWF had established the SLUS for planting with a decision making framework which could be drawn on as a resource and developed further. While some project alternatives are fixed others remain open for adjustment (production mix: planting vs partnering, planting locations), and as such the value of further alternatives assessment as part of ESIA scoping remains important for future decision-making.

Recommendations:

6. Incorporate alternatives assessment into of ESIA Scoping exercise (see also PS5) with particular focus on land return alternatives.

Organisational Capacity and Competence:

Organizational capacity, including roles and responsibilities, knowledge of international standards, planning skill, structure, and organizational culture are critical components for design and implementation of an effective and compliant ESMS, including managing impacts and risks. A key point raised in many of the audit interviews was related to organisational capacity and competence. Findings include:

- Siloed approaches to cross-cutting issues. For example, land return is handled by the Operations/Growth and Legal Departments while the Sustainability Department manages environmental and social performance and compliance, which appears to lead to disconnect between departments both at a corporate level and at an operations level.
- Data and information sharing is inadequate between departments.
- RLU teams possess various levels of knowledge of international standards and the IFC PS, often lacking awareness of details of the processes and specific requirements of the standards. There are also varying levels of support for actions that are needed in support of compliance with IFC PS.
- Well defined roles and responsibilities and collaboration tools across RLU divisions are generally unclear.
- In terms of resourcing, there are challenges in meeting the targets / KPIs set. These challenges are combined with high staff turnover at an operational level.
- Budget constraints are indicated to have plagued 2021, including affecting the ability to resource the Project and which is considered to present ongoing challenges for the ability to implement the Project to meet the requirements of IFC PS.

Recommendations:

7. Ensure that all activities are integrated, from strategic planning through to implementation in the field. Develop a SOP for inter-departmental collaboration including a Responsible, Accountable, Consulted and Informed (RACI) matrix for land return, pre-set meetings, common key messages, and other collaboration tools across divisions to ensure that divisions operate by compliance-driven consensus at all levels of the organization and while in the field.
8. Implement an organisation-wide orientation and national regulations on lender requirements, good international practice, and the IFC PS that focuses on revealing and addressing organisational attitudes towards E&S performance.
9. Build an approach to implementing lender requirements, good international practice and IFC PS which provides resilience to the company and ability to navigate change - starting with support and ongoing internal communications campaign from executive / leadership team on commitment and expectations on E&S performance.
10. Engage an internal resource who is knowledgeable in the application of IFC PS and their application. This resource should be empowered to direct RLU divisions in conformance with the PS and specifically in leading the evolution and required changes to the ESMS in support of this.
11. Rationalise field-based teams, which currently operate separately (e.g. Growth/Operations vs Sustainability) by creating joint field teams to go about activities in the field. This will allow resources to be better directed where needed, and support a "one Company" approach.
12. Based on above rationalisation, additional personnel resources with understanding of IFC PS and other lender requirements would be required to implement end embed the land return Roadmap, Indigenous People's Planning, CPP, among others.

Stakeholder Engagement:

Effective stakeholder engagement, consultation and information disclosure, predicated on a robust Stakeholder Engagement Plan (SEP) is a cornerstone upon which RLU's ability to progress the Project relies. There has been limited progress in relation to the key findings and recommendations made in the 2020 Audit Report. Some of the lack of progress is due to ongoing SEB activities which are inputs to the revisions required of the SEP, and some are in relation to ongoing TA packages and HCV-HCS assessment. However in addition, it is recognised that COVID-19 has significantly restricted the ability of the RLU teams to conduct engagement activities.

On the ground, the site visits conducted as part of the 2021 Audit in January 2022, identified that the gaps noted in the 2020 Audit Report remain pertinent. Specific findings from the site visit include

identifying the need for RLU to more effectively delineate between Jambi and East Kalimantan (through separate and site-specific SEPs). Stakeholder communications forums are highlighted and commended as being well established in Jambi, though not for East Kalimantan. Lastly, the site visit found stakeholder engagement / community liaison resources in East Kalimantan appear insufficient to undertake and meet the engagement objectives.

There remains considerable effort on behalf of RLU to further embed documentation and evidence protocols (particularly FPIC processes. As noted elsewhere in the Report (and identified in the field visit by the audit team), a considerable challenge remains in awareness of requirements and expectations under the IFC PS, including in relation to stakeholder engagement, document and evidence requirements (to demonstrate FPIC). The above is corroborated by assessments conducted by MFC in support of the TA packages. This included that RLU lacks a shared understanding of the purpose of stakeholder engagement and how to effectively implement it to ensure credibility and effectiveness.

The 2020 Audit Report found that the identification of vulnerable groups and specification of differential mechanisms in place for their engagement is lacking in the SEP (and in practice). A key milestone reached by RLU was the establishment of IP framework and plans for the WCA and engagement with IPs, in partnership with experts. While a separate IP Engagement and Livelihoods Plan has been developed which specifically addresses engagement with IPs (who are considered especially vulnerable), this does not negate the need to identify vulnerable groups more broadly and provide differentiated provisions for their meaningful engagement. Furthermore, vulnerable groups are variably identified in other RLU documents to encompass different groups in different documents. There needs to be clear understanding demonstrated in the SEP as to which groups are considered vulnerable and on what basis vulnerability has been identified. Recommendations from 2020 have been somewhat pursued through 2021, though the SEP has not been updated as per recommendations on vulnerable groups - due to ongoing SEB and IP TA which remain underway.

On vulnerability, the MFC TA has corroborated the 2020 Audit findings, noting that discussion of vulnerability is insufficient or absent from documents related to land return.

Recommendations:

13. An effective stakeholder engagement mechanism that goes beyond disclosure towards two-way information sharing, relationship-building, and message development and dissemination is a critical component in achieving desired Project outcomes (including the key issues around land management activities). It requires combining planning, relationship building, and messaging functions with strong administration and documentation practices. The recommendations from the 2020 Audit remain relevant and are documented (and slightly revised, in addition to recognising MFC's recommendations on the same topic) in the 2021 Audit Report.

External Communications and Grievance Mechanism:

The 2020 Audit found that the RLU grievance mechanism is largely consistent with GIIP, acknowledging vulnerability, gender, IPs, fear of retribution, and anonymity. The mechanism includes ongoing awareness raising every two months at community forums. However, the grievance mechanism procedure poorly defines duties and responsibilities assigned to the Grievance Management Facilitator. Lack of clarity in defining expectations and performance indicators for the position of Grievance Management Facilitator will affect how grievances are assessed, investigated, monitored and closed out. The recommendation (2020 Audit Report) to review the functioning of the grievance mechanism was not conducted in 2021 due to the restrictions of COVID-19 pandemic, budget and resources.

RLU has made efforts to further socialise the mechanism through 2021, including revising awareness materials, placing posters in villages and socialisation thereof during community meeting, however this does not appear to have resulted in broad awareness and / or translated into use of the mechanism. Interviews with RLU indicated that COVID-19 through 2021 has restricted the mobility and lack of resources, contributed to ongoing difficulties in socialising the mechanism and reporting back to communities. Further and ongoing efforts in terms of awareness raising and socialisation, particularly among IPs, and more broadly in the community are noted to be imperative through 2022 and subsequent years. This recognises the reticence by many IPs to attend community meeting for fear of COVID-19, among other potential reasons. Particular limitations remain in engagement with IPs outside of the WCA, and engagement and socialisation of the Grievance Mechanism with these groups / individuals is highlighted as an ongoing challenge.

Related to the above, RLU expanded the scope of the TA for MFC (due to the ongoing dynamic situation with two grievances). The expanded scope included assistance in responding to grievances, which relate to land return and IPs (involving the communications group Mighty Earth, and SPI-SHN). The scope includes coaching of RLU, including in relation to conflict resolution and prevention. Work is noted to have commenced on the expanded scope, though outputs / outcomes thereof were not available for review during the audit process. The expanded scope is considered to be an important recognition by RLU of the need for RLU to "own" actions / solutions - with an emphasis on increased coaching and mentoring for RLU in handling grievances..

