



Final CCBA Project Validation Report

'THE KATINGAN PEATLAND RESTORATION AND CONSERVATION PROJECT (THE KATINGAN PROJECT)'

14 OCTOBER 2016

Assessment Conducted by:

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Introduction

This report presents the findings of an audit conducted by SCS Global Services (SCS), to confirm that the “The Katingan Peatland Restoration and Conservation Project (The Katingan Project)” (“the project”) conforms to the Climate, Community and Biodiversity Project Design Standards (Third Edition). SCS has been accredited by the Climate, Community & Biodiversity Alliance (CCBA) to perform such validation audits.

Objective

The validation audit is an independent assessment by SCS of the “The Katingan Peatland Restoration and Conservation Project (The Katingan Project)” (“the project”) against the assessment criteria. Validation has resulted in a conclusion by SCS as to whether the project is compliant with the assessment criteria and whether the project should be approved under the CCB Standards.

Scope and Criteria

The scope of the audit consisted of the project, its activities, and its geographic extent, as described within the Project Design Document, dated 11 May 2016 v1.3 (“the PDD”). The assessment was conducted against the criteria set out within the following guidance documents:

- Climate, Community and Biodiversity Project Design Standards, Third Edition, December 2013 (“CCB Standards”),
- Rules for the use of the Climate, Community & Biodiversity Standards, Version December 2013 (“CCB Standards Rules”)

The project was assessed against all required criteria of the CCB Standards in order to determine whether the project could be validated at the “Approved” level. In addition, the project was assessed against at least one optional criterion, as set out by the CCB Standards, in order to determine whether the project could be validated at the “Gold” level.

Level of Assurance

SCS performed this assessment based on the guidance described by the Rules for the Use of the CCB Standards to determine whether there is a reasonable level of assurance that the project design addresses each requirement of the CCB Standards.

Summary Description of the project

The project is located in Mendawai, Kamipang, Seranau and Pulau Hanaut sub-districts of Katingan and Kotawaringin Timur districts, Central Kalimantan, Republic of Indonesia, and is aimed at reducing emissions related to planned deforestation.

Validation Process

Method

The validation was performed through a full desk review. At all times, the project was assessed for conformance to the criteria described above. Findings were issued to ensure that the project was in full conformance to all requirements.

It should be noted that some elements of the validation engagement described in this report were conducted concurrently with, and/or held substantive similarities to, the validation engagement conducted under the Verified Carbon Standard (VCS) Program. Where requirements of the VCS Program overlap sufficiently with requirements of the CCB Standards, a more concise description of how the PDD complies with the validation criteria has been provided within the cover of this report and the reader is referred to the applicable section of the most recent version of the VCS validation report issued by SCS (the most recent version of said report, as of the issuance of this report, was V1-0, revised 11 May 2016) for further details.

Document Review

The PDD and supporting documentation were carefully reviewed for conformance to the validation criteria. In addition to the PDD, the following written documents (e.g., reports, memos, land deeds and titles) were reviewed to ensure conformance of the project to the validation criteria:

Table 1 Documents Reviewed

Document	File Name	Ref.
Indonesian version of restoration decree SK 734 (Audit team included Indonesian partners who reviewed the decree for adherence to the VCS rules for Right of Use)	Minister of Forestry Decree SK 734/Menhut-II/2013.pdf	/1/

Signed letter from Indonesian Director General	Surat Perintah Setor Iuran IUPH PT. RMU.pdf	/2/
Shapefiles showing land concessions in Indonesia	Various Shapefiles	/3/
KML file showing project area	251SKS-IUPHHK-REP-MON2016	/4/
VCS Extension approval letter	Extension Request Response 2 Oct 2016	/5/
Shapefiles showing land-use classifications for Indonesia	Various Shapefiles	/6/
Shapefiles showing peatland classifications for Indonesia	Various Shapefiles	/7/
Shapefiles showing political boundaries for Indonesia	Various Shapefiles	/8/
Shapefiles showing river boundaries for Indonesia	Various Shapefiles	/9/
Shapefiles showing settlement boundaries for Indonesia	Various Shapefiles	/10/
Modis data showing potential fire incidence in the project area	Modis_Fire_Proxy.pdf	/11/
Peat map covering the project area	Peat and status map.pdf	/12/
Carbon dioxide emissions from an Acacia plantation on peatland in Sumatra, Indonesia	bg-9-617-2012.pdf	/13/
Subsidence and carbon loss in drained tropical peatlands	bg-9-1053-2012.pdf	/14/
PT Bina Daya Bental, a company affiliated to APP/Sinar Mas, continues of clearcutting Libo peat forest block in Riau, which closes to extinction	Bina Daya Bental.pdf	/15/
Forest regulations in Indonesia	Indonesia_Forest_Regulation.pdf	/16/
“Reconciling Forest Conservation and Logging in Indonesian Borneo”	journal.pone.0069887.pdf	/17/
Concessions example for Indonesia	Kalimantan Subur Permai Concession	/18/
Peat loss quantification literature	Quantifying soil carbon loss and uncertainty from a peatland wildfire using multi-temporal LiDAR	/19/
Literature supporting baseline quantification	Site Management and Productivity in Tropical Plantation Forests	/20/
Financial evidence	Katingan Loan Amendment Agreement_CONFIDENTIAL	/21/
Monitoring workbooks	Appendix 9_10_11_CCB Monitoring Plans_Revised.xlsx	/22/
Financial model	Endorsement of Katingan Financial Model_60-Year Projection_FINAL_CONFIDENTIAL.pdf	/23/

NPV Analysis	eCBA 3 GGGI - Katingan - Technical Document	/24/
Baseline Scenario	<ul style="list-style-type: none"> • Sims_Summary_DSR20150707.xlsx • Master_bsl.xlsx • 20150624_REDD_BSL_WPS_emission estimate_ITC_SK_NR_ver7 <p>20150625_ARR_BSL_WPS_emission_removal_estimate_ITC_ver5</p>	/25/
Uncertainty Calculations	Uncertainty_calculation.xlsx	/26/
Ex Ante Reductions	20150729_SummaryEmissionReductions	/27/
Plot locations	Various Shapefiles	/28/
Associated Documents and Literature	Database Access Guidelines	/29/
Indonesian Law 41/99	uu41_99_en	/30/
Indonesian Law 19/2004	ins137703	/31/
Forest Cover Analyzer	http://www.wri.org/applications/maps/forest-cover-analyzer/index.html	/32/
Proxy Data	http://commodities.globalforestwatch.org	/33/

It should be noted that the project utilized an online database where the majority of supporting documents are retained. Given the sheer volume of documentation, only the main documentation is noted in this report. All other documentation should be requested from the project proponents.

Interviews

Interviews constituted an important component of the audit process. The following personnel associated with the project proponent and/or implementing partner were interviewed. The phrase “throughout audit” under “Date Interviewed” indicates that the individual in question was interviewed on multiple occasions throughout the audit process.

Table 2 Interviews Conducted with Project Personnel

Individual	Affiliation	Role	Date(s) Interviewed
Dharsono Hartono	PT. Rimba Makmur Utama (RMU)	Chief Executive Director	Throughout Audit
Rezal Ashari Kusumaatmadja	RMU	Chief Operating Director	Throughout Audit
Taryono Darusman	RMU	General Field Manager	Throughout Audit
Priyatno	RMU	Executive Director	4-13 October 2015
Syamsul Budiman	RMU	Forestry Liason Director	4-13 October 2015
Leswarawati	RMU	Finance and Administration Director	4-13 October 2015
Deasy Andriana	RMU	Human Resources Manager	4-13 October 2015
Big Antono	RMU	Database Manager	4-13 October 2015
Hardian Mulyana	RMU	GIS Specialist	4-13 October 2015
Nugrahadi Ramadhan Tohir	RMU	GIS Assistant	4-13 October 2015
Meyner Nusalawo	RMU	Head of Forest Restoration and Head of Research and Development	4-13 October 2015
Muhammad Malik Arrahiem	RMU	Hydrologists	4-13 October 2015
Hendri Saleh	RMU	Technical Assistant of Hydrology	4-13 October 2015
Yusef Fabianus Hadiwinata	RMU	Section Head of Biodiversity	4-13 October 2015
Fransiskus Agus Harsanto	RMU	Division Head of Forest Restoration and Rehabilitation	4-13 October 2015
Rudi Mulyadi	RMU	Field Coordinator	4-13 October 2015
Noerman	RMU	Senior Field Staff	4-13 October 2015
Muhammad Araf	RMU	Field staff	4-13 October 2015
Rendi Pranata	RMU	Field staff	4-13 October 2015
Suryadi	RMU	Field staff	4-13 October 2015
Hardi	RMU	Field staff	4-13 October 2015

Dipa Satriadi Rais	Wetlands International	Technical Consultant	Throughout Audit
Irwansyah Reza Lubis	Wetlands International	Technical Consultant	4-13 October 2015
Iwan Tricahyo Wibisono	Wetlands International	Technical Consultant	4-13 October 2015
Andaman Muthadir	Yayasan Puter Indonesia	Manager Program	4-13 October 2015
Asep Mulyana	Yayasan Puter Indonesia	Sub-District Coordinator Kamipang	4-13 October 2015
Mambang Rena	Yayasan Puter Indonesia	Community Organizer Kamipang	4-13 October 2015
Suandri	Yayasan Puter Indonesia	Community Organizer Kamipang	4-13 October 2015
Heru	Yayasan Puter Indonesia	Community Organizer Kamipang	4-13 October 2015
Entis Sutisna	Yayasan Puter Indonesia	Sub-District Coordinator Mendawai	4-13 October 2015
Subronto Aji	Yayasan Puter Indonesia	Community Organizer Mendawai	4-13 October 2015
Decky Zulkarnain	Yayasan Puter Indonesia	Community Organizer Mendawai	4-13 October 2015
M Galigo Trianto	Yayasan Puter Indonesia	Community Organizer Mendawai	4-13 October 2015
Rumi Naito	Starling	Technical Consultant	Throughout Audit
Nick Brickle	Permian Global	Technical Consultant	Throughout Audit
Nathan Renneboog	Permian Global	Technical Consultant	4-13 October 2015
Simon Koenig	Permian Global	Technical Consultant	4-13 October 2015
Henrietta Boyd	Permian Global	Technical Consultant	4-13 October 2015
Christy Magerkurth	Permian Global	Technical Consultant	Throughout Audit

Residents of villages located near the project boundary (termed “local residents” within this report) were also interviewed. Local residents of the following villages were interviewed during the field visit.