Recommendations:

14. Focus through 2022 on ongoing and systematic socialisation / awareness building around the grievance mechanism, particularly among IPs. Special focus should be placed on socialising the mechanism with those IPs outside of the WCA (and which are likely to have the least awareness thereof).
15. Review and update the SEP to include socialisation / awareness raising activities related to the Grievance Mechanism (in addition to Community Forums), noting frequency, assigning responsibility, identifying target stakeholders, etc.
16. Simplify the grievance procedures and flowchart (i.e., converting it into a step-by-step procedure) to make it more understandable for stakeholders, grievant, as well as the Grievance Management Facilitator. Related to this, the format of the grievance register should also be revised to align it with the flowchart for easier tracking of the status of grievances that have been filed and resolved.
17. Include periodic (recommend bi-annual consistent with internal audit schedule / root cause analyses) reporting back to communities through the Community Forum on how RLU has taken onboard grievances through changes to management measures / actions and ongoing improvement. Maintain records in engagement register/log.
18. Conduct a review of (2022) and develop a report on (2022) the functioning and implementation of the
19. RLU could explore other submission windows/points to make the mechanism accessible to various stakeholders, including the IPs for example the home of the kepala desa for the Orang Rimba who have limited mobility to reach the RLU project offices. Stakeholders can be consulted on how they would feel most comfortable raising grievances.
20. Include (as planned) a greater level of transparency on ongoing grievance management and efforts to resolve issues with Mighty Earth and SPI-SHN (and others as are lodged) in appropriate documents/reports.
21. Conduct engagement and awareness raising of the grievance mechanism in villages outside of the concession areas, to take into account project affected people that are not domiciled in the concession areas.

PS 2: LABOUR AND WORKING CONDITIONS

Collective Labour Agreements:

It is to be noted that Indonesia's Omnibus Law (Law No. 11 of 2020 on Job Creation, the amended Manpower Law which was issued on November 2, 2020, sets new standards for employment terms and conditions by introducing new concepts and rules. However, the Omnibus Law did not elaborate on the newly introduced concepts, such as the notice of termination procedure. Until February 2, 2021, several implementing regulations were introduced with general terms to clarify the new rules and procedures. These implementing regulations include Government Regulation No. 35 of 2021 regarding Fixed-Term Contract, Outsourcing, Work and Resting Hours, and Termination of Employment ("GR35"); Government Regulation No. 36 of 2021 regarding wages ("GR36"); and Government Regulation No.37 of 2021 regarding the Implementation of the Job Loss Security Program ("GR37"). It is understood that the current collective labour agreements have not incorporated the changes as required by the Government Regulations as there are still many uncertainties needing further legislation to clarify. Additionally, the Constitutional Court in its decision at the end of 2021 declared that the Omnibus Law is conditionally unconstitutional and must be amended within two years, hence this decision left employers wondering what to expect next and how they should proceed. However, if the Job Creation Law is declared formally flawed and against the Constitution, then the Job Creation Law and all its implementing regulations will become null and void.

It is important to note that the Omnibus Law and its existing implementing regulations are still prevailing to date, therefore RLU should include a timeframe in its action plan to decide when to incorporate the significant changes (where clarity of the requirements exist) as stipulated in the Government Regulations.

Standards to the Operation of Worker Housing and Other Welfare Facilities:

Technical guidelines on water, sanitation, hygiene and waste management were established by Pt. Towards Sustainable Business (TSB), a sustainability consulting company engaged by RLU. A master planner and plantation design company, PT. Panca Agri Solusindo (PAS) has been engaged by RLU to conduct the master planning and design works (including workers' housing and public facilities) for Jambi and East Kalimantan region since 2018. However, standards with regards to the operation of worker housing and other welfare facilities (i.e. meeting houses, toilets, prayer rooms, clinics etc) have not yet been formally established with written manual or guidance note for consistent implementation throughout the plantations. In the absence of a management plan establishing minimum standards related to living conditions, and maintenance of public facilities and utility infrastructures, inadequate operation and management of workers' accommodation was noted such as poor water quality and shortage of water supply, substandard waste management, poor road condition, etc.

The following issues were noted during the site visit and interviews with site personnel:

Jambi

- Security issues at Beringin 3 settlement complex;
- Poor water supply quality (yellowish and oily water) was reported in most of the housing facilities;
- Waste collection facilities at Beringin 3 were observed without roofing causing hygiene related issues;
- Poor road conditions;
- Based on discussions with facility personnel responsible for workers housing facilities, the sanitary facilities employ biological treatment and reportedly were prone to problems;

- Positive aspect: Based on the interviews with several residents, overall feedback was that good / satisfactory workers accommodation services are provided.

East Kalimantan

- Limited water supply and poor water quality were reported from residents in Block 1 and Block 2;
- Contrasting housing forms and structures were observed within close distance in Block 1 housing complex. Such conditions reportedly have led to some sense of injustice or inequality among the residents;

A considerable number of residents are non-Muslim and reportedly are feeling that their religious need has not been adequately facilitated, for example, through provision of on-site place of worship or provision of transportation to visit religious facilities located outside the concession area. Ramboll had paid a visit to the building which is currently used for place of worship for non-Muslims, and found that the place warrants improvement to provide for religious observance needs.

Support System to Women Employees:

RLU officially launched the Women's Support Group (WSG), locally referred to as the WSG Kanita (Kawan Wanita - women's friend), on September 29, 2021. WSG Kanita aims to provide a support system for women employees as a safe channel for any grievance including harassment, sharing experiences, and empowerment. Awareness training and WSG Kanita implementation were conducted by the committee's advisor, a gender and social expert from TLFF.

RLU monitors and keeps track on the number of women employees working in the plantation, and has made strong commitments to protect women workers within the plantations. The company has provided facilities that benefit women, such as daycare centres for their children, clinics and community centres that offer skills upgrading. Whilst the support given to women is commendable, it is important to note that more effort are needed to ensure women's representation in community and company decision making, and equal access for women to workplace opportunities in the plantation,. Based on the review of Employee Databases for BU 3 and BU 4, it is evident that a majority of women employees are working as upkeep workers and/or nursery workers, with no supervisory or management roles. Thus, efforts to assess and strengthen the capacities of managers, supervisors and workers to prevent and respond to gender-based violence. Training and awareness raising sessions should be a continuous process, and programme effectiveness should be measured and reported on a regular basis.

RLU has responded to the incident to PT Wanamukti Wisesa's Female Worker with additional resources to implement the measures as follows: strengthen and emphasize policies and approaches to ensure all women's rights and safety; strengthen communication channels to report sexual harassment and other grievances; establish Women Support Groups to prevent any rights violations going forward; and cooperate with relevant organizations and experts in the field to improve systems. Two policies are being prepared (a Policy on Human Rights and a Policy on Whistleblowing), targeted to be adopted in 2022. RLU officially launched the Women's Support Group (WSG Kanita) in September 2021. In terms of improving communication channels, in addition to HR personnel at each Business Unit on site and Head Office as a safe channel for employees to report any grievance, discrimination, harassment etc, RLU has established Kanita's committee advised by the Director of Corporate Affairs and TLFF's Gender Specialist and led by Sustainability GM. RLU is also exploring collaboration with Yayasan Pulih, an Indonesian based non-profit organization that focuses on strengthening psychosocial vulnerable groups and victims of gender based violence to develop an Education Program on prevention and mitigation of gender based

violence in the workplace. These efforts have been ongoing in 2021 and are recommended to be reviewed again as part of the 2022 audit.

Employee and Contract Worker Database

The employee and contract worker database is still under development. Data of employees and contract workers is registered manually in spreadsheets. During the site visit, Ramboll reviewed the spreadsheets and noted that the format is difficult to track and explore the information. There is a risk of data inconsistencies and redundancies with the absence of appropriate tools to efficiently sort or filter the data.

Potential Risk of Child Labour in the Plantation

With regard to the potential risk of child labour in the plantation, RLU has strengthened its policy and systems through Company Rules, RLU Ethics, and Supplier Ethical Commitment Letter as well as constant reminders to the estate manager. The documents (Company Rules and Work Agreement) have included the minimum age requirements

Training Programme

The HR department has not formally developed a documented corporate-wide framework for training programs whereas the SHE team has developed a procedure for OHSE Competence, Training & Awareness (Doc. No. PRO/HO-P/SHE/06, dated 14 Dec 2017), which specifies the process of identifying, planning, and implementing the EHS training programme.

The challenges include engaging the site team leaders in identifying the required training subjects/materials, and developing the training schedule. Site team leaders' responsibility to collect training completion data has not been formally defined, and the accountability has not been instituted through periodic reporting related to the implementation of the training programme.

Provision of Personal Protective Equipment (PPE)

An action plan related to the provision of PPE to all workers is reportedly still in progress. The current workers that are provided with PPE are estimated at about 80%.

Internal Grievance

The following issues were noted related to the implementation of Internal Grievance Mechanism:

- The Framework for Internal Grievance Mechanism (Doc. No. PRO-HO-P-HR_001, dated 1 Nov 2020) has not clearly defined the requirements for socialising and communicating the mechanism to all workers. There is a statement of responsibility for HR Service Manager to implement training program and to communicate the procedure to all workers. However, the document does not describe the methods to be employed for communicating and socialising the internal grievance mechanism to all workers including new recruits. It was reported that the internal grievance mechanism has not been consistently included in the induction program for new recruits.
- Review of the Company Rules and Work Agreement found that the contents related to the grievance mechanism in both documents are not consistent with the mechanism defined in the Framework for Internal Grievance Mechanism (Doc. No. PRO-HO-P-HR_001).
- Interviews with several individuals from Jambi and East Kalimantan indicate that the implementation of the internal grievance mechanism has not been consistent with the procedural requirements. Inconsistencies were reported related to the response time to the complaints as well as follow up actions to address the submitted grievances.

Human Resource (HR) Policies and Procedures

RLU has not formally established an overarching HR policy to define the principles in human resource management as stated in the Sustainability Policy. A guiding principles of human resource management at the corporate level has not been established to define the framework for identifying risks and opportunities, establishing goals and objectives, as well as assigning accountable responsibilities. These guiding principles are to be translated into procedures/programs (i.e. recruitment procedure, training programme, internal grievance mechanism, workers accommodation services, etc.) that may be applicable differently for each site.

Working Conditions and Terms of Employment

Review of the Work Agreement for LAJ (PKB 2020 – 2022) and WMW (PKB 2020 – 2022) indicates that the PKBs were prepared in collaboration with the unions of Jambi Site. Socialisation and communication with workers remain as challenges as indicated by a worker demonstration in 2021, demanding clarity relative to their rights and responsibilities.

Review of the SOP for workers recruitment (dated 1 Dec 2021) indicates that the procedure does not include reference to procedures for resettling new recruits or relocation of personnel between worksites. The process of personnel resettlement or relocation has not been formally established to ensure conformance with the performance standards related to workers accommodation services (PS 2, paragraph 12).

Occupational Health and Safety

- OHS competencies –

- Both Jambi and East Kalimantan have not consistently addressed the regulatory requirements related to assignment of certified and competent OHS personnel such as General OHS Expert (AK3 Umum, AK3U), Chemical OHS Expert (AK3 Kimia). During site visit, the following issues were noted related to assignment of OHS Experts:

- Chemical storage facility in Jambi Site (BU1) - it was noted that the person in charge for chemical management of the facility has not been equipped with the required OHS competency of Chemical OHS Expert or Chemical OHS Officer (Petugas K3 Kimia).

- Review of RLU's personnel and equipment certification register indicates that RLU has not assigned a Chemical OHS Expert (AK3 Kimia) to be in charge of the chemical management development and implementation at site level in Jambi and East Kalimantan.

- AK3U competent personnel in East Kalimantan Site have not updated their certifications to reinstate the AK3U authorisation for MKC. (Note: AK3U assignment is specific to the company where the certification holder works. AK3U certification expires when the certification holder leave his/her position in the appointing company.)

- Industrial Hygiene

- RLU has not formally developed and implemented a comprehensive industrial hygiene programme to include periodic measurement of working environment and/or industrial hygiene parameters as per the Regulation of the Minister of Manpower No. 5 of 2018 and/or the Regulation of the Minister of Health No. 70 of 2016.

- During visits to the chemical storage facilities in Jambi Site and East Kalimantan, it was noted that half mask respirators and/or cloth masks were used during chemical handling. The respirators were stored improperly and unprotected from exposure to the chemicals in the storage facility. In

addition, the cartridges were not marked with initial use and expiry dates. The half mask respirators were reportedly provided for individual use. However, interviews with the operators indicate that they had not been equipped with sufficient knowledge on the requirements related to the PPE usage, storage, maintenance and disposal.

Workers Health Surveillance

RLU has not consistently implemented the program for workers health surveillance. Last health surveillance was conducted in 2019. In addition, RLU has not comprehensively assessed and evaluated the health risks associated with the site operations. For example, use of half mask respirator has not been based on adequate health measures (e.g., medical clearance, fit testing).

Recommendations:

22. RLU to review its existing HR policies and collective labour agreements to identify terms and conditions impacted by the amended Manpower Law and the implementing Government Regulations. Gaps and changes in the labour agreements that can be addressed presently should be incorporated unless pending further clarification from the Ministry of Manpower. It is also necessary to have a clear timeframe established to lay out plans for changes in the contracts to take effect.
23. Design management plans covering health and safety, environmental, security, workers' and communities' rights, the management plans should specify the type of staff to be appointed for facility managements. Review policies and management practices on a regular basis.
24. The complaint process (formal and informal) should be made clear to ensure that those who report must have multiple routes for reporting and be able to protected from retaliation. Capacity of women workers and management on gender planning should be enhanced. These should include a clear implementation of gender-responsive plans, including measures implemented with accompanying financing and oversight mechanisms.
25. Update the Internal Grievance Mechanism framework to specify the methods used to ensure that all workers understand the process and requirements. To include the communication of internal grievance mechanism in the induction program for new recruits. Review the Internal Grievance Mechanism procedure, and ensure it is incorporated in the Company Rules and Work Agreement for consistency. The timeline to respond to the submitted grievance must be standardised and followed by all divisions.
26. Complete employee and contract worker database. The format of the database should be easy to maintain, and can be verifiable and trackable. Develop a framework for training programme development and implementation. The framework should define the process of identifying training needs, the responsibilities of all relevant parties, requirements of recordkeeping and reporting, and include registration of training providers and regulatory required certification in addition to the established training matrix and schedule.
27. Establish an overarching HR policy to define the principles in HR management to include identification and assessment of risks and opportunities, establish goals and objectives, assignment of responsibilities, as well as define the criteria for working and/or living standards, which may be site-specific (Jambi and East Kalimantan) or corporate standards to be applicable for all sites in accordance with RLU's Sustainability Policy.
28. Complete the identification and registration of regulatory required certified competencies (e.g., OHS Experts and/or OHS Officers and/or OHS Technicians for chemical management, fire safety, electrical safety, etc.) with considerations for scope of responsibility (corporate, site, or business unit), level of responsibility (program development, supervisory, or operative), as well as the required number as per the applicable regulations. Plan for the training and certification of the required certified competencies.

29. Develop a comprehensive industrial hygiene program to address all aspects of the site operations including pesticide and fertilizer use and management, rubber washing activities, operation of noise generating equipment, fuel handling and storage, as well as emergency response (fire fighters, first aiders, medical service providers/clinics). Good standards of hygiene should also be applied to non-operational activities such as school and day-care management.
30. Consider to develop instructional pamphlets regarding to PPE use, storage, maintenance, and disposal requirements to be provided to the workers according to the types of PPE to be used by the workers concerned. Provided information should include, among others, the lifetime of the PPE and the requirements of PPE disposal for which report to SHE team should be made.
31. Review and evaluate the PPE identification and assessment in sync with the identification and assessment of worker health surveillance requirements to address work activities that require specific medical surveillance and/or specific PPEs (e.g., respirators, self-contained breathing apparatus [SCBA]).

PS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION

Waste Management:

A waste management programme dated November 2020 listed out seven (7) activity plans and these plans have been implemented based on site review conducted in January 2022. Future plans identified based on the review and evaluation of current implementation programmes identified the need to purchase two (2) units of waste trucks and to achieve waste reduction at source by 50% to 60% of waste volume sent to landfills. Reportedly, in areas where an integrated waste facilities were constructed, RLU reported during the interview process to have achieved 100% waste segregation, and resaleable inorganic wastes are sold to third party recyclers.

As part of the programme, RLU conducted an internal audit by the SHE team to assess the implementations. In addition, RLU is currently conducting re-assessment on the waste management programme in partnership with the internship program of Kampus Merdeka. The findings from both internal audit and re-assessment will be used for continual improvement.

The following issues were noted related to the development and implementation of non-hazardous waste management programme:

- The solid waste management plan has not been developed.
- Inadequate provision of domestic waste management facilities in Jambi and East Kalimantan (i.e. no roof, no waste segregation)

Hazardous Waste Management:

Absence of the Temporary Hazardous Waste Permit for the newly constructed storage facility for hazardous wastes which is non-compliant with Government Regulation NO. 101 of 2014 regarding Hazardous Waste Management. It is a requirement that hazardous waste generator must possess a temporary hazardous waste storage permit prior to the storage and disposal of hazardous waste. Application for the Temporary Hazardous Waste Permits has been made but the permits were not yet granted as the local agency officers were unable to pay a visit to the site to verify the storage facility is constructed appropriately.

RLU reported that the previously appointed certified hazardous waste collector in Jambi went missing since September 2021. Therefore, hazardous wastes stored at Jambi site has exceeded the regulatory storage duration of 90 days. Reportedly, the local agency had been informed about the disruption of hazardous waste disposal service, and no hazardous wastes have since been disposed of.

A hazardous waste management plan is also required to be prepared.

Wastewater Management:

Both Jambi and East Kalimantan have not formally developed a comprehensive plan to manage the wastewater generated from plantation operations (e.g., rubber washing, workshops). The site currently maintains several wastewater in ponds without discharging to nearby surface water; however, current practice is deemed insufficient to protect soil and groundwater as containment of untreated wastewater in temporary ponds still presents the risk of infiltration of wastewater into soil and groundwater.