Individual	Position	Role
Mr. Rendi	Village office staff (Kepala Urusan Pembangunan)	Perupuk
Mr. Suparji	Village secretary	Perupuk
Mr. Yuliano	CO Assistant (local facilitator recruited by Puter Foundation)	Perupuk

Mrs. Muslimah	Villager (worker in RMU's nursery pilot)	Perupuk
Mrs. Sukanti	Villager (worker in RMU's nursery pilot)	Perupuk
Mr. Saryanto	Head of BUMDes (Village owned company)	Perupuk
Mr. Duak Rahmanto	Village Secretary	Telaga
Mr. Jaransah	Head of KSM (community institution for livelihood priority program)	Telaga
Mr. Pendi	Treasurer of KSM	Telaga
Mr. Yusuf Afandi	Village office staff	Telaga
Mr. Dabik	Traditional Custom Head (Mantir Adat)	Telaga
Mr. Yanto	Village office staff (Kepala Urusan Pembangunan)	Jahanjang
Mr. Dedi Heriyadi	Head of KSM (community institution for livelihood priority program)	Jahanjang
Ms. Silvia Wulandari	Secretary of BPD (Village Representatives Body)	Jahanjang
Ms. Nursinah	Villager	Jahanjang
Mr. Sarwedi	CO Assisstant (local facilitator recruited by Puter Foundation)	Jahanjang
Mr. Puji	Village office staff (Kepala Urusan Pemerintahan)	Tumbang Runen
Mr. Nasrulah	Head of KSM (community institution for livelihood priority program)	Tumbang Runen

Mrs. Kadariah	Treasurer of KSM (community institution for livelihood priority program)	Tumbang Runen
Mr. Karyadi	Member of BPD (Village Representatives Body)	Tumbang Runen
Mr. Tomi Dunawan	Vice Head of BPD (Village Representatives Body)	Tumbang Runen
Mr. Suwanto	CO Assisstant (local facilitator recruited by Puter Foundation)	Tumbang Runen
Mrs. Siska Melatiana	Resident	Tumbang Runen
Mr. Rah Dahlan	Village office staff (Kepala Urusan Pembangunan)	Asem Kumbang
Mr. Sudiyono	Head of KSM (community institution for livelihood priority program)	Asem Kumbang
Mrs. Nur Apiyanti	Secretary of KSM (community institution for livelihood priority program)	Asem Kumbang
Mrs. Sri Hartati	Treasurer of KSM (community institution for livelihood priority program)	Asem Kumbang
Mr. Anggus	Member of BPD (Village Representatives Body)	Asem Kumbang
Mr. Masjati	CO Assisstant (local facilitator recruited by Puter Foundation)	Asem Kumbang
Mr. Mukhlis	Head of KSM (community institution for livelihood priority program)	Buan Bango
Mrs. Sukarti	Treasurer of KSM (community institution for livelihood priority program)	Buan Bango

Mrs. Junaimah	Member of KSM (community institution for livelihood priority program)	Buan Bango
Mr. Muksinin	Resident	Buan Bango
Mr. Wanto	Village office staff (Kepala Urusan Pemerintahan)	Karuing
Mr. Andi Liani	Village Head	Karuing
Mr. Azis	Resident	Karuing
Mr. Heri Irama	CO Assisstant (local facilitator recruited by Puter Foundation)	Karuing
Mr. Jeki	Resident	Karuing
Mr. Hernodyansyah	Secretary of KSM and Member of BPD	Tampelas
Mr. Hamansyah	Villager	Tampelas
Mr. Rantau	CO Assisstant (local facilitator recruited by Puter Foundation)	Tampelas
Mrs. Widyawati	Tocologist/midwife	Tampelas
Mrs, Hartati	Kindergarden teacher	Tampelas
Mr. Yosef Pagan	Head of KSM (community institution for livelihood priority program)	Gelinggang
Mrs. Susi	Treasurer of KSM	Gelinggang
Mr. Baniansah	Member of customary village institution	Gelinggang
Mr. Suharman	Resident	Gelinggang
Mr. Marjiansah	Village office staff (Kepala Urusan Pembangunan)	Gelinggang
Mrs. Hawanah	Resident	Gelinggang

Mr. Muhidin	CO Assisstant	Gelinggang
Mr. Sarif Fadli	Head of customary village institution and Vice Head of KSM	Gelinggang
Mr. Rusdiansah	Village Secretary	Gelinggang
Mrs. Raminah	Resident	Gelinggang
Mr. Ahmad	Head of BPD (Village Representatives Body)	Gelinggang
Mr. Haji Yusran	Village head	Tumbang Bulan
Mr. Aliansah	Head of KSM (community institution for livelihood priority program)	Tumbang Bulan
Mr. Ariansyah	Village office staff (Kepala Urusan Pemerintahan)	Tumbang Bulan
Mr. Soton	Member of BPD	Tumbang Bulan
Mr. Zulkifli	Resident	Tumbang Bulan
Mr. Sabirin	Village office staff (Kepala Urusan Pembangunan)	Tumbang Bulan
Mrs. Siti Komariah	Resident	Tumbang Bulan
Mr. Sahril	Head of Capacity Building of FORMAS (Community Forum)	Tumbang Bulan
Mr. Sudiyanto	Resident	Tewang Kampung
Mr. Wansah	Resident	Tewang Kampung
Mr. Rudiansah	Head of Fire Fighting Team	Tewang Kampung
Mr. Tri Wahyono	Resident	Tewang Kampung
Mrs. Dewi Ariani	Treasurer of KSM (community institution for livelihood priority program)	Tewang Kampung

Mr. Ahmad Satria	CO Assisstant	Tewang Kampung
Mr. Junaedi Fadli	Village office staff (Kepala Urusan Pemerintahan)	Tewang Kampung
Mr. Masrani	Village office staff (Kepala Urusan Pembangunan)	Tewang Kampung
Mr. Hasanudin	Member of BPD	Tewang Kampung
Mrs. Ernawati	Sub-village head	Tewang Kampung
Mrs. Auda	Resident	Tewang Kampung
Mr. Apokarto	Village Head	Kampung Melayu
Mr. Guntur Setiawan	Village Secretary	Kampung Melayu
Mr. Heri Wahyudi	Head of KSM (community institution for livelihood priority program)	Kampung Melayu
Mr. Jarmanto	Resident	Kampung Melayu
Mrs. Ami Siskawati	Treasurer of KSM (community institution for livelihood priority program)	Kampung Melayu
Mr. Karyadi	Village office staff (Kepala Urusan Pembangunan)	Kampung Melayu
Mr. Amansah	Member of BPD	Kampung Melayu
Mr. Alfiansah	Sub-village head	Kampung Melayu
Mr. Hermanto	Resident	Kampung Melayu
Mr Ardiansah	Resident	Kampung Melayu
Mr. Sahrani	Resident	Kampung Melayu
Mr. Juliansah	Resident	Kampung Melayu
Mr. Agus	Resident	Kampung Melayu
Mr. Halikurahman	Secretary of BPD	Kampung Melayu

Mr. Beang	Sub-village head	Kampung Melayu
Mr. Fahrul	Sub-village head	Kampung Melayu
Mr. Hartawan	Village Head	Mendawai
Mr. Agus Panipasma	Village Secretary	Mendawai
Mr. Rasidi	Head of BPD	Mendawai
Mr. Sapril Fauzi	Village office staff (Kepala Urusan Pembangunan)	Mendawai
Mr. Hengki	Village office staff (Kepala Urusan Pemerintahan)	Mendawai
Mr. Udin	Member of BPD	Mendawai
Mrs. Rupawan	Resident	Mendawai
Mrs. Fatimahtur Auliah	Resident	Mendawai
Mr. Khairil	Resident	Mendawai
Mr. Arifin	Resident	Mendawai
Mr. Basri	Resident	Mendawai
Mr. Darmawansah	Sub-village head	Mendawai
Mr. Tajudin Noor	Sub-village head	Mendawai

Site Inspections

The audit team performed an on-site inspections of the project area on the dates 3-11 October 2015 and 25-29 July 2016. The main activities undertaken by the audit team were as follows:

- Interviews with project personnel to gather information regarding the project design;
- Interviews with members of the communities and other stakeholder groups to confirm the appropriate involvement of these groups;
- Interviews with government officials to confirm that the necessary approvals are in place;
- Review of records to ensure the appropriate design of the project; and

- Conduct of a visit to the project area to confirm the accuracy of the claims made in the PDD.

Review of Stakeholder Comments

The PDD was posted on the CCBA website for the following CCBA public comment periods:

- 4 September-3 October 2015

Comments received are discussed in section Appendix A of this report.

Resolution of Discrepancies

Any potential or actual discrepancies identified with respect to the validation criteria were resolved through the issuance of findings. The types of findings issued by SCS were characterized as follows:

Non-Conformity Report (NCR): An NCR signified a material discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a validation statement.

New Information Request (NIR): An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a validation statement.

Opportunity for Improvement (OFI): An OFI indicated an area that should be monitored or ideally, improved upon. OFI's were considered to be an indication of something that could become a non-conformity if not given proper attention, and were sometimes issued in the case that a non-material discrepancy was identified. OFIs were considered to be closed upon issuance.

All findings issued by the audit team during the validation process have been closed. All findings issued during the validation process, and the impetus for their closure, are described in Appendix B of this report.

Audit Team

The roles of the audit team members were as follows:

Lead Auditor: Francis Eaton

Technical Experts: Agus Putera; Aswin Usup

Technical Reviewer: Scott Eaton

Technical Reviewer: Blake Troxel

Validation Findings

The findings of the audit team regarding each specific indicator are described below. As of the issuance of this report, the project, as described in the PDD, was found to conform to all of the indicators noted below.

General Section

The General Section of the CCB Standards provides an overview of the project, project design and boundaries, risk management and long-term viability, as well as addressing projects using a programmatic approach.

G1. Project Goals, Design and Long Term Viability

The project has clear objectives to generate climate, community and biodiversity benefits and is designed to meet these objectives. Risks are identified and managed to generate and maintain project benefits within and beyond the life of the project.

Project Overview

Indicator 1 - Identify the primary Project Proponent which is responsible for the project's design and implementation and provide contact details.	Per the PDD's, the project proponent is P.T. Rimba Makmur Utama (P.T. RMU)"; the contact names of the CEO and COO are provided. Contact information for the project proponent has been provided on the cover page of the PDD.
Conformance - Y	Throughout the audit process, the audit team has confirmed the active engagement of P.T. RMU in the project development process.

<p>Indicator 2 - Define the project’s climate, community and biodiversity objectives.</p>	<p>The audit team reviewed the PDD and confirmed that the language includes clear definitions of the project’s climate, community, and biodiversity objectives. The objectives are described under Section 1.2.2 of the PDD and the provided definitions are clear, as is required to meet the indicator. They are also specific and distinct as is called for by the indicator. Figure two shows the casual relationship of project activities, which allows the reader to understand the anticipated impacts for evaluation.</p>
<p>Conformance - Y</p>	

<p>Indicator 3 - Provide the location (country, sub-national jurisdictions(s)) and a brief overview of the basic physical and social parameters of the project.</p>	<p>The PDD provides information adequate to satisfy the indicator. The project location is provided in Section 1.2 of the PDD in sufficient detail. Section 1.2 of the PDD contains a sufficient overview of the physical parameters including all of those suggested in the indicator. Social parameters of the project are also discussed in sufficient detail. The information provided is broadly consistent with the onsite observations of the audit team.</p>
<p>Conformance - Y</p>	

<p>Indicator 4 - Define the boundaries of the Project Area where project activities aim to generate net</p>	<p>Section 1.2 of the PDD includes an adequate definition of the project area and the project</p>
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<p>climate benefits and the Project Zone where project activities are implemented.</p>	<p>zone. In addition, Section 1.2.1.2 states “The project zone was selected based on the dominant ecological, landscape and socio-economic features and in particular to include the main river catchments and to encompass the land of 34 villages likely to be affected by the project.”</p> <p>The audit team agrees that this is sufficient to comply with the requirement that the project zone constitutes “the area encompassing the Project Area in which project activities that directly affect land and associated resources... are implemented.”</p> <p>The boundaries of the various areas included in the project zone (i.e., the project area, agricultural areas, reforestation areas, and core protection zone) were assessed in detail by the audit team throughout the audit process via on-site observations (to confirm spatial locations of communities), remote sensing confirmation (of forest/non-forest status) and confirmation of processes employed in Geographic Information Systems (GIS) to delineate the various polygons. The audit team confirmed, through review of GIS analysis, that the project area includes only the area set out in the official decrees.</p>
<p>Conformance - Y</p>	

<p>Indicator 5 - Explain the process of stakeholder identification and analysis used to identify</p>	<p>The PDD, in Section 2.7 provides an adequate explanation of the process of stakeholder</p>
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Communities, Community Groups and Other Stakeholders.	identification and analysis used to identify communities, community groups and other stakeholders.
Conformance – Y	

Indicator 6- List all Communities, Community Groups and Other Stakeholders identified using the process explained in G 1.5.	The various communities participating in the project are described in Section 1.3.5 of the PDD and Annex two to the PDD Through on-site inspections, the audit team was able to confirm that the communities have been involved in the project as described. Through on-site inspections and discussions with project personnel, the audit team can confirm that appropriate process has been undertaken to identify all communities
Conformance – Y	“who derive income, livelihood or cultural values and other contributions to well-being from the Project Area at the start of the project and/or under the with-project scenario”. The audit team discussed with project personnel the process undertaken to confirm that the communities include those villages nearest to the project area and with significant levels of customary use of the core area of the project area. The audit team

	<p>agrees that it is appropriate to only consider those individuals reliant upon the waterways encompassing the project zone, considering the guidance of footnote 18 of the CCB Standards that “distant or intermittent user groups who have very limited dependence on the site need not be defined as Communities”. During the on-site inspections carried out by the audit team, the audit team received no indication that there were are significant groups of users of the project area that were not included in the communities identified in Annex two to the PDD.</p> <p>Other stakeholders are appropriately described in Table 10 of the PDD comprehensively lists those entities known, by the audit team, to constitute “other stakeholders” to the project. The audit team also agrees that the identification of other branches of government as “other stakeholders” is appropriate.</p>
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<p>Indicator 7 - Provide a map identifying the location of Communities and the boundaries of the Project Area(s), of the Project Zone, including any High Conservation Value areas (identified in CM1 and B1), and of additional areas that are predicted to be impacted by project activities identified in CL3, CM3 and B3.</p>	<p>The project area and project zone are clearly identified in Map four of the PDD. The locations of each community are also identified. The boundary of the high conservation value areas are explicitly identified in Map four of the PDD as well. The accuracy of the spatial information referenced above was assessed by the audit team</p>
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<p>Conformance – Y</p>	<p>through on-site inspections, review of GIS analysis, and confirmation of remote sensing processes. The audit team is unaware of any additional, discrete, areas predicted to be impacted by project activities as identified in CL3, CM3 and B3.</p>
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<p>Indicator 8 - Briefly describe each project activity and the expected outputs, outcomes and impacts of the activities identifying the causal relationships that explain how the activities will achieve the project’s predicted climate, community and biodiversity benefits.</p>	<p>The required information is clearly provided in Section 2.2 of the PDD. A theory of change that helps identify the causal factors has been used. A detailed description of the project activities is provided in Annex 2.2.1 of the PDD.</p>
<p>Conformance – Y</p>	

<p>Indicator 9 - Define the project start date and lifetime, and GHG accounting period and biodiversity and community benefits assessment period if relevant, and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project’s development.</p>	<p>The project start date is discussed in Section 1.6 of the PDD. The findings of the audit team regarding the project start are identical to those reported in Section 3.1.3 of the VCS validation report and are reprinted below, for the convenience of the reader. Note that, in the context of the project, the definition of the project start date as the date when “activities that lead to the generation of GHG emission reductions or removals” began to be implemented (per Section 3.2.1 of the AFOLU</p>
<p>Conformance - Y</p>	

	<p>Requirements under the VCS Program) can and should be seen as equivalent to the definition of the project start date as “the start of implementation of activities that will directly cause the project’s expected climate community or biodiversity benefits” (per the CCB Standards).</p> <p>The project lifetime and GHG accounting period (which are the same period) are provided in Section 1.6 of the PDD. Given that the “biodiversity and community benefits assessment period” is not defined by the CCB Standards, it is assumed to not be relevant in the context of the project.</p>
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Risk Management and Long-Term Viability

<p>Indicator 10 - Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures needed and taken to mitigate these risks.</p>	<p>Section 2.3 and Appendix 2 of the PDD contains a thorough assessment of risks that includes any likely natural and human-caused risks to the expected climate, community and biodiversity benefits during the project lifetime. Measures needed to mitigate the risks are identified in Table 8 of the PDD. The audit team agrees that successful implementation of these measures will help to mitigate the risks to the expected climate, community and biodiversity benefits (although the exact extent to which said impacts can be mitigated remains to be seen).</p>
<p>Conformance - Y</p>	

<p>Indicator 11 - Describe the measures needed and taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.</p>	<p>Section 2.3.2 of the PDD provides a description of how the project will maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime. The audit team agrees that the continuation of the protected status of the project area is one way to ensure the maintenance. Furthermore, based on the idea that the project activities will result in net positive benefits that communities will continue such practices into the future.</p>
<p>Conformance - Y</p>	

<p>Indicator 12 - Demonstrate that financial mechanisms adopted, including actual and projected revenues from GHG emissions reductions or removals and other sources, provide an adequate actual and projected flow of funds for project implementation and to achieve the project’s climate, community and biodiversity benefits.</p>	<p>Section 2. 5 describes the project financing briefly. As the financial information meets the requirements for the VCS definition of confidential information, a detailed description has not been provided under the cover of the PDD or this report. The verification team reviewed the financial documentation /21/ and /23/ and confirmed the financial model is based on real inputs and produces accurate results. The verification team confirms that based on the evidence presented the project financial mechanisms are adequate for providing an adequate actual and projected flow of funds for</p>
<p>Conformance - Y</p>	

	project implementation and to achieve the project’s climate, community and biodiversity benefits.
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Programmatic Approach

<p>Indicator 13- Specify the Project Area(s) and Communities that may be included under the programmatic approach, and identify any new Project Area(s) and Communities that have been included in the project since the last validation or validation against the CCB Standards.</p>	<p>This indicator is not applicable, as a programmatic approach has not been elected.</p>
<p>Conformance – N/A</p>	

<p>Indicator 14 -Specify the eligibility criteria and process for project expansion under the programmatic approach and demonstrate that these have been met for any new Project Areas and Communities that have been included in the project since the last validation or validation against the CCB Standards.</p>	<p>This indicator is not applicable, as a programmatic approach has not been elected.</p>
<p>Conformance - Y</p>	

G2. Without-project Land Use Scenario and Additionality

The without-project land use scenario describes expected land use or land-use changes in the Project Zone in the absence of project activities. The project impacts for climate, communities and biodiversity are measured against the expected conditions for total GHG emissions, for Communities and for biodiversity associated with this without-project land use scenario (described in CL1, CM1, and B1). Project benefits must be ‘additional’, such that they would not have occurred without the project.

Without-Project Land Use Scenario and Additionality

<p>Indicator 1 - Describe the most likely land-use scenario within the Project Zone in the absence of the project, describing the range of potential land-use scenarios and the associated drivers of land use changes and justifying why the land-use scenario selected is most likely. It is allowable for different locations within the Project Zone to have different without-project land use scenarios.</p>	<p>Section 4.5 assesses the most likely land-use scenario within the Project Zone in the absence of the project (i.e., “the baseline scenario”) and does so in a way that meets the indicator. The drivers, actors, and causal model for land use change that are used for the without-project scenario do underpin the project’s causal model described in G1.2, as is required by the indicator. The audit team assessed the credibility of the baseline scenario in detail during the provision of validation services under the VCS Program through interviews with project personnel and community members, on-site inspections, review of remotely sensed data and review of cited literature. Due to the validity of the proxy data and previous concessions, it is clear that the baseline scenario is one in which a large proportion of the project area would have been converted to acacia plantation. Furthermore, the baseline scenario was described using the published, VCS-approved methodology VM007</p>
<p>Conformance - Y</p>	

	<p>(V1.5). The full reference has been provided to this methodology in Section 4.1 of the PDD.</p> <p>Further details regarding the assessment of the baseline scenario against the VM007 methodology may be found in Section 3.2.4 of the VCS validation report.</p>
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<p>Indicator 2 - Document that project benefits including climate, community and biodiversity benefits would not have occurred in the absence of the project, explaining how existing laws, regulations and governance arrangements, or lack of laws and regulations and their enforcement, would likely affect land use and justifying that the benefits being claimed by the project are truly ‘additional’ and would not have occurred without the project. Identify any distinct climate, community and biodiversity benefits intended for use as offsets and specify how additionality is established for each of these benefits.</p>	<p>There is a very comprehensive discussion of the benefits of the project, and the circumstances under which the existing laws allow for the conversion of the project area to plantation, all of which is explained in Section 4.5. As is required, the PDD demonstrates that the project activities would not have been undertaken in absence of project, due to financial, institutional and capacity barriers. Credible, well-documented analyses are used including remote sensing and proxy data. Regarding additionality, Section 4.5 describes the use of the VCS Tool VT0001 to demonstrate additionality, as explicitly allowed for by G2.2. As with the baseline scenario (as addressed above), the demonstration of additionality was assessed in detail during the provision of validation services under the VCS. Further details regarding the assessment of the baseline scenario against the VM007 methodology may be found in Section 3.2.5 of the VCS validation report.</p>
<p>Conformance - Y</p>	

G3. Stakeholder Engagement

Communities and Other Stakeholders are involved in the project through full and effective participation, including access to information, consultation, participation in decision-making and implementation, and Free, Prior and Informed Consent (requirements for Free, Prior and Informed Consent are included in G5.2). Timely and adequate information is accessible in a language and manner understood by the Communities and Other Stakeholders. Effective and timely consultations are conducted with all relevant stakeholders and participation is ensured, as appropriate, of those that want to be involved.

Feedback and Grievance Redress Procedures are established and functional.

Best practices are adopted for worker relations and safety.