Water Resource Management:

Utilization of water resources through extracting of groundwater and surface water i.e. river without a groundwater usage permit (SIPA). Additionally, it was noted that inventory of water resources utilized for domestic use did not include the use of river water, requirements for periodic water quality monitoring and/or the required water treatment processes to ensure that the water use meets the quality standards.

Integrated Pest Management (IPM) and Integrated Vector Management (IVM):

RLU has not developed any plan for IPM and IVM . The level of knowledge about responsible pesticide use is low, especially among smallholders in both Jambi and East Kalimantan. There is a great need for more training of site personnel about the applicable of IPM and IVM on safe pesticide use and IPM. For chemical management, RLU maintains a list of hazardous and toxic used list dated September 22, 2021 comprising the types of approved herbicides, insecticides, fuel, chemicals, coagulant, and lubricants, for use within the plantations, based on the assessments on the WHO Recommended Classification of Pesticides by Hazard and Guidelines to Classification 2009).

Both Jambi and East Kalimantan conduct water quality monitoring on the main water streams flowing through the concession areas on a six-monthly basis. The sampling locations are selected at two points outside of concession areas: upstream and downstream. The sampling locations may not be sufficient to address the potential contamination of pesticides to the water streams where pesticides are applied. The water streams are for potable use of the local communities located within the concession areas.

Environmental Documents

RLU's concession entities (LAJ, WMW, and MKC) have not updated the environmental documents (UKL-UPL and AMDAL) to include the changes based on the current operational activities.

Recommendations:

32. RLU needs to immediately apply for the remaining four (4) Temporary Hazardous Waste Storage Permit and Groundwater Extraction Permit (SIPA) to ensure legal permits are obtained for hazardous waste storage and groundwater extraction. If permits are unable to grant in time due to COVID-19 restrictions, RLU should request a written response from the local agencies that extensions are granted for the time being until a site visit can be arranged.
33. Ensure that the newly constructed hazardous waste storage facility has obtained the Technical Approval and SLO (Operational Eligibility Letter) from governmental agency.
34. Improve the design of solid waste facilities, such as the facility should be sufficiently protected from weather and equipped with waste segregation.
35. Develop solid and hazardous wastes management plan.
36. Should RLU be unable to appoint a certified hazardous waste collector, RLU must ensure that a written letter is sent by the local agency agreeing the extension of hazardous waste storage. Additionally, the facility management team shall ensure fire safety and housekeeping measures are in place to prevent any potential fire escalations due to excessive quantities of hazardous wastes remaining at the site.
37. A formal plan to install and set out wastewater treatment and water treatment facilities should be implemented by now considering the living population is growing and meet the applicable quality standards. Lacking the proper installation of wastewater and water treatment facilities will increase environmental and health risks to the living population.
38. IPM is a science-based decision making process that combines tools and strategies to identify and manage pests. IPM practitioners use knowledge of pest and host biology in combination with biological and environmental monitoring to respond to pest problems with management tactics designed to: 1) prevent unacceptable levels of pest damage; 2) minimise the risk to

people, property, infrastructure, natural resources, and the environment; and 3) reduce the evolution of pest resistance to pesticides and other pest management practices. Due to the lack of knowledge on IPM and IVM implementation, a scoping study including a literature review, scoping mission and stakeholder workshop is recommended prior to developing an integrated pest management plan. The emphasis is on describing current and future pesticide use and associated risks and on the current practices with respect to sustainable use of pesticides and pesticide management.

39. Maintain real time mapping of pesticide use in relation with water streams within the concession areas, particularly the active plantation areas. The mapping should identify critical point of potential contamination to the water streams from active use of pesticides, particularly in areas where community settlements are present. Identify monitoring points for periodic water sampling and analysis to ensure potential risk of contamination due to the use of pesticide in the area is being monitored and controlled.
40. Update the environmental documents to reflect the current site operations for LAJ, MKC and WMW. The environmental documents should also incorporate the implemented / planned ESG programs.

PS 4: COMMUNITY HEALTH, SAFETY AND SECURITY

As noted under PS1 there is not yet a comprehensive baseline and ESIA undertaken for the Project. As a result, the management of CHSS risks and impacts is lacking - specifically preventive and control measures for the risks and impacts of the health & safety of the Affected Community, consistent with GIIP. RLU has thus far addressed CHSS through the development of various procedures and initiatives. The approach taken in relation to CHSS reflects how the focus for RLU has been on those topics presenting perceived greatest risk, such as land return. SEB is currently underway and which may inform the coherency of the approach to CHSS, through associated CHSS baseline data / information and targeted impact assessment.

Interviews with RLU internal stakeholders indicated recognition of the need for more informed planning of CHSS activities and management, as well as the need to collaborate more effectively with other divisions on management of CHSS. RLU has conducted CHSS training, though this has been targeted reactively on topical issues and challenges. CHSS training was planned for 2021, however the COVID-19 pandemic disrupted the CHSS efforts in 2021, to the extent that no community level training was offered.

There is an Emergency Response Procedure in place for both concessions, and this addresses one key emergency situation - forest and land fire prevention and handling, as the key emergency. There is a need to ensure that as part of recommended ESIA Scoping that emergency situations and impacts are further identified and assessed, and out of this, appropriate mitigation measures are development and implemented. This includes developing a specific Emergency Response Plan, which would also outline how RLU will assist and collaborate with affected communities.

RLU retains workers to provide security. As of 2020, it is considered that security and conflict risks remain a key issue for RLU, considering that security patrols involve both Company staff as well as government representatives and police, over which RLU has limited control and ability to influence security responses. This risk is amplified given the context within which RLU is implementing land return, and which has amplified and exacerbated potential and actual conflict. RLU is aware of these risks, and this has been highlighted further in the TA work on land return with MFC (and the extended scope which includes mentoring relating to conflict resolution).

A SOP for security training is planned to be finalised in 2022, consistent with provisions outlined in the VPSHR and including provisions for security workers' interactions with local communities. Interviews with RLU indicated that this is a priority for 2022.

Recommendations:

See PS1. In addition, specific to CHSS, the key recommendation (among others) is that based on conducting an ESIA Scoping exercise, further defined under PS1, RLY should develop a CHSS Management Plan that addresses specific impacts identified, and provides for targeted management of CHSS impacts.

PS 5: LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT

Through the TA with MFC, there has been substantial progress in assessing RLU's land return planning and practices through the lens of IFC PS 1 and PS 5. Commencement of the TA was a critical item flagged in the 2021 ESDD audit report. Ramboll considers the TA to have provided pivotal assessment and guidance in the form of a precise Land Return Roadmap to align land return planning and practices with IFC PS 5 while navigating the contextual challenges in which RLU is operating, including production targets, encroachment, the presence of IPs, conflict with and distrust by stakeholders, and pressure from NGOs, and legacy issues with land return, among others.

As part of MFC's initial scope of works, a detailed compliance assessment (including field visits) was conducted. This assessment is drawn upon in this 2021 audit by Ramboll, as reflective of the current context of land return on the Project. As eluded above, Ramboll considered the TA as critical to really understand and address what has been (and continues to be) the major issue for the Project and the emerging outcomes of which are considered and endorsed by Ramboll to provide the definitive plan of action by which RLU can move forward towards meeting the intent of the IFC PS.

The TA Roadmap is considered to make obsolete many of the ESAP and previous Audit Report recommended actions (as expected). As such, this 2021 Audit Report incorporates the Roadmap actions defined in order to bring RLU into alignment with IFC PS. Brief commentary of key findings and performance are made by Ramboll under this PS, and key recommendations are highlighted in accordance with MFC Roadmap.

It cannot be overstressed as to the importance of all RLU's divisions, and at all levels of the organisation, taking onboard the Roadmap outlined by MFC for implementation and "owning" the actions and responsibilities outlined therein (see also PS 1 on this). And this, premised on a shared understanding of best practice (IFC PS) land return principles and processes. Importantly, the Roadmap delineates the specific responsibilities between RLU divisions (e.g. Sustainability division, Operations / Growth division, Production-Agronomy division and any other divisions deemed important as part of making the Roadmap successful) in implementing actions. This is key in ensuring that the Roadmap and land return activities are implemented using a whole of Company approach, including the necessary input, support and ownership of actions by personnel from the different divisions.

Key gaps in relation to IFC PS1, and RLU's land return framework, SOP, and practices are that they (see further detail in MFC Gap Assessment and above under PS1):

- Are not based on a comprehensive land use map that fully describes what is on concession land.
- Are not based on a comprehensive E&S assessment that identifies displacement impacts and risks.
- Have not fully applied the mitigation hierarchy to land return and have not taken all possible steps to avoid or minimize involuntary displacement impacts.
- RLU stakeholder engagement and grievance management practices are insufficient to adequately support land return activity.

In relation to IFC PS5 RLU's land return framework, SOP, and practices, the key gaps highlighted by MFC include that they:

- Do not clearly specify which land return activities are voluntary / involuntary.
- Do not describe a mechanism to set a cut-off date in line with PS5 requirements.
- Do not include collection of sufficient asset inventory and socio-economic data to support setting entitlements or to support monitoring and evaluation efforts.

- RLU's current compensation mechanisms do not meet full replacement cost.
- Do not follow good international practice for negotiation and mediation.
- Do not include a comprehensive plan for managing vulnerable people during the land return process.
- Do not define how livelihood restoration activities will deliver on the objective of restoring or improving livelihoods.
- Do not include adequate plans for monitoring and evaluating outcomes.

A key issue underpinning the gaps identified is the lack of an alternatives analysis (which would normally have been conducted as part of a full ESIA process) and which could direct RLU focus accordingly on viable alternatives to land return activities, including expanding the concentration zone to other areas that may be better targeted / less costly (vis-a-vis full replacement cost issues). It is recognised that in practice, RLU has in many cases, managed to avoid lands with community settlements and indigenous people and the LRF and SOP do make reference to avoiding and minimising involuntary resettlement, however provisions for how this is accomplished are considered to be vague. Options, including CPP participation are provided, but there is no reference to project design. In 2021, RLU has designed the CPP zone map focusing and implementing CPP program supported by The Sustainable Trade Initiative (IDH) and P4F (ongoing) in the area selection.

The Roadmap is currently in the early phases of implementation. The most recent updates to progress indicate that key actions completed include the development of a Land Return Policy which is currently under review (not reviewed by Ramboll at the time of writing this Report), and that the revised LRF and SOP components are under development as planned in the Roadmap.

Specifically in relation to the CPP (which cross-cuts many of the PS), the TA on Land Return provides assessment and actions to facilitate amendment of the CPP to better align with PS 5. There were also a number of findings on the CPP noted in the 2020 Audit Report more broadly than in relation to PS 5 (and which are discussed in this section). The CPP is the key economic empowerment vehicle for RLU. Gaps include the CPP's ability to demonstrate conformance in terms of livelihoods restoration. Consistent with the 2020 Audit recommendation, the TA found the CPP is well-designed and in line with RLU's mission to be a world leader in sustainable natural rubber by promoting a new model of sustainable rubber production that is economically empowering, socially inclusive, and environmentally friendly. It also aligns with the MoEF's focus on social forestry models as the preferred mechanism for conflict resolution. The TA recommended that the CPP is further assessed against IFC PS 5 in order to ensure that it may also be fully utilised within the scope of PS 5 livelihood restoration measures, among others. Noted that CPP area has been designed for Jambi but not East Kalimantan yet.

A key recommendation of the 2020 Audit Report was to put in place a consolidated CPP framework linking the various community partnership initiatives. This has not substantially progressed in 2021, due largely to the Land Return TA findings and outcomes needing to feed into CPP ongoing development. This is recommended to be actioned in 2022. RLU indicated that a social forestry program expert has been appointed to improve the overall CPP business model. This position is advised to take a strategic approach to CPP ongoing development, including ensuring that evolution thereof is underpinned by a cohesive framework.

Recommendations:

Further to PS1 recommendations which cross-cut PS5, and consistent with MFC Roadmap, the following recommendations are made:

41. Finalise the Land Return Policy.

42. Update planting location selection criteria vis-a-vis land return activities.
43. Assess displacement impacts and risks.
44. Map unclaimed land.
45. Update the Land Swap Program in line with PS5.
46. Integrate Land Management Approaches.
47. Include the option for land claimants to work with SHM and Wahli (NGOs) as they navigate RLU processes.
48. RLU engagement and programming should extend to villages surrounding RLU's concessions.
49. Conduct a replacement cost desktop study.
50. Develop a shared (accessible to RLU Operations/Growth and RLU Sustainability) asset inventory and socio-economic census database that cross references land and assets with asset owners, households, and household members, and with other RLU databases.
51. Roll out asset inventory and socio-economic census in priority areas in advance of SEB/SIA results as needed.
52. Consider engaging a consultant to conduct a Legacy Land Return Audit with a corrective action plan if the SEB/ESIA Scoping exercise identifies significant negative livelihoods outcomes for historic Tali Asih recipients or if other engagement processes reveal that historic land return activities are root causes for conflicts with communities.
53. Develop a Policy limiting the use of compulsory procedures and develop a Negotiation and Mediation SOP as a component of the Land Return Framework.
54. Select involuntary priority land return targets.
55. Engage an external expert to assess RLU's implementation of revised LRF and associated procedures periodically.
56. Revise the LRF and SOP to include a Vulnerable People's Plan (included as part of LRF / SOP document) that analyses impacts and risks related to Vulnerable Project Affected People, outlines how to support them to access processes, and that monitoring and evaluates outcomes for vulnerable people.
57. Include cash and in-kind options for entitlements where feasible and incorporate measures to incentivize in-kind alternatives.
58. Develop a cut-off date communications plan
59. Update sections of the LRF and SOP to align with the content of a Livelihoods Restoration Plan (LRP) including describing how Company programs are scaled to the economic displacement impacts, how they aim to achieve the objective of restoring livelihoods to the same or better standards, and how this can be measured and reported along with all other requirements of an LRP.
60. CPP: Develop a CPP Framework that links the various complementary community partnership initiatives (post-SEB such that SEB outcomes may be incorporated). Update the CPP plan to align with IFC PS5 including consideration of vulnerability, socio-economic baseline data collection, and monitoring and evaluation program to confirm that CPP participation results in the same or better livelihood outcomes. Specifically, a livelihood vulnerability assessment of each participant should be undertaken to fine tune CPP interventions in the case of vulnerable people. The confirmed map of CPP land to be included in the ICLUP, HCV HCS and national reporting to MoE. Develop and implement a CPP sign-up communications plan that addresses the obstacles to CPP rollout and documents stakeholders' position regarding the program. Include CPP land and CPP target areas in SLUS reporting, ICLUP map and RKT/RKU annual workplan and audit PHPL.

PS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES

Critical Habitat Assessment for Development of Biodiversity Action Plan & Biodiversity Offset Management Plan:

Section 8 of the Biodiversity Management Plan (BMP) outlines the habitat management based on forest, shrublands, open land, agricultural land, and Riparians area that has not been categorised in accordance with IFC PS 6: habitats are divided into modified, natural and critical habitats, for the purpose of evaluating critical habitat assessment for subsequent development of biodiversity action plan and biodiversity offset plan required by the PS 6. The Mitigation Hierarchy: Avoid, Reduce, Remedy, and Offset which is required to be demonstrated in the BMP has not yet been conducted. RLU has set a timeline by Q4 2022 to update the BMP 2020 to incorporate the critical elements of PS 6 to clearly outline the measurable adverse impacts for Critical Habitat qualifying features, or significant alteration of integrity or viability in Natural Habitat, PS 6 respectively requires either a net gain or net balance for these features and habitats.

RLU is working with BTNP to strengthen the National Park's buffer zone through several activities (i.e. joint patrol, biodiversity monitoring, training and socialisation) to protect the area, preserve flora and fauna, ecosystem restoration and community empowerment. Patrolling within WCA is conducted on regular basis to prevent illegal activities such as hunting, encroachment and fire.

Currently the BMP 2020 will serve to be the commitment of RLU to implement best practice to ensure protection of the landscape and specifies within the project area of influence. The amendments of the BMP considering the incorporation of ICLUP (a considerable area of focus by RLU over the past years) and maybe reclassification of critical habitat with tier assessment (I.e., Tier 1 or Tier 2, main grades of critical habitat which are applicable to C1 to C3) according to IFC Guidance Note 6 should be considered and conduct gap evaluation prior to making changes to the BMP. It is important that RLU gains full understanding of the requirements of both IFC PS 6 and HCV to avoid duplication of effort and benefit from smoother project timelines. It is noted that &Green is finalising a net gain framework to help quantify their Net Losses and design a Net Gain approach.

HCV-HCS Assessment:

The latest HCV-HCS Report for LAJ and MKC conducted in 2020, has passed the HCVRN Quality Panel Review process and was declared as "Satisfactory" on 22 July 2021. RLU is the first The conservation areas in East Kalimantan have been well defined through the HCV/HCS identification. Challenges remain in relation with the maintenance/preservation of the HCV/HCS areas that are of relatively small areas surrounded by RLU's production areas. The approved environmental impact analysis report (AMDAL) for East Kalimantan has not been updated with the latest assessment based on HCV-HCS assessment conducted in 2020.

Resource Planning on Joint Patrolling and Security at Protected Areas:

RLU helps protect the adjacent approximately 143,000 ha BTPNP from deforestation through collaboration with Park Officials to establish area protection activities, preservation of flora and fauna, ecosystem restoration and community empowerment in the buffer zone of BTPNP which is a habitat for protected Sumatran elephants and tigers. The joint activities include patrol, biodiversity monitoring and provision of training.