Stakeholder Engagement

<p>Indicator 1 - Describe how full project documentation has been made accessible to Communities and Other Stakeholders, how summary project documentation (including how to access full documentation) has been actively disseminated to Communities in relevant local or regional languages, and how widely publicized information meetings have been held with Communities and Other Stakeholders.</p>	<p>Section 2.7.4 of the PDD adequately addresses how the project documentation is made available and actively disseminated to the relevant groups. During the on-site inspection, begun 3 October 2015 and again on 25 July 2016, the audit team was able to confirm that full project documentation had been made accessible to communities and other stakeholders has been actively disseminated to communities and that widely publicized meetings have been held with communities and other stakeholders. It was confirmed that project summary documents were distributed to representatives of the communities and other interested individuals, and that a series of meetings were carried out with community members throughout the</p>
<p>Conformance - Y</p>	

	<p>project zone. Based on on-site interviews with community members, the audit team agrees that these interviews were adequate to convey the most important information regarding the project. By and large, the requirement to potentially make the PDD available were not relevant to the context of the project, as literacy levels are low in the communities participating in the project.</p>
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<p>Indicator 2 - Explain how relevant and adequate information about potential costs, risks and benefits to Communities has been provided to them in a form they understand and in a timely manner prior to any decision they may be asked to make with respect to participation in the project.</p>	<p>Potential cost, risks and benefits and how they are discussed with communities are addressed adequately in Section 2.7. Through on-site inspections, the audit team confirmed that communities were well educated as to the project activities, as well as the restrictions of use of the project area. Whereas some individuals expressed concern about the protection of the project area, they also stated that should the project activities be implemented as designed that the benefits would be greater than without the activities.</p>
<p>Conformance - Y</p>	

<p>Indicator 3 - Describe the measures taken, and communications methods used, to explain to Communities and Other Stakeholders the process for validation and/or validation against the CCB</p>	<p>Section 2.7.5 of the PDD contains a detailed overview of actions taken to explain the process of validation and facilitate the auditor’s site visit. This section also describes the methods</p>
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<p>Standards by an independent Auditor, providing them with timely information about the Auditor's site visit before the site visit occurs and facilitating direct and independent communication between them or their representatives and the Auditor.</p>	<p>undertaken to publicize the public comment period to communities. During the site visit undertaken by the audit team, the audit team directly observed that the process of independent communication between community members and the audit team was facilitated, as project personnel made contact with community members to arrange visits, loaned transportation to the audit team and otherwise facilitated the audit team's visit. During the site visit begun 3 October, the audit team was able to confirm that the communities that were visited knew to expect them and had reasonable knowledge of the process.</p>
<p>Conformance - Y</p>	

Consultation

<p>Indicator 4 - Describe how Communities including all the Community Groups and Other Stakeholders have influenced project design and implementation through Effective Consultation, particularly with a view to optimizing Community and Other Stakeholder benefits, respecting local customs, values and institutions and maintaining high conservation values. Project proponents must document consultations and indicate if and how the project design and implementation has been revised based on such input. A plan must be developed and implemented to continue</p>	<p>Consultation with the communities and people within them is addressed in Section 2.7.3 of the PDD, and specific examples are given of instances where consult with the villages was used to inform the project design (e.g. in developing activities needed by the individual communities). A plan for ongoing communication and consult is also presented. The audit team was able to receive evidence (in the form of lists of attendees and meeting minutes) of these meetings as evidence that they were carried out. Section 2.7.3 of the PDD contains a plan for ongoing</p>
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<p>communication and consultation between the project proponents and Communities, including all the Community Groups, and Other Stakeholders about the project and its impacts to facilitate adaptive management throughout the life of the project.</p>	<p>consultation, and the audit team agrees that this plan, if carried out as stated, will be adequate to continue communication and consultation with communities, community groups and other stakeholders. From discussion with project personnel, the audit team understands that the major component of this plan is the daily interaction between project personnel and community members. From interviews with community representatives, this process appears to have worked reasonably well in the past, and can be expected to do so in the future. As described in section 2.2.3 the community monitoring plan lays out a process for adaptive management to ensure that continued consultations occur between the communities in the project zone and project personnel.</p>
<p>Conformance - Y</p>	

<p>Indicator 5 - Demonstrate that all consultations and participatory processes have been undertaken directly with Communities and Other Stakeholders or through their legitimate representatives, ensuring adequate levels of information sharing with the members of the groups.</p>	<p>Section 2.7 of the PDD demonstrates that this consultation and participatory process has been adequate. The audit team understands that it is customary, in the context of the region in which the project area is located, for consultation with communities to be carried out through village elders or community committees. From interviews with community members who are not part of village leadership, it has been found by the audit team that these individuals are generally less knowledgeable than those in</p>
<p>Conformance - Y</p>	

	leadership positions but still have an adequate knowledge and understanding of the project.
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Participation in decision-making and implementation

<p>Indicator 6 - Describe the measures needed and taken to enable effective participation, as appropriate, of all Communities, including all the Community Groups, that want and need to be involved in project design, implementation, monitoring and evaluation throughout the project lifetime, and describe how they have been implemented in a culturally appropriate and gender sensitive manner.</p>	<p>As with the above, the measures taken to enable effective participation have been described in Section 2.7 of the PDD. The audit team’s comments regarding this indicator are similar to those expressed above. In addition, it may be noted that the audit team was able to confirm that consultation was carried out within the native language of the community groups being consulted with and it appears that consultation was otherwise carried out in a culturally appropriate and gender sensitive manner.</p>
<p>Conformance - Y</p>	

Anti-Discrimination

<p>Indicator 7 - Describe the measures needed and taken to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project.</p>	<p>The “Anti-Discrimination” subsection of Section 2.7.3 addresses this. It states that project personnel annually attend staff training and are taught about anti-discrimination and gender sensitization. Based on the experience of the audit team, the measures outlined in Section 2.7.3 appear appropriate to mitigate the risk of discrimination or sexual harassment with respect to the project.</p>
<p>Conformance - Y</p>	

Feedback and Grievance Redress Procedure

<p>Indicator 8 - Demonstrate that a clear grievance redress procedure has been formalized to address disputes with Communities and Other Stakeholders that may arise during project planning, implementation and evaluation with respect but not limited to, Free, Prior and Informed Consent, rights to lands, territories and resources, benefit sharing, and participation. The project shall include a process for receiving, hearing, responding to and attempting to resolve Grievances within a reasonable time period. The Feedback and Grievance Redress Procedure shall take into account traditional methods that Communities and Other Stakeholders use to resolve conflicts. The Feedback and Grievance Redress Procedure shall have three stages with reasonable time limits for each of the following stages. First, the Project Proponent shall attempt to amicably resolve all Grievances, and provide a written response to the Grievances in a manner that is culturally appropriate. Second, any Grievances that are not resolved by amicable negotiations shall be referred to mediation by a neutral third party. Third, any Grievances that are not resolved through mediation shall be referred either to a) arbitration, to the extent allowed by the laws of the relevant jurisdiction or b)</p>	<p>Section 2.7.5 of the PDD sets out a grievance resolution process complies with each requirement of G3.8. The three stages are specifically defined in a manner consistent with G3.8, and reasonable time limits have been specified for each stage. While the mechanisms to ensure dispute resolution is “culturally appropriate” are not explicitly stated, the audit team interviewed community members who confirmed the grievance procedure was already in place and working appropriately. During the site visit begun 3 October 2015, the audit team was able to confirm that the grievance resolution process was publicized and accessible to communities and other stakeholders. It is suggested that ongoing publicization of, and adherence to, the grievance policy should be assessed on an ongoing basis by those firms engaged to provide verification services for the project.</p>
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<p>competent courts in the relevant jurisdiction, without prejudice to a party's ability to submit the Grievance to a competent supranational adjudicatory body, if any. The Feedback and Grievance Redress Procedure must be publicized and accessible to Communities and Other Stakeholders. Grievances and project responses, including any redress, must be documented and made publicly available.</p>	
<p>Conformance - Y</p>	

Worker Relations

<p>Indicator 9 - Describe measures needed and taken to provide orientation and training for the project's workers and relevant people from the Communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the Communities, with special attention to women and vulnerable and/or marginalized people. Identify how training is passed on to new workers when there is staff turnover, so that local capacity will not be lost.</p>	<p>Sections 2.61 and 2.6.2 of the PDD do a very comprehensive job of describing measures needed to provide orientation and training. Based on the on-site observations made by the audit team, the measures planned for orientation and training will be adequate to satisfy the requirements of G3.9.</p>
<p>Conformance - Y</p>	

<p>Indicator 10 - Demonstrate that people from the Communities are given an equal opportunity to fill all work positions (including management) if the job requirements are met. Explain how workers are selected for positions and where relevant, describe the measures needed and taken to ensure Community members, including women and vulnerable and/or marginalized people, are given a fair chance to fill positions for which they can be trained.</p>	<p>Section 2.6.1 of the PDD does a very comprehensive job of providing procedures to ensure that people from the communities will have an equal opportunity to fill all positions. Based on the on-site observations made by the audit team, the measures planned for recruitment will be adequate to satisfy the requirements of G3.10.</p>
<p>Conformance – Y</p>	

<p>Indicator 11 - Submit a list of all relevant laws and regulations covering worker’s rights in the host country. Describe measures needed and taken to inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved.</p>	<p>In Section 2.6, there is a reference to the “Labour Law” and reference the employee handbook, in which a description of how project staff enjoy the protection of safety procedures. A list of relevant laws and regulations covering worker’s rights in the host country is listed in Section 3.1 under “Compliance with labor laws”. Based on the knowledge of the audit team, the list of laws provided under Section 3.1.2 of the PDD is comprehensive.</p>
<p>Conformance – Y</p>	

<p>Indicator 12 - Comprehensively assess situations and occupations that might arise through the implementation of the project and pose a substantial risk to worker safety. Describe measures needed and taken to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks are minimized using best work practices in line with the culture and customary practices of the communities.</p>	<p>Such risks to worker safety are discussed in the employee handbook mentioned above and reviewed by the audit team while on site. Based on the on-site observations by the audit team, the highest-risk roles relating to the project pertain to work out in the forest and/or operating motor vehicles. The audit team can confirm that it contains appropriate measures to minimize risks in wherever worker safety cannot be guaranteed using best practices.</p>
<p>Conformance - Y</p>	

G4. Management Capacity

The project has adequate human and financial resources for effective implementation.

Management Capacity

<p>Indicator 1 - Describe the project’s governance structures, and roles and responsibilities of all the entities involved in project design and implementation. For projects using a programmatic approach, identify any new entities included in the project since the last validation or validation against the CCB Standards.</p>	<p>Sections 1.4 and 1.5 of the PDD adequately address the governance structure and roles and responsibilities of all entities involved in design and implementation of the project. Through on-site inspections, the audit team was able to observe the interaction of representatives of the various agencies, and as such the audit team can confirm that the relationships are fairly described in the PDD.</p>
<p>Conformance – Y</p>	

<p>Indicator 2 - Document key technical skills required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team’s expertise and prior experience implementing land management and carbon projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations are partnered with to support the project or have a recruitment strategy to fill the gaps.</p>	<p>Table 1.5.2 of the PDD documents the key technical skills required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement. Section 1.5.2 of the PDD adequately documents the management team’s extensive expertise and prior experience with both prior conservation projects and with implementing carbon projects at the scale of the project. A high level of expertise on the part of the management team was observed by the audit team throughout the validation process.</p>
<p>Conformance - Y</p>	

<p>Indicator 3 - Document the financial health of the implementing organization(s). Provide assurance that the Project Proponent and any of the other entities involved in project design and implementation are not involved in or are not complicit in any form of corruption such as bribery, embezzlement, fraud, favoritism, cronyism, nepotism, extortion, and collusion, and describe any measures needed and taken to be able to provide this assurance.</p>	<p>Whereas, the PDD does not contain financial information, as previously described as confidential information, the audit team performed an assessment of the financial health of the organizations implementing the project and confirmed the organizations to be financial secure and capable of implementing the project. Regarding corruption, while the audit team cannot and will not make any assertions regarding the absence of corruption at any level within the entities involved in the project, the PDD lists anti-corruption laws as laws applicable</p>
<p>Conformance - Y</p>	

	to the project that provides some assurance that measures to counteract corruption have been put in place.
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G5. Legal Status and Property Rights

The project is based on an internationally accepted legal framework, complies with relevant statutory and customary requirements and has necessary approvals from the appropriate state, local and indigenous authorities.

The project recognizes respects and supports rights to lands, territories and resources, including the statutory and customary rights of Indigenous Peoples and others within Communities and Other Stakeholders. The Free, Prior and Informed Consent (as described in G5.2) of relevant Property Rights Holders has been obtained at every stage of the project.

Project activities do not lead to involuntary removal or relocation of Property Rights Holders from their lands or territories, and does not force them to relocate activities important to their culture or livelihood. Any proposed removal or relocation occurs only after obtaining Free, Prior and Informed Consent from the relevant Property Rights Holders.

Respect for Rights to Lands, Territories and Resources, and Free, Prior and Informed Consent

<p>Indicator 1 - Describe and map statutory and customary tenure/use/access/management rights to lands, territories and resources in the Project Zone including individual and collective rights and including overlapping or conflicting rights. If applicable, describe measures needed and taken by the project to help to secure statutory rights. Demonstrate that all Property Rights are recognized, respected, and supported.</p>	<p>A comprehensive treatment of the different categories of land tenure in the project zone is provided in Table 1.3.6 of the PDD, and a Map 7 provided a visual representation of the areas tenured by communities. Section 3.1 of the PDD documents the compliance with laws, statutes and property rights in an adequate way. Section 2.7 of the PDD documents free, prior and informed consent and customary rights and</p>
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<p>Conformance - Yes</p>	<p>explains that the property is completely owned by the Government of Indonesia and therefore that entity is primary decision maker for carbon rights.</p>
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<p>Indicator 2 - Demonstrate with documented consultations and agreements that</p> <ul style="list-style-type: none"> a. the project will not encroach uninvited on private property, community property, or government property, b. the Free, Prior, and Informed Consent has been obtained of those whose property rights are affected by the project through a transparent, agreed process, c. appropriate restitution or compensation has been allocated to any parties whose lands have been or will be affected by the project. 	<p>The audit team has confirmed that the project area is completely located on land is owned by the Government of Indonesia and managed by the Forestry Administration. This has been confirmed by GIS analysis and document reviews to confirm that the project area does not include any land not included in the boundaries of the conservation areas. The audit team also confirmed, through GIS analysis, that any areas under communal land title, or that have potential to be under communal land title in the future, have been excluded from the project area. Further details regarding the processes undertaken by the audit team to confirm the above may be found in Section 3.1.9.1 of the VCS validation report.</p> <p>The PDD contains a procedure, in Section 3.1.2, to ensure that enforcement actions are not erroneously carried out outside the project boundary. Thus, the project, as described in the PDD does not encroach uninvited upon private property, community property, or government property.</p>
<p>Conformance - Y</p>	

<p>Indicator 3 - Demonstrate that project activities do not lead to involuntary removal or relocation of Property Rights Holders from their lands or territories, and do not force them to relocate activities important to their culture or livelihood. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the Free, Prior, and Informed Consent of those concerned and includes provisions for just and fair compensation.</p>	<p>This has been adequately addressed under Section 3.1.2 of the PDD, and is addressed, within this report, as relating to the creation of restoration concessions.</p>
<p>Conformance - Y</p>	

<p>Indicator 4 - Identify any illegal activities that could affect the project’s climate, community or biodiversity impacts (e.g. illegal logging) taking place in the Project Zone and describe measures needed and taken to reduce these activities so that project benefits are not derived from illegal activities.</p>	<p>Section 3.8 addresses illegal activities that could impact project benefits. Measures being taken to reduce these activities are adequately described in Section 2.2.1. Over the course of the site visit and extensive document review regarding the project, the audit team has not been made aware of any circumstances under which project benefits might be derived from illegal activities.</p>
<p>Conformance - Y</p>	

<p>Indicator 5 - Identify any ongoing or unresolved conflicts or disputes over rights to lands, territories and resources and also any disputes that were resolved during the last twenty years where such records exist, or at least during the last ten years. If applicable, describe measures needed and taken to resolve conflicts or disputes. Demonstrate that no activity is undertaken by the project that could prejudice the outcome of an unresolved dispute relevant to the project over lands, territories and resources in the Project Zone.</p>	<p>Section 1.3.6 of the PDD states potential disputes within the project area and provide more detail in Annex two to the PDD. Given that the project area is completely owned by the government of Indonesia, the method for handling such disputes is appropriate. Further details regarding confirmation of the above may be found in Section 3.1.9.1 of the VCS validation report.</p>
<p>Conformance - Y</p>	

Legal Status

<p>Indicator 6 - Submit a list of all national and local laws and regulations in the host country that are relevant to the project activities. Provide assurance that the project is complying with these and, where relevant, demonstrate how compliance is achieved.</p>	<p>Section 3.1 details relevant national and local laws and regulations, and discusses how they are relevant to project activities. The measures taken to ensure that the project is designed to achieve compliance are described as well. Through document reviews, interviews and on-site observation, the audit team confirmed that the list of laws appears complete and that the project is designed to respect all applicable requirements. All relevant requirements may be found in Section 3.1.8 of the VCS validation report.</p>
<p>Conformance – Y</p>	

<p>Indicator 7 - Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the Communities.</p>	<p>Evidence of approval of the project is found in Section 3.1.2 of the PDD. The audit team can confirm, through review of the government decrees and the paper trail showing the decree process that the project has the approval necessary to implement the project.</p>
<p>Conformance - Y</p>	<p>As evidence of approval of the project by traditional authorities, the audit team extensively interviewed participating communities who confirmed the approval from areas in the project zone not covered by the decree.</p>

<p>Indicator 8 - Demonstrate that the Project Proponent(s) has the unconditional, undisputed and unencumbered ability to claim that the project will or did generate or cause the project's climate, community and biodiversity benefits.</p>	<p>This claim is adequately documented and addressed in several subsections of Section 3.</p>
<p>Conformance - Yes</p>	<p>The ability to claim that the project will cause the project's climate benefits (referred to as "right of use", with specific respect to the climate benefits, under the VCS Program) was assessed in detail during the validation audit that was performed under the VCS Program. In the judgment of the audit team, the ability to claim that the project will cause the project's climate benefits encompasses the ability to claim that the project will cause the project's community and/or biodiversity benefits, such that the</p>

	<p>assessment with respect to climate benefits is, inherently, also an assessment with respect to community and biodiversity benefits.</p> <p>The audit team confirmed that the project proponent holds the abilities in question through confirmation (as described under G5.2 above) that the project area is completely located on land that is owned by the government and managed by the project proponents A more comprehensive description of actions undertaken to confirm that the project proponent has the unconditional, undisputed and unencumbered ability to claim that the project will or did generate or cause the project’s climate, community and biodiversity benefits may be found in Section 3.1.9.1 of the VCS validation report.</p>
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<p>Indicator 9 - Identify the tradable climate, community and biodiversity benefits of the project and specify how double counting is avoided, particularly for offsets sold on the voluntary market and generated in a country participating in a compliance mechanism.</p>	<p>The audit team has received no indication that the project is attempting to generate community or biodiversity credits. Sections 3.3- 3.6 addresses this indicator by specifying how double counting is not occurring (e.g. carbon credits are currently the only environmental credit being generated by this project, and there is no intent to generate other GHG-related environmental credits for reductions claimed under the VCS Program), and that the credits are only being sold on the</p>
<p>Conformance - Yes</p>	

	<p>voluntary market. As noted in the PDD, and as confirmed by the audit team through interviews with relevant stakeholders, there is no compliance mechanism in Indonesia at present.</p>
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Climate Section

This section is used to demonstrate a project’s net positive climate benefits and not for claiming greenhouse gas (GHG) emissions reductions and removals units that may be used as offsets. This section is not required for projects that have met the requirements of a recognized GHG Program.

To determine whether the requirements of the Climate section may be waived, the audit team reviewed the guidance under “Climate Section Waiver” within the CCB Standards Rules. The audit team confirmed that such requirements may be waived because the project is using the Third Edition of the CCB Standards and because the project has been validated under the VCS Program, which is a “recognized GHG program” (as confirmed by the audit team through review of <http://www.climate-standards.org/?s=recognized+ghg>, last accessed 12 October 2016). The audit team can confirm that the project has been validated under the VCS Program through review of the validation representation dated 6 May 2016 and through personal knowledge of the process (as the audit team for the VCS validation engagement was identical in composition to the audit team for the validation engagement described in this report). The audit team confirm that the project has the same name, the same project area, the same project proponent, the same project start date, the same activities and the same without-project scenario as that described in the project description that has been validated under the VCS Program. This can be confirmed because, to the best knowledge of the audit team, no changes have been made to the PDD, relative to the project description validated under the VCS Program, aside from changes that were cosmetic in nature (e.g., correcting typos, replacing map figures with updated versions displaying essentially the same information) or directly related to addressing specific requirements of the CCB Standards, which did not require any of the possible changes that would nullify potential for a Climate section waiver.

Therefore, the Climate section is considered waived and will not be further assessed under the cover of this report with the exception of the Exceptional Climate Benefits.

GL1. Exceptional Climate Benefits

- The verification team confirmed that the likely regional climate change for the project zone has been appropriately obtained from the SERVIR-based One-Stop portal (SERVIR). The verification team reviewed the SERVIR data and confirmed it to be accurately reported in the monitoring report and in conformance with the Standards.
- The verification team reviewed the likely impacts of climate change in the project zone and confirmed that all impacts are indeed likely as a result of expected climate change. The isolated location, the reliance on local water ways, and incidence of fire and smoke in the region allow the verification team to corroborate such claims.
- While on site, the verification team was able to confirm that the majority of communities in the project zone had taken part in project activities designed to ameliorate the effects of climate change. The verification team observed communities taking part in developing fisheries to assuage food security concerns. In addition, the verification team interviewed local community members who confirmed that they were taking part in firefighting and agroforestry training which is likely to moderate the risk of respiratory and cardiovascular ailments. The verification team also interviewed community members who were receiving in microfinancing loans to support economic development.

Community Section

CM1. Without-Project Community Scenario

Original well-being conditions for Communities and expected changes under the without-project land use scenario are described.

Without-Project Community Scenario

<p>Indicator 1 - Describe the Communities at the start of the project and significant community changes in the past, including well-being information, and any community characteristics. Describe the social, economic and cultural diversity within the Communities and the</p>	<p>A comprehensive description of the status of the communities at the start of the project is described in Section 1.3.5 of the PDD. The social, economic and cultural diversity within the communities is well-described, as is the interaction between the community groups. The</p>
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differences and interactions between the Community Groups.	information provided is consistent with the findings of the audit team from on-site observations.
Conformance - Y	

<p>Indicator 2 - Evaluate whether the Project Zone includes any of the following High Conservation Values (HCVs) related to community well-being and describe the qualifying attributes for any identified HCVs:</p> <ul style="list-style-type: none"> a. Areas that provide critical ecosystem services; b. Areas that are fundamental for the livelihoods of Communities; and c. Areas that are critical for the traditional cultural identity of Communities. <p>Identify the areas that need to be managed to maintain or enhance the identified HCVs.</p>	<p>The high conservation values identified in HCV1-HCV6 in Section 1.3.8 of the PDD include those high conservation values related to community well-being. Measures to maintain or enhance high conservation values are detailed in Section 6.1.2 of the PDD. Based upon the audit team’s on-site observations, these measures appear appropriate to maintain or enhance the identified high conservation values.</p>
Conformance - Y	

<p>Indicator 3 - Describe the expected changes in the well-being conditions and other characteristics of Communities under the without-project land use scenario, including the impact of likely changes on all ecosystem services in the Project Zone identified as important to Communities.</p>	<p>An appropriate description of expected changes in well-being and other characteristics under the without-project (i.e., “baseline”) scenario is provided in Section 4.5. of the PDD. In the judgment of the audit team, this description is realistic, balanced and comprehensive. It not only addresses likely declines in well-being but also the potential for increase in well-being for some community members. The description provided in the PDD is consistent with the findings of the audit team from on-site observations.</p>
<p>Conformance - Y</p>	

CM2. Net Positive Community Impacts

The project generates net positive impacts on the well-being of Communities and the Community Groups within them over the project lifetime. The project maintains or enhances the High Conservation Values in the Project Zone that are of importance to the well-being of Communities.