Reportedly, there was some active engagement and socialisation programmes in 2021 despite Covid-19 challenge. Illegal logging and encroachment of concession areas remain a critical challenge to prevent deforestation and Ramboll identifies that resource availability for patrolling

would be crucial to protect the concession areas. Due to Covid-19 pandemic, training for SMART patrolling has not been conducted in 2021 as per plan. Interviews conducted by Ramboll with RLU stakeholders identified that increased resource in patrolling and security would tend to curb the rising cases of illegal logging and encroachment. RLU has plans to purchase drones in 2022 to further enhance its patrolling and monitoring efforts in the concession areas.

Recommendations:

61. Conduct gap assessment between PS 6 and HCV framework before proceeding to update the BMP as the HCV approach and PS 6 have many conceptual elements in common, there are important areas of divergence. The BMP should consider the use an expanded spatial scope to meet the PS 6 expectation of a landscape approach; use critical habitat thresholds, or Key Biodiversity Area criteria, as a global threshold for HCVs; and include a determination of Natural and Modified Habitats per PS 6, and explicitly adopt definitions of 'maintain and enhance' that are aligned with the PS 6 concept of 'net gain'.
62. Resource planning to resume SMART patrolling training and capacity building on drone operations.
63. Update AMDAL based on the latest HCV-HCS assessment conducted in 2020, and submit to the Environmental Agency for approval.

PS 7: INDIGENOUS PEOPLE

The TA package to align IPs activities with IFC PS was commenced as planned in 2020 by MFC (in association with the TA for Land Return). This was a priority recommended action from the 2020 Audit Report. For PS 7, MFC scope included assessing the particular circumstances of affected indigenous groups and the operations' impacts on them, including evaluating RLUs' potential positive and adverse impacts on the affected IPs; and using the analysis to inform the updates to the IP framework and IPP (as part of Phase 2 of the MFC scope). MFC have delivered a Gap Analysis on RLU's Indigenous Peoples' Engagement Against IFC PS and which outlines a series of next steps to move RLU forward towards compliance with IFC PS, as follows:

- Updating the IPP Framework;
- Developing a draft IPP (both Jambi and East Kalimantan);
- Review IPP developed by RLU (Jambi); and
- Developing an IP Engagement and Communication Plan.

Ramboll identifies that while the TA on IPs has been somewhat of a secondary priority behind the related TA on land return (PS5), MFC has outlined a clear plan of action on IPs that will facilitate RLU to more comprehensively and purposefully work towards compliance with PS7. A key finding from the detailed review conducted by MFC is situating the approach to IPs within a revised understanding of affected IPs (based on PS7 definition of IPs). This includes recognition of the Talang Mamak as IPs in Jambi, and conducting further identification of IPs in East Kalimantan consistent with IFC definition of IPs.

The minimum baseline information on IPs required to support the development of an IPP is well noted in the MFC Gap Assessment, as are the key socio-economic impacts that need to be assessed; these should be the focus of remaining TA efforts / delivery through 2022.

Engagement with affected communities of Ips has been conducted; however, a more unified manner is recommended with only some IPs (e.g. engagement with both sedentary Orang Rimba as well as nomadic groups). Progressive SEB and consultation activities with IPs are underway. Participatory mapping activities of IPs should account for all IPs,

RLU's Indigenous Peoples Engagement and Livelihood Framework (IPELF) commits RLU to FPIC processes and principles, including a Consultation Process Flowchart Using the FPIC Approach. The 2020 Audit found systematic documentation of engagement (including demonstrating FPIC as an ongoing process) is lacking. The written agreements signed with the three Orang Rimba groups in Jambi focus on the following: 1) RLU to provide support and assistance in education, health, emergency situation, and livelihood; 2) protection of WCA as IP and Sumatran elephant habitat; and 3) social survey and asset mapping of Orang Rimba and their livelihoods. As identified previously, documentation of processes whereby these agreements were established is insufficient and also lacking in relation to impact mitigation measures for impacts on IPs. Ramboll commends RLU for improving documentation of consultation processes over the past two years, this focus should be doubled down upon as engagement and consultation with all IPs is prioritized. Further RLU needs to forge more specific agreements with IP groups and which reflect the changing context (including baseline / impact assessment processes underway). As noted by MFC in their gap assessment, to meet FPCI, agreements with IPs should be specific as to what RLU activities and undertakings IPs are providing their consent to.

Recommendations:

64. Prioritise the completion of IP TA (and actions outcomes) as planned / outlined in the agreed TA scope.

65. Harmonize the Indigenous People's Framework and IPP-Jambi by including the Talang Mamak, who are found in the villages adjacent to BU3 and 4 of LAJ.
66. Aside from the identified IP groups in East Kalimantan, investigate the potential presence of other IPs in the area. If there are such groups, these should be incorporated into RLU's IP Framework and Plan.
67. To support above activities, Participatory IP Mapping activities should be continued both in Jambi and East Kalimantan, along with SEB, and targeted ongoing consultation activities with IPs in order to supplement baseline understanding and identification of IPs, and thereafter to specifically support targeted impact assessment to be incorporated within the IPPs for Jambi and East Kalimantan.
68. Consultation with IPs, SEB and asset mapping/inventory activities should include focus and analysis on IPs' traditional ownership and customary use of land and resources. Specific focus to be placed on those IPs that RLU has limited/ no data on as yet, as well as augmenting understanding where engagement / consultation is already established with IPs (e.g. sedentary IP groups).
69. Prepare and commence implementation of the IP Engagement & Communications Plan.
70. Continue to engage IPs and forge more specific agreements with them that align with FPIC requirements more fully. These agreements should be explicit as to what specific RLU activities and undertakings IPs are giving their consent to.
71. Pursue specific engagement with IP groups that have not yet been engaged by the Project, applying FPIC principles and processes. Target meaningful engagement with all IP groups (i.e. nomadic groups in Jambi and IPs in EK) by end of 2022. Engagement should ideally also encompass SEB, such that baseline / impacts assessment relating to all IPs is able to be established and included in IPPs.
72. In the revised IP Engagement and Communications Plan, provide specific planning and actions to support consultation and information disclosure with IPs on impacts and mitigation measures.
73. The Land Return Framework and Plan should address potential impacts on IPs, including permanent or temporary loss of their livelihood. Involuntary Resettlement of IPs should be avoided.
74. Mitigation and development benefits (based on updated ESIA scoping including previously unidentified / assessed IPs) should be developed in consultation with IP groups, and which reflect their needs and preferences.
75. Ensure internal resources are adequately assigned to progress on IP tasks / engagement activities in an ongoing and consistent manner.
76. Consider retaining a consultant (e.g. MFC) familiar with the Project in a targeted capacity to provide ongoing coaching and mentoring to facilitate RLU's effective implementation of the IPPs consistent with IFC PS7 (and which builds on the IP work that RLU has also completed with Wanaksara, KKI Warsi, RBI, and Daemeter). The rationale for this is to avoid the progress made in 2021/2022 on IPs losing momentum once the TA is complete.
77. For the potential existence of IP groups and their cultivation area within RLU's concession area, first gather data regarding to the IP groups and their activities including population, location and area. After gathering the data, RLU should devise a plan for stakeholder engagement with the IP groups to reach an agreement that will benefit to both parties (IP groups and RLU).

PS 8: CULTURAL HERITAGE

Through previous and ongoing studies, consultation, reporting, and planning as part of HCV-HCS (and ICLUP), cultural heritage has partially identified and documented cultural heritage. There is explicit recognition of both local and international conventions on the protection of cultural heritage (Draft ICLUP, and HCV-HCS Reports). The HCV-HCS Report (Jambi and East Kalimantan) do indicate application of mitigation measures that favour avoidance in relation to indigenous / sacred forests, and graves (HCV6), including for example, erection and maintenance of boundaries to protect historical / sacred locations. The cultural heritages following the definition of HCV 6 (Cultural Values) have been identified and their locations are highlighted in map. The approach of HCV 6 identification in the Report has complied to the HCV-HCS Guidance. RLU should ensure that the cultural heritages including tangible and intangible forms of culture as defined by IFC PS 8 are all included in the on-going SEB.

A Chance Finds Procedure has not yet been developed for the Project.

The risk at present is that while progress in identifying and protecting cultural heritage is being made, there is no consolidated or unified understanding, assessment and mitigation / management of cultural heritage, and that cultural heritage is at risk of being approached in a disjointed and piecemeal fashion as a result. As the Project is maturing in terms of its ability to address a broader range of aspects (other than those high risk / impact issues), consolidated focus on cultural heritage is needed.