Net Positive Community Impacts

<p>Indicator 1 - Use appropriate methodologies to assess the impacts, including predicted and actual, direct and indirect benefits, costs and risks, on each of the identified Community Groups (identified in G1.5) resulting from project activities under the with-project scenario. The assessment of impacts must include changes in well-being due to project activities and an evaluation of the impacts by the affected Community Groups. This assessment must be</p>	<p>As referenced in Section 6.1.1 of the PDD, the project utilized a suite of guidance documents to assess the impacts of the project on local communities. This section also includes an exhaustive list of criteria needed to properly assess the effects of the project. The audit team confirmed that the information provided is detailed enough to provide the reader with an</p>
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<p>based on clearly defined and defensible assumptions about changes in well-being of the Community Groups under the with-project scenario, including potential impacts of changes in all ecosystem services identified as important for the Communities (including water and soil resources), over the project lifetime.</p>	<p>understanding of the direct and indirect benefits on communities and community groups.</p>
<p>Conformance - Y</p>	

<p>Indicator 2 - Describe measures needed and taken to mitigate any negative well-being impacts on Community Groups and for maintenance or enhancement of the High Conservation Value attributes (identified in CM1.2) consistent with the precautionary principle.</p>	<p>Tables 83 and 84 of the PDD provide a detailed understanding of the potential negative impacts of the project on community groups in the project zone. Additionally, the tables include activities to mitigate each impact.</p>
<p>Conformance - Y</p>	<p>Given the context of the project and its activities (specifically, that the project aims at the protection of peat forests), no measures are needed to maintain or enhance any of the high conservation value attributes, aside from the project activities.</p>

<p>Indicator 3 - Demonstrate that the net well-being impacts of the project are positive for all identified Community Groups compared with their anticipated well-being conditions under the</p>	<p>The net well-being impacts of the project are assessed in Table 2.2.1 of the PDD. The audit team agrees that they are positive for all identified community groups, as compared with</p>
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without project land use scenario (described in CM1).	anticipated baseline well-being conditions as identified in CM2.1. The main reason for this is that very few negative impacts of the project can be identified where the evaluation is restricted to “activities that comply with statutory laws or conform with customary rights”.
Conformance - Y	

Indicator 4 - Demonstrate that no High Conservation Values (identified in CM1.2) are negatively affected by the project.	Given the context of the project and its activities (specifically, that the project aims at the protection of peat forests), the project activities, as described in the PDD, will not negatively impact any high conservation values. No measures are needed to maintain or enhance any of the high conservation value attributes, aside from the project activities. This is demonstrated in Section 6.1.2 of the PDD.
Conformance -	

CM3. Other Stakeholder Impacts

Project activities at least ‘do no harm’ to the well-being of Other Stakeholders.

Other Stakeholder Impacts

Indicator 1 - Identify any potential positive and negative impacts that the project activities are likely to cause on the well-being of Other Stakeholders.	Section 6.2 of the PDD states that there are no negative offsite stakeholder impacts expected, as all significant legitimate user groups of the area have been included in the project design. The
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Conformance - Y	audit team can confirm, based on interviews, on-site observations, and document reviews, that the project is not likely to cause any impacts on any of the additional “other stakeholders” as identified in Section 2.7.1.
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Indicator 2 - Describe the measures needed and taken to mitigate the negative well-being impacts on Other Stakeholders.	As no negative well-being impacts on “other stakeholders” were identified under CM3.1 (see above), this indicator is not applicable.
Conformance – N/A	

Indicator 3 - Demonstrate that the project activities do not result in net negative impacts on the well-being of Other Stakeholders.	As stated under CM3.1 above, no negative well-being impacts on “other stakeholders” were identified, and so it logically follows that the project activities cannot result in net negative impacts on the well-being of “other stakeholders”.
Conformance - Y	

CM 4. Community Impact Monitoring

Community impact monitoring assesses changes in well-being resulting from the project activities for Community Groups and Other Stakeholders.

Community Impact Monitoring

<p>Indicator 1 - Develop and implement a monitoring plan that identifies community variables to be monitored, Communities, Community Groups and Other Stakeholders to be monitored, the types of measurements, the sampling methods, and the frequency of monitoring and reporting. Monitoring variables must be directly linked to the project’s objectives for Communities and Community Groups and to predicted outputs, outcomes and impacts identified in the project’s causal model related to the well-being of Communities (described in G1.8). Monitoring must assess differentiated impacts, including and benefits, costs and risks, for each of the Community Groups and must include an evaluation by the affected Community Groups.</p>	<p>A monitoring plan, contained in Section 8.1.4 of the PD and Appendix 5 provide a comprehensive description of community variables to be monitored, Communities, Community Groups and Other Stakeholders to be monitored, the types of measurements, the sampling methods, and the frequency of monitoring. Based on the audit teams understanding of the project design, the plan is sufficient to predict and assess the well-being of communities and community groups. Additionally, interviews with community members confirmed that at least in design, the benefits, costs, and risks of the project will be evaluated by the communities and community groups.</p>
<p>Conformance – Y</p>	

<p>Indicator 2 - Develop and implement a monitoring plan to assess the effectiveness of measures taken to maintain or enhance all identified High Conservation Values related to community well-being.</p>	<p>Section 8.1.4.2 of the PDD specifically contains the required provisions. The audit team agrees that the provisions are appropriate for monitoring the effectiveness of measures taken to maintain or enhance HCV1 - HCV6.</p>
<p>Conformance – Y</p>	

<p>Indicator 3 - Disseminate the monitoring plan, and any results of monitoring undertaken in accordance with the monitoring plan, ensuring that they are made publicly available on the internet and summaries are communicated to the Communities and Other Stakeholders through appropriate means.</p>	<p>The PDD states in Section 2.7.4 that “The Katingan Project will publicize a variety of project documentation and monitoring plans in both Indonesian and English languages through appropriate means by which local communities and stakeholders can have the opportunity to provide comments.” Based on the onsite observations of the audit team of publication of the PDD that the same will follow for the monitoring plans and any results therein.</p>
<p>Conformance – Y</p>	

GL2. Exceptional Community Benefits

The project is a Smallholder/Community-led and implemented on land that they own or manage, and/or is explicitly pro-poor in terms of targeting benefits to globally poorer communities.

The project delivers equitable well-being benefits to Smallholders/Community Members, including short-term and long-term benefits and enhancement of security and empowerment of Smallholders/Community Members. Appropriate institutional and governance arrangements have been used to enable full and effective participation of Smallholders/Community Members in decision making, implementation and management of the project and in doing so has managed risks related to aggregating Smallholders/Community Members at scale.

Well-being benefits are shared equitably not only with the Smallholders/Community Members but also among the Smallholders/Community Members, ensuring that equitable benefits also flow to more marginalized and/or vulnerable households and individuals within them.

Exceptional Community Benefits

<p>Indicator 1 - a. Demonstrate that Smallholders/Community Members or Communities either own or have management rights, statutory or customary, individually or collectively, to land in the Project Area. The Smallholders/Community Members or Communities have rights to claim that their activities will or did generate or cause the project’s climate, community and biodiversity benefits.</p> <p>OR</p> <p>b. Demonstrate that the Project Zone is in a low human development country OR in an administrative area of a medium or high human development country in which at least 50% of the households within the Communities are below the national poverty line</p>	<p>The audit team reviewed the information provided in Section 6.3 of the PDD, as well as the supporting literature. It is extremely apparent that the project zone is in a country medium human development and that over 50% of the households live below the poverty line. Whereas, the supporting literature was not provided in English, the audit team consisted of native language speakers, who confirmed what was confirmed using translation software.</p>
<p>Conformance – Y</p>	

<p>Indicator 2 - Demonstrate that the project generates short-term and long-term net positive well-being benefits for Smallholders/ Community Members. Include indicators of well-being impacts on Smallholder/Community Members in the monitoring plan. The assessment of impacts</p>	<p>See Section CM2.</p>
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<p>must include changes in well-being due to project activities and an evaluation of the impacts by the affected Smallholders/Community Members.</p>	
<p>Conformance – Y</p>	

<p>Indicator 3 - Identify, through a participatory process, risks for the Smallholders/Community Members to participate in the project, including those related to tradeoffs with food security, land loss, loss of yields and short-term and long-term climate change adaptation. Explain how the project is designed to avoid such tradeoffs and the measures taken to manage the identified risks. Include indicators of risks for Smallholders/Community Members in the monitoring plan.</p>	<p>As covered in Section CM4.1 above the monitoring plan and the PDD identify potential risks. The audit team reviewed the literature and parameters listed in the exceptional; community benefits of the PDD tracker (an online database for project data) which provides all parameters included in the community monitoring plan. In addition, the audit team confirmed that the community monitoring variables are designed to highlight changes based on project impacts and allow for the project to adapt and avoid tradeoffs regarding food security, land loss, loss of yields and short-term and long-term climate change adaptation.</p>
<p>Conformance - Y</p>	

<p>Indicator 4 - Identify Community Groups that are marginalized and/or vulnerable. Demonstrate that the project generates net positive impacts on the well-being of all identified marginalized and/or vulnerable Community Groups. Demonstrate that any barriers or risks that might</p>	<p>The project PDD tracker includes a suite of demographic information for all community groups in the project area. The information provided drives the development of monitoring variables to ensure the impacts of the project will be net positive for all groups. Based on the</p>
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<p>prevent benefits going to marginalized and/or vulnerable Smallholder/Community Members have been identified and addressed.</p> <p>Demonstrate that measures are taken to identify any marginalized and/or vulnerable Smallholders/Community Members, whose well-being may be negatively affected by the project, and that measures are taken to avoid, or when unavoidable to mitigate, any such impacts.</p>	<p>understating of the variables of interest and the design of the monitoring, the project adaptive management plan is sufficient to identify any risks that arise and to ameliorate and negative effects or barriers that would prevent benefits from reaching marginalized groups or individuals.</p>
<p>Conformance - Y</p>	

<p>Indicator 5 - Demonstrate that the project generates net positive impacts on the well-being of women and that women participate in or influence decision making and include indicators of impacts on women in the monitoring plan.</p>	<p>See GL2.4 above.</p>
<p>Conformance - Y</p>	

<p>Indicator 6 - Describe the design and implementation of a benefit sharing mechanism, demonstrating that Smallholders/Community Members have fully and effectively participated in defining the decision-making process and the distribution mechanism for benefit sharing; and demonstrating transparency, including on project</p>	<p>Section 3.1 of the PDD describes the agreements between communities in the project zone and project personnel. The audit team reviewed the agreements and discussed the language with individuals while on site and confirmed that a mechanism has been developed to ensure that communities were included in the development</p>
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funding and costs as well as on benefit distribution.	of the process and benefits are distributed to all community groups.
Conformance - Y	

<p>Indicator 8 - Describe the project’s governance and implementation structures, and any relevant self-governance or other structures used for aggregation of Smallholders/Community members, and demonstrate that they enable full and effective participation of Smallholders/Community Members in project decision-making and implementation.</p>	<p>As stated throughout the PDD with respect to communities, the project has multiple systems in place to ensure that governance structures are in place, both locally and nationally to enable full and effective participation of Smallholders/Community Members in project decision-making and implementation.</p>
Conformance - Y	

<p>Indicator 9 - Demonstrate how the project is developing the capacity of Smallholders/Community Members, and relevant local organizations or institutions, to participate effectively and actively in project design, implementation and management.</p>	<p>See GL2.6 above.</p>
Conformance – Y	

Biodiversity Section

B1. Biodiversity Without–Project Scenario

Original biodiversity conditions in the Project Zone and expected changes under the without-project land use scenario are described.

Biodiversity Without-Project Scenario

<p>Indicator 1 - Describe biodiversity within the Project Zone at the start of the project and threats to that biodiversity, using appropriate methodologies.</p>	<p>Section 1.3.7 of the PDD, under “Biodiversity”, contains a discussion of biodiversity within the project zone at the start of the project. The project has performed multiple surveys which are reported in the literature referenced in the PDD.</p>
<p>Conformance – Y</p>	<p>The audit team has experience in biodiversity monitoring and confirmed that the methodologies are appropriate.</p> <p>Section 4.5 of the PDD, under “Baseline scenario with respect to biodiversity”, contains a detailed discussion of threats to biodiversity in the project zone. The information provided is well-substantiated with empirical data.</p>

<p>Indicator 2 - Evaluate whether the Project Zone includes any of the following High Conservation Values (HCVs) related to biodiversity and describe the qualifying attributes for any identified HCVs:</p>	<p>The high conservation values identified in table 85 of the PDD include those high conservation values described in B1.2. Measures to maintain or enhance high conservation values are detailed in the same table. Based upon the audit team’s on-</p>
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<p>a. Globally, regionally or nationally significant concentrations of biodiversity values;</p> <p>i. protected areas</p> <p>ii. threatened species</p> <p>iii. endemic species</p> <p>iv. areas that support significant concentrations of a species during any time in their lifecycle.</p> <p>b. Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;</p> <p>c. Threatened or rare ecosystems.</p> <p>Identify the areas that need to be managed to maintain or enhance the identified HCVs.</p>	<p>site observations, these measures appear appropriate to maintain or enhance the identified high conservation values.</p>
<p>Conformance - Y</p>	

<p>Indicator 3 - Describe how the without-project land use scenario would affect biodiversity conditions in the Project Zone.</p>	<p>An appropriate description of how the without-project (i.e., “baseline”) scenario would affect biodiversity conditions is provided in Table 85 of the PDD. In the judgment of the audit team, this description is realistic, balanced and</p>
<p>Conformance – Y</p>	

	<p>comprehensive. From interviews with the project personnel responsible for the assessment, it is clear that the assessment was undertaken by highly qualified personnel who are very familiar with current biodiversity conditions within the project zone.</p>
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B2. Net Positive Biodiversity Impacts

The project generates net positive impacts on biodiversity within the Project Zone over the project lifetime. The project maintains or enhances any High Conservation Values present in the Project Zone that are of importance in conserving biodiversity. Native species are used unless otherwise justified and invasive species and genetically modified organisms (GMOs) are not used.

Net Positive Biodiversity Impacts

<p>Indicator 1 - Use appropriate methodologies to estimate changes in biodiversity, including assessment of predicted and actual, positive and negative, direct and indirect impacts, resulting from project activities under the with-project scenario in the Project Zone and over the project lifetime. This estimate must be based on clearly defined and defensible assumptions.</p>	<p>Section 7.1.1 of the PDD contains the required assessment. On the basis of interviews with the personnel in question, reviews of literature published by the individuals in question and reviews of the credentials of the individuals in question, the audit team agrees that the individuals listed are, collectively, highly qualified to design an appropriate methodology to estimate changes in biodiversity resulting from project activities under the with-project scenario in the Project Zone and over the project lifetime. The assumptions made in this analysis are clearly defined and are also defensible, as retention of intact forest and reduction of hunting pressure</p>
<p>Conformance - Y</p>	

	on rare species will clearly increase biodiversity levels relative to the baseline scenario.
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Indicator 2 - Demonstrate that the project’s net impacts on biodiversity in the Project Zone are positive, compared with the biodiversity conditions under the without-project land use scenario (described in B1).	The net benefits for biodiversity are stated in Sections 7.1.1 and 7.2 of the PDD. As also indicated regarding B2.1 above, the presence of positive net benefits for biodiversity, relative to the baseline scenario, is practically self-evident when the design of the project is considered in comparison to the baseline scenario. However, an adequate demonstration of this is also provided in the PDD.
Conformance - Y	

Indicator 3 - Describe measures needed and taken to mitigate negative impacts on biodiversity and any measures needed and taken for maintenance or enhancement of the High Conservation Value attributes (identified in B1.2) consistent with the precautionary principle.	Given the context of the project and its activities (specifically, that the project aims at the protection of peat forests), the project activities, as described in the PDD, will not negatively impact any high conservation values. No measures are needed to maintain or enhance any of the high conservation value attributes, aside from the project activities. This is demonstrated in Section 7.1.2 of the PDD.
Conformance - Y	

<p>Indicator 4 - Demonstrate that no High Conservation Values (identified in B1.2) are negatively affected by the project.</p>	<p>The information presented in Section 7.1.2 (and referenced therein) is sufficient to demonstrate that no high conservation values related to biodiversity will be negatively affected by the project. The audit team is unaware of any circumstances by which the project could negatively impact high conservation values, given that the project activities involve retention of mature forest and controls on hunting of rare species.</p>
<p>Conformance - Y</p>	

<p>Indicator 5 - Identify all species used by the project and show that no known invasive species are introduced into any area affected by the project and that the population of any invasive species does not increase as a result of the project.</p>	<p>Section 7.1.3 of the PDD provides an appropriate demonstration that invasive species will not be used, or caused to increase, as a result of the project. Given that the project activities (as described in the PDD) do not specifically involve tree planting or any other form of active introduction of biota into the project area, the information provided in the PDD is sufficient to ensure conformance in the design of the project.</p>
<p>Conformance - Y</p>	

<p>Indicator 6 - Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or</p>	<p>Section 7.1.3 of the PDD appropriately addresses this item as well. The comments made regarding B2.5 above also apply here.</p>
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facilitation. Justify any use of non-native species over native species.	
Conformance - Y	

Indicator 7 - Guarantee that no GMOs are used to generate GHG emissions reductions or removals.	Section 7.1.3.3 of the PDD contains the required guarantee.
Conformance - Y	

Indicator 8 - Describe the possible adverse effects of, and justify the use of, fertilizers, chemical pesticides, biological control agents and other inputs used for the project.	Section 7.1.4.of the PDD adequately addresses this item by stating “No genetically modified organisms, fertilizers or chemical pesticides will be used by the project.” Thus, this indicator is not applicable to the project as described in the PDD. Should the use of fertilizers be introduced as a project activity in the future, it is suggested that the conformance of such with G2.8 be assessed by the firm engaged to provide verification services at that time.
Conformance – N/A	

Indicator 9 - Describe the process for identifying, classifying and managing all waste products resulting from project activities.	A process for identifying, classifying and managing all waste products resulting from
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Conformance - Y	project activities has been provided in Section 7.1.5 of the PDD.
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B3. Offsite Biodiversity Impacts

Negative impacts on biodiversity outside the Project Zone resulting from project activities are evaluated and mitigated.

Offsite Biodiversity Impacts

Indicator 1 - Identify potential negative impacts on biodiversity that the project activities are likely to cause outside the Project Zone.	Section 7.2 provides a discussion of offsite biodiversity impacts. Based on the species present in the project area and the mitigation measures listed in Table 85, No offsite biodiversity negative impacts are expected.
Conformance - Y	

Indicator 2 - Describe the measures needed and taken to mitigate these negative impacts on biodiversity outside the Project Zone.	See B3.1 above.
Conformance - Y	

Indicator 3 - Evaluate unmitigated negative impacts on biodiversity outside the Project Zone and compare them with the project's biodiversity benefits within the Project Zone. Justify and	See B3.1 above.
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demonstrate that the net effect of the project on biodiversity is positive.	
Conformance - Y	

B4. Biodiversity Impact Monitoring

Biodiversity impact monitoring assesses the changes in biodiversity resulting from project activities within and outside the Project Zone.

Biodiversity Impact Monitoring

<p>Indicator 1 -. Develop and implement a monitoring plan that identifies biodiversity variables to be monitored, the areas to be monitored, the sampling methods, and the frequency of monitoring and reporting. Monitoring variables must be directly linked to the project’s biodiversity objectives and to predicted activities, outcomes and impacts identified in the project’s causal model related to biodiversity (described in G1.8).</p>	<p>Section 8.1.5 of the PDD contains a comprehensive monitoring plan. The plan, in coordination with the biodiversity MRV tracker specifically identifies the biodiversity variables to be monitored, the areas to be monitored, the sampling methods, and the frequency of monitoring and reporting. Table 85 of the PDD contains a clear description of exactly how the monitoring variables are linked to the project’s biodiversity outcomes and its predicted activities, outcomes and impacts. The monitoring plan makes use of a variety of sampling and data-collection methods, which should offer a robust approach for assessing biodiversity across the project zone. While the most intensive monitoring methods are concentrated on the forested area of the project zone, the audit team sees this as appropriate, given that this area</p>
Conformance - Y	

	<p>contains the vast majority of intact forest within the project zone, and thus, it presents the highest risk for habitat loss and changes in biodiversity conditions within the project zone. In summary, the monitoring plan is appropriate, comprehensive and well-suited for monitoring the project’s biodiversity benefit.</p>
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<p>Indicator 2 - Develop and implement a monitoring plan to assess the effectiveness of measures taken to maintain or enhance all identified High Conservation Values related to globally, regionally or nationally significant Biodiversity (identified in B1.2) present in the Project Zone</p>	<p>A description of the specific methods used to assess the effectiveness of measures taken to maintain or enhance the relevant high conservation values is provided in table 85 of the PDD. The methods described are appropriately linked to the high conservation values in question. Because the methods described are all included in the main body of the biodiversity monitoring plan, the comments made regarding B4.1 above also apply here.</p>
<p>Conformance - Y</p>	

<p>Indicator 3 - Disseminate the monitoring plan and the results of monitoring, ensuring that they are made publicly available on the internet and summaries are communicated to the Communities and Other Stakeholders through appropriate means.</p>	<p>The PDD states in Section 2.7.4 that “The Katingan Project will publicize a variety of project documentation and monitoring plans in both Indonesian and English languages through appropriate means by which local communities and stakeholders can have the opportunity to provide comments..”</p>
<p>Conformance - Y</p>	

GL3. Exceptional Biodiversity Benefits

Projects conserve biodiversity at sites of global significance for biodiversity conservation selected on the basis of the Key Biodiversity Area (KBA) framework of vulnerability and irreplaceability.

Conserving biodiversity at these sites may contribute to meeting country commitments to the Aichi Targets under the Convention on Biological Diversity and with the priorities identified in a National Biodiversity Strategy and Action Plan.