Recommendations:

78. Upon SEB Report availability, bring together cultural heritage baseline information available from HCV-HCS Studies, SEB, and IP consultation / TA activities as part of aforementioned recommended ESIA Scoping and development of a Cultural Heritage Management Plan (CHMP) for Jambi and EK. The CHMP should be developed taking into consideration and with reference to related work streams and processes underway by the Project (e.g., CPP, land return and the IPP).
79. Develop a Chance Finds Procedure for the Project.
80. Conduct awareness training with all workers and consultants engaged on the Project and who are involved in field-based work as to the provisions of the Chance Finds Procedure.
81. Ensure provisions for continued access for affected communities to cultural sites is documented and implemented in CHMP and IPP (as appropriate).

ESG Review Considerations Due to COVID-19

The COVID-19 pandemic has challenged companies globally including the RLU Group, which has been most impacted by mobility. Past ESG efforts moving RLU towards compliance with IFC PS are noted to have been instrumental in improving resilience and safeguarding RLU against unexpected ESG risks such as COVID-19, especially in relation to labour and community health and safety provisions. As part of the Company's commitment to protect health and safety of employees and also in the communities where RLU operates, the Company implemented several measures, including, key among which include:

- No reduction in salary or other compensation. The Group also committed to paying 100% of fixed compensation to all employees, covering any medical treatment.
- To take decisions quickly and effectively, the company established a COVID-19 Crisis Management Team (COVID CMT team) comprised of RLU Group senior management (Board of Directors, General Managers, Department Heads) and also a COVID 19 Task Force (TF) at all sites. This latter TF is comprised of Safety Health and Environment team members and employee representatives from various departments. The CMT and Task Force were established in March 2020.

The Company also established a COVID-19 Protocol, and reviews work plans based on the evolving COVID-19 situation in each area. This has included instituting work at home measures for employees whose jobs can be performed from home, employee and visitor movement restrictions within the plantations, COVID-19 Polymerase Chain Reaction (PCR) tests for all site visitors or employees showing symptoms or the close contacts of confirmed cases based on contact tracing.

TLFF KPIs Progress Status

Table ES1: TLFF KPIs

TLFF Objective	KPI	2018 Data	2019 Data	2020 Data	2021 Data
Forest Retention	Hectares of actively managed HCV/HCS forest – on concession	<ul style="list-style-type: none"> Jambi: 2,000 ha East Kalimantan: 6,500 ha 	<ul style="list-style-type: none"> Jambi: 2,879 ha East Kalimantan: 8,858 ha (HCV-HCS Land Cover 2019 Data)	<ul style="list-style-type: none"> Jambi: 2,879 ha East Kalimantan: 8,858 ha (HCV-HCS Land Cover 2019 Data)	<ul style="list-style-type: none"> Jambi: 2,780 ha East Kalimantan: 9,094 Ha (Satelligence 2018-2021 Data)
Improved Rural Livelihoods	Number of smallholder rubber farmers engaged as part of the CPP (part time and full time). These are farmers, not employed by RLU, but that have an agreement which defines some type of transaction between services and products (rubber).	Not available	<ul style="list-style-type: none"> Jambi: 33 East Kalimantan: 300 Total: 333	<ul style="list-style-type: none"> Jambi: 213 East Kalimantan: 398 Total: 611	<ul style="list-style-type: none"> Jambi: 242 East Kalimantan: 488 Total: 730 Note: counting based on smallholders that has been legalized in NKK. EKal: including 440 outgrowers
	Number of smallholder households impacted by RLU CPP (to be calculated as no. of farmers x 5 given assumptions re. average household in Jambi)	Not available	1,655 persons	3,175 persons	3,650 people
	Number of farmers receiving training from RLU	266	804	<ul style="list-style-type: none"> Jambi: 263 East Kalimantan: 198 	<ul style="list-style-type: none"> Jambi: 435 East Kalimantan: 242
	Number of farmers selling rubber into the RLU supply chain	Not available	333	413	730
	Number of jobs created under the CPP (to include those jobs associated with local suppliers)	Not available	Not available	<ul style="list-style-type: none"> Jambi: 35 East Kalimantan: 163 	<ul style="list-style-type: none"> Jambi: 16 East Kalimantan: 33
	Number of direct job created	<ul style="list-style-type: none"> Jambi: 3,579 East Kalimantan: 851 Total: 4,430	<ul style="list-style-type: none"> RLU permanent employees: 1,042 Daily labour: 3,278 Total: 4,320	<ul style="list-style-type: none"> Head Office: 45 Jambi: 3,302 East Kalimantan: 912 Total: 4,259	<ul style="list-style-type: none"> Head Office: 49 Jambi: 3,005 East Kalimantan: 828 Total: 3,882
	Salary range of direct RLU employees	<i>Above provincial minimum wage standard)</i>	<i>Above provincial minimum wage standard)</i>	<i>Above provincial minimum wage standard)</i>	<i>Above provincial minimum wage standard)</i>
Biodiversity Protection and mapping of threatened/ endangered species	No. of conservation programmes implemented	Four (4) programmes: <ul style="list-style-type: none"> Forest Protection Wildlife Conservation Area Human-wildlife Conflict Wildlife Monitoring 	Four (4) programmes: <ul style="list-style-type: none"> Forest Protection Wildlife Conservation Area Human-wildlife Conflict Wildlife Monitoring 	Five (5) programmes: <ul style="list-style-type: none"> Forest Protection Wildlife Conservation Area Human-wildlife Conflict Wildlife monitoring Restoration (only in Jambi) 	Five (5) programmes: <ul style="list-style-type: none"> Forest Protection Wildlife Conservation Area Human-wildlife Conflict Wildlife monitoring Restoration (only in Jambi)

TLFF Objective	KPI	2018 Data	2019 Data	2020 Data	2021 Data
	Number of species protected	<p>5 Critically Endangered Species:</p> <ul style="list-style-type: none"> Elephant (<i>Elephas maximus sumatranus</i>) Tiger (<i>Panthera tigris sumatrae</i>) Orangutan (<i>Pongo pygmaeus morio</i>) <p>2 Endangered species:</p> <ul style="list-style-type: none"> Mitred monkey (<i>Presbytis melalophos</i>) Malayan Tapir (<i>Tapirus indicus</i>) 	<p>5 Critically Endangered Species:</p> <ul style="list-style-type: none"> Elephant (<i>Elephas maximus sumatranus</i>) Tiger (<i>Panthera tigris sumatrae</i>) Orangutan (<i>Pongo pygmaeus morio</i>) Helmeted hornbill (<i>Rhinoplax vigil</i>), Yellow Meranti (<i>Shorea peltata</i>) <p>4 Endangered species:</p> <ul style="list-style-type: none"> Mitred monkey (<i>Presbytis melalophos</i>) Wild dog (<i>Cuon alpinus</i>) Otter civet (<i>Cynogale bennettii</i>) Malayan Tapir (<i>Tapirus indicus</i>) 	<p>7 Critically Endangered Species:</p> <ul style="list-style-type: none"> Elephant (<i>Elephas maximus sumatranus</i>) Tiger (<i>Panthera tigris sumatrae</i>) Helmeted hornbill (<i>Rhinoplax vigil</i>), Yellow Meranti (<i>Shorea peltata</i>) Gaharu (<i>Aqualaria beccarain</i>) Orangutan (<i>Pongo pygmaeus morio</i>) Meranti (<i>Dipterocarpus tempehes Slooten</i>) (Endemic) <p>8 Endangered species:</p> <ul style="list-style-type: none"> Mitred monkey (<i>Presbytis melalophos</i>) Wild dog (<i>Cuon alpinus</i>) Otter civet (<i>Cynogale bennettii</i>) Malayan Tapir (<i>Tapirus indicus</i>) Bornean gibbon (<i>Hylobates muelleri</i>) Proboscis Monkey (<i>Nasalis larvatus</i>) Clouded leopard (<i>Neofelis diardi</i>) Kapur (<i>Dryobalanops oblongifolia subsp. occidentalis P.S.Ashton</i>) 	<p>7 Critically Endangered Species:</p> <ul style="list-style-type: none"> Elephant (<i>Elephas maximus sumatranus</i>) Tiger (<i>Panthera tigris sumatrae</i>) Helmeted hornbill (<i>Rhinoplax vigil</i>), Yellow Meranti (<i>Shorea peltata</i>) Gaharu (<i>Aqualaria beccarain</i>) Orangutan (<i>Pongo pygmaeus morio</i>) Meranti (<i>Dipterocarpus tempehes Slooten</i>) (Endemic) <p>8 Endangered species:</p> <ul style="list-style-type: none"> Mitred monkey (<i>Presbytis melalophos</i>) Wild dog (<i>Cuon alpinus</i>) Otter civet (<i>Cynogale bennettii</i>) Malayan Tapir (<i>Tapirus indicus</i>) Bornean gibbon (<i>Hylobates muelleri</i>) Proboscis Monkey (<i>Nasalis larvatus</i>) Clouded leopard (<i>Neofelis diardi</i>) Kapur (<i>Dryobalanops oblongifolia subsp. occidentalis P.S.Ashton</i>)
	Hectares of wildlife conservation areas protected	8,198 ha	Approx. 9,700 ha (round up)	Jambi: 9,678 ha	Jambi: 9,678 ha
	Hectares of conservation habitats protected within the concessions	<ul style="list-style-type: none"> Jambi: 18,370 ha East Kalimantan: 9,983 ha 	<ul style="list-style-type: none"> Jambi: 18,370 ha East Kalimantan: 9,983 ha 	<ul style="list-style-type: none"> Jambi: 18,926 ha East Kalimantan: 9,983 ha 	<ul style="list-style-type: none"> Jambi: 18,690 ha (238 ha of it to be managed with community under CPP) East Kalimantan: 9,874 ha (109 ha of it to be managed with community under CPP)
	Patrol coverage and reporting on illegal activity findings overtime.	<p>Patrol coverage:</p> <ul style="list-style-type: none"> Jambi: 125,893 km East Kalimantan: 84,286 km <p>Illegal activity reporting:</p> <ul style="list-style-type: none"> Jambi: 22 reports East Kalimantan: 53 reports 	<p>Patrol coverage:</p> <ul style="list-style-type: none"> Jambi: 107,305 km WCA: 59,261 km East Kalimantan: 81,767 km <p>Illegal activity reporting:</p> <ul style="list-style-type: none"> Jambi: 4 reports 	<p>Patrol coverage:</p> <ul style="list-style-type: none"> Jambi: 83,015 km WCA: 37,726 km East Kalimantan: 42,796 km <p>Illegal activity reporting:</p> <ul style="list-style-type: none"> Jambi: 4 reports 	<p>Patrol coverage:</p> <ul style="list-style-type: none"> Jambi: 75,211 km WCA: 23,848 km East Kalimantan: 50,083 km <p>Illegal activity reporting:</p> <ul style="list-style-type: none"> Jambi: 1 report

TLFF Objective	KPI	2018 Data	2019 Data	2020 Data	2021 Data
			<ul style="list-style-type: none"> East Kalimantan: 5 reports 		
Reduced emissions from prohibitions on slash and burn in landscapes	Number of trees planted	Rubber trees planted: 8,583,277 Restoration: <ul style="list-style-type: none"> 1,075 native trees planted in Conservation Area (Jambi) 	Rubber trees planted: 10,209,131 Restoration: <ul style="list-style-type: none"> 1,113 native trees planted in Conservation Area BU3-4 and 1 121 trees planted in Conservation Area BU1-2 Nursery: <ul style="list-style-type: none"> 3,132 seedlings (BU4 Ranger's Station) 3,796 seedlings (BU1 Arboretum) 180 seedlings in BU5 	Rubber trees planted: 11,318,033 Restoration: <ul style="list-style-type: none"> 1,827 trees planted in Conservation Area (Jambi) 1,947 trees planted in Conservation Area 9 East Kalimantan) Nursery: <ul style="list-style-type: none"> 9,051 seedlings (Jambi) 228 seedlings (East Kalimantan) 	Rubber trees planted: 11,358,157 Restoration: <ul style="list-style-type: none"> 4,389 trees planted in Conservation Area (Jambi) 222 trees planted in Conservation Area (East Kalimantan) Nursery: <ul style="list-style-type: none"> 8,700 seedlings (Jambi) 1636 seedlings (East Kalimantan)
	Number of fires registered (as reported to the authorities)	Not available	Jambi <ul style="list-style-type: none"> LAJ: 73 WMW: 19 East Kalimantan MKC: 16	<ul style="list-style-type: none"> Jambi: 101 East Kalimantan: 4 	<ul style="list-style-type: none"> Jambi: LAJ: 16 WMW: 6 East Kalimantan: 3
	Number of hectares burnt (if any)	Not available	<ul style="list-style-type: none"> Jambi: 101.04- ha East Kalimantan: 42 ha 	<ul style="list-style-type: none"> Jambi: 37.05 ha East Kalimantan: 3.57 ha 	<ul style="list-style-type: none"> Jambi: 16.81 ha East Kalimantan: 1.07 ha
	Carbon footprint (in tCO2e)	<ul style="list-style-type: none"> Jambi: (351,265) East Kalimantan: 266,366 	<ul style="list-style-type: none"> Jambi: (860,189) East Kalimantan: 231,343 	<ul style="list-style-type: none"> Jambi: (1,027,091) East Kalimantan: 162,221 	<ul style="list-style-type: none"> Jambi: (1,532,849) East Kalimantan: 162,221
	Greenhouse gas emissions absorbed by protected forest, planted trees (in tCO2e)	<ul style="list-style-type: none"> Jambi and East Kalimantan: 84,899 (Revised RLU Carbon Assessment Report)	Jambi and East Kalimantan: 628,846	Jambi and East Kalimantan: 864,870	Jambi and East Kalimantan: 1,370,628

&Green LPP KPIs

RLU, TLFF and &Green (together “the Project Parties”) wish to monitor forest cover and land use-change on the RLU concessions as well as in the surrounding landscape in order to establish the impact of the project on forest cover in and around the concessions. In June 2020, Satelligence BV, a company based in the Netherlands, was contracted for a two year period to monitor and analyse the forest cover and land use of RLU’s concessions in Jambi and Kalimantan. The results are to be reported in the Audit Reports starting from the 2022 period.

Whilst for TLFF and &Green, the objective is to establish the impacts of the project on forest cover in the landscape surrounding the concessions in Jambi against a Landscape Protection Plan agreed upon among the Project Parties and in relation to the KPI framework &Green is reporting against. The landscape monitoring shall be accompanied by engagement with the Indonesian government, facilitated by RLU, to ascertain a good understanding by the government of the objectives of the monitoring.

Jambi

Table ES2: Forests Conserved / Restored in the RLU Concession

Land Unit	Baseline Forest Cover (ha)		Protected Areas under control by RLU (ha)		Restoration (ha)	
	2021 Target	2021 Status	2021 Target	2021 Status	2021 Target	2021 Status
HCV/HCS	2,550	2,780*	2,550	2,780*	Natural regeneration 876 ha Active planting 40 ha	Natural regeneration 878 ha (Rubber written off for WCA and wildlife riparian/ stream)** Active planting 41.20 ha
outside WCA	50	505*	50	505*		
inside WCA	2,500	2,275*	2,500	2,275*		
WCA total	2,500	2,275*	2,500	2,275*		
Non-HCV riparian areas (small streams) outside the WCA	0	0*	505	1,378**		
Other	0	0*	0	not available*		
Total	2,550	2,780*	2,304	2,780*	916	919.2

Note:

* Satelligence data 2018-2021.

** SLUS December 2021

Table ES3: Agricultural Intensification

Unit	Intensified Area (ha)				
	2018 Status	2019 Status	2020 Status	2021 Status	2033 Target
RLU Rubber	14,123	16,188	17,812	18,351	30,000
CPP smallholders expansion	0	0	393	623.15	6,000
Total	14,123	16,188	18,205	18,974.15	36,000

Table ES4: Social Benefits

Social Benefit	2018 Status	2019 Status	2020 Status	2021 Status	2033 Target
Jobs	3,579	3,256	3,302	3,005	16,200 (Jambi & Kaltim)
Smallholders benefiting from Community Partnerships	0	0	213	243	3,000

East Kalimantan**Table ES5: Forests Conserved / Restored in the RLU Concession**

Land Unit	Baseline Forest Cover (ha)		Protected Areas under control by RLU (ha)		Restoration (ha)	
	2021 Target	2021 Status	2021 Target	2021 Status	2021 Target	2021 Status
HCV/HCS	8,331	9,094 (including space forest class)*	6,731	8,083*	50	Natural regeneration: 44 ha** Active planting: 13.88 ha
Riparian areas outside HCV/HCS	0	not available*	1,600	Not available	0	0
Other	0	not available*	0	not available*	0	0
Total	8,331	9,094*	8,331	8,083*	50	57.88*

Note:* *Satelligence data 2018-2021*** *SLUS December 2021***Table ES6: Agricultural Intensification**

Unit	Intensified Area (ha)				
	2018 Status	2019 Status	2020 Status	2021 Status	2033 Target
RLU Rubber	4,523	4,782	4,788	4,788	4,649
CPP smallholders expansion	0	0	95	115.2	1,000
Total	4,523	4,782	4,883	4,903.2	5,649

Table ES7: Social Benefits

Social Benefit	2018 Status	2019 Status	2020 Status	2021 Status	2033 Target
Jobs	851	1,013	912	828	16,200 (Jambi & Kaltim)
Smallholders benefiting from Community Partnerships	0	300	398	488	500