Exceptional Biodiversity Impacts

<p>Indicator 1 - Demonstrate that the Project Zone includes a site of high biodiversity conservation priority by meeting either the vulnerability or irreplaceability criteria defined below, identifying the ‘Trigger’ species that cause(s) the site to meet any of the following qualifying conditions and providing evidence that the qualifying conditions are met:</p> <p>1.1 Vulnerability</p> <p>Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:</p> <p>a. Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual; or</p> <p>b. Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs.</p>	<p>Conformance to this indicator is exceptionally well-documented in Section 7.3 of the PDD. The fauna of the project area has been the subject of a large number of research studies, as verified by the audit team through review of Section 7 of the PDD and review of a number of different publications referenced therein. The audit team reviewed the publications and confirmed the validity of the statements in the PDD. The audit team confirmed, through review of the IUCN red list (http://www.iucnredlist.org/; accessed 15 January 2016) that the sunda pangolin (<i>Manis javanica</i>) is listed as critically endangered.</p>
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<p>OR</p> <p>1.2 Irreplaceability</p> <p>A minimum proportion of a species' global population present at the site at any stage of the species' lifecycle according to the following thresholds:</p> <p>a. Restricted-range species - species with a global range less than 50,000 km² and 5% of global population at the site; or</p> <p>b. Species with large but clumped distributions - 5% of the global population at the site; or</p> <p>c. Globally significant congregations - 1% of the global population seasonally at the site;</p> <p>or</p> <p>d. Globally significant source populations - 1% of the global population at the site.</p>	
<p>Conformance – Y</p>	

<p>Indicator 2 - Describe recent population trends of each of the Trigger species in the Project Zone at the start of the project and describe the most likely changes under the without-project land use scenario.</p>	<p>It should be noted that the PDD uses the term “Key species” rather than trigger species. The recent population trends for each of the selected trigger species are well-documented in Section 7.3 of the PDD (and other referenced sections).</p>
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Conformance - Y	The most likely changes under the without-project land use scenario (which are consistent with the projections as stated in Section 4.5 of the PDD) are also described.
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<p>Indicator 3 - Describe measures needed and taken to maintain or enhance the population status of each Trigger species in the Project Zone, and to reduce the threats to them based on the causal model that identifies threats to Trigger species and activities to address them.</p>	See GL3.2 above.
Conformance - Y	

<p>Indicator 5 - Include indicators of the population trend of each Trigger species and/or the threats to them in the monitoring plan and demonstrate the effectiveness of measures needed and taken to maintain or enhance the population status of Trigger species.</p>	See GL3.2 above.
Conformance – Y	

CCB Validation Conclusion

Following completion of SCS' duly-accredited validation process, it is our opinion that the project conforms to the CCB Standards (Third Edition). The project also conforms to the optional Exceptional Climate, Community and Biodiversity Benefits criterion at the Gold Level.

Appendix A: Response to Public Comments

A description of how each comment was addressed (where applicable) by the project proponent has been provided for the public comment period.

Period Beginning 4 September 2015

No comments were received that would constitute amendments to the PDD. See interviews section of this report for a complete list of those who provided comments to the audit team.

Appendix B: Findings Issued During the Validation Process

Please see the section “Resolution of Discrepancies” above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Client Response” is a verbatim transcription of responses provided to the findings by project personnel.

NCR N/A.1 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G1.7

Document Reference: N/A

Finding: The CCB Standards require that the project proponents:

"Provide a map identifying the location of Communities and the boundaries of the Project Area(s), of the Project Zone, including any High Conservation Value areas (identified in CM1 and B1), and of additional areas that are predicted to be impacted by project activities identified in CL3, CM3 and B3."

The PDD provides a number of maps showing the above required items, however there is no one map that provides all of the required information and therefore is not in conformance with the Standards.

Client Response: Map 4 in the PDD has been replaced with a map that more clearly shows the Project Area, Project Zone and HCV areas. There are no additional areas beyond the project zone boundary where off-site impacts are anticipated, as stated in the PDD Section 6.2.

Auditor Response: As stated in the client response the PDD has been amended to include a map that more clearly defines the differences between the project area, project zone, and HCV areas.

Closing Remarks: The client's response adequately addresses the finding.

NIR N/A.2 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G1.8

Document Reference: 2015-08-27 Final PDD_RMU section 2.2.1

Finding: The CCB Standards require that the project proponents:

"Briefly describe each project activity and the expected outputs, outcomes and impacts of the activities identifying the causal relationships that explain how the activities will achieve the project's predicted climate, community and biodiversity benefits."

Whereas the PDD describes each project activity, it is not apparent from the information provided that the project proponents have identified the casual relationships (as described in footnote 22) or how the activities will achieve the projects predicted climate, community and biodiversity benefits.

Client Response: We have added a brief description about the causal relationships between project activities and the project's predicted CCB benefits (Section 1.1.2). In addition, the description of project activities (Section 2.2.1) have been amended to make clear the causal relationship between the activity and the anticipated climate, community and biodiversity benefits.

Auditor Response: The information provided in the amended PDD to provides a clear understanding of the causal relationship between the project activity and the expected outcomes.

Closing Remarks: The client's response adequately addresses the finding.

NCR N/A.3 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G1.9

Document Reference: 2015-08-27 Final PDD_RMU section 1.9

Finding: The CCB Standards require that the project proponents:

"Define the project start date and lifetime, and GHG accounting period and biodiversity and community benefits assessment period if relevant, and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development."

Whereas, the PDD defines the project start date and lifetime, and GHG accounting period, however the audit team is not able to locate an implementation schedule indicating key dates and milestones in the project's development and therefore is not in conformance with the Standards.

Client Response: We have added the implementation schedule with key dates and milestones for each project activity for the lifetime of the project.

Auditor Response: As stated in the client response, the PDD has been updated to include an implementation schedule, replete with milestones for each project activity.

Closing Remarks: The client's response adequately addresses the finding.

NCR N/A.4 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G1.10

Document Reference: 2015-08-27 Final PDD_RMU section 2.3.1

Finding: The CCB Standards require that the project proponents:

"Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures needed and taken to mitigate these risks."

Additionally, Footnote 26 states:

"Including risks in the shorter and longer term, risks related to continued community willingness to participate in the project, risks related to ability to adapt to climate change and climate variability, etc."

Whereas, the PDD provides the risk scores from the VCS Non-Permanence Risk Tool. The information provides does not meet the requirements of the Standards as defined in G10.1 and Footnote 26 and therefore is not in conformance with the Standards.

Client Response: Section 2.3 has been amended to include a new section 2.3.3, which specifically addresses the natural and human-induced risks to the expected climate, community and biodiversity benefits, including both short and long term risks, risks related to continued community willingness to participate in the project, risks related to ability to adapt to climate change, and the mitigation of such risks, with appropriate cross-references where relevant.

Auditor Response: The updates to the PDD are sufficient to provide the reader with an understanding of the human-induced and natural short and long term risks to the project.

Closing Remarks: The client's response adequately addresses the finding.

NIR N/A.5 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G1.12

Document Reference: N/A

Finding: The CCB Standards require that the project proponents:

"Demonstrate that financial mechanisms adopted, including actual and projected revenues from GHG emissions reductions or removals and other sources, provide an adequate actual and projected flow of funds for project implementation and to achieve the project's climate, community and biodiversity benefits."

During the onsite office meetings the audit team reviewed the financial budget for the project and discovered that a different value than that provided in the loan documents was being used as a model input. The audit team was informed that the loan had been restructured since receiving the original loan documents. Please provide the restructured loan documentation to the audit team to support the financial model as is.

Client Response: The principle loan agreement under which the project is financed has now been amended. A copy of the amendment is provided (confidentially). Based on the project's financial model, the loan term and facility now extend to beyond the project's predicted cash flow breakeven point, and reflect the total predicted loan requirement as modelled. See also response to finding VCS: N/A.9.

Auditor Response: The audit team reviewed the amended loan agreement and confirmed that the financial model is now based on accurate financial data.

Closing Remarks: The client's response adequately addresses the finding.

NCR N/A.6 dated 11/23/2105

Standard Reference: CCB Standards 3rd Edition G3.1

Document Reference: N/A

Finding: The CCB Standards require that the project proponents:

"Describe how full project documentation has been made accessible to Communities and Other Stakeholders, how summary project documentation (including how to access full documentation) has been actively disseminated to Communities in relevant local or regional languages, and how widely publicized information meetings have been held with Communities and Other Stakeholders."

While preparing for the onsite activities it was brought to the attention of the audit team that communities along the west side of the project zone had not been provided with all of the project documentation, nor were they given an opportunity to provide comments during the public comment period and therefore is not in conformance with the Standards.

Client Response: PT. RMU is currently in the process of obtaining an extension to the original concession covering the western half of the project area. This is anticipated to be completed in December 2015. The delay in obtaining this licence in turn led to the delay in publicising the project documentation to villages adjacent to the extension area. Once the licence is obtained copies of all legal documentation will be provided to the validators. In parallel we will initiate measures to fully publicize the project documentation to villages in the affected area. This will incorporate a publicized opportunity to provide confidential comments. All supporting documentation for these measures will be made available to the validators once complete, including signed meeting attendance sheets and responses received to the comment period.

Auditor Response: The audit team reviewed the documentation that included the concession to the remaining hectares comprising the project area of the project area and confirmed that it now covers the entirety of the original project area. During the verification site visit, the audit team confirmed that the remaining communities in the project zone have been consulted and included in the public comment process.

Closing Remarks: The client's response adequately addresses the finding.

OFI N/A.7 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G3.2

Document Reference: N/A

Finding: The CCB Standards require that the project proponents:

"Describe how full project documentation has been made accessible to Communities and Other Stakeholders, how summary project documentation (including how to access full documentation) has been actively disseminated to Communities in relevant local or regional languages, and how widely publicized information meetings have been held with Communities and Other Stakeholders."

Whereas the audit team observed that the majority of community members interviewed during the site visit were involved throughout the consultation process and had received project documentation as described in the PDD, some community members expressed concerns that there was a disconnect between village elders and individual community members and that they were not always receiving all project information. The audit team does not see this as a non-conformity at this time, but see this as an issue that may lead to a non-conformity in the future if not properly addressed.

Client Response: Measures have already been taken to improve the way information is communicated to project-zone communities. This includes the provision of community information notice boards in all 34 villages, at which information can be openly posted for all project-zone community members to view. To reflect this activity, a new sentence has been added to the PDD (Section 2.7.4).

Auditor Response: During the verification site visit, the audit team confirmed that the message boards mentioned in the client response have been included in the project zone to bolster the community outreach and consultation.

Closing Remarks: The client's response adequately addresses the finding.

NIR N/A.8 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition G5.2

Document Reference: N/A

Finding: The CCB Standards require that the project proponents:

"Demonstrate with documented consultations and agreements that

- a. the project will not encroach uninvited on private property, community property, or government property,
- b. the Free, Prior, and Informed Consent has been obtained of those whose property rights are affected by the project through a transparent, agreed process.

Free, Prior and Informed Consent is defined as:

- 'Free' means no coercion, intimidation, manipulation, threat and bribery;
 - 'Prior' means sufficiently in advance of any authorization or commencement of activities and respecting the time requirements of their decision-making processes;
 - 'Informed' means that information is provided that covers (at least) the following aspects
 - a. the nature, size, pace, reversibility and scope of any proposed project or activity;
 - b. the reason/s or purpose of the project and/or activity;
 - c. the duration of the above;
 - d. the locality of areas that will be affected;
 - e. a preliminary assessment of the likely economic, social, cultural and environmental impact, including potential risks and fair and equitable benefit sharing in a context that respects the precautionary principle;
 - f. personnel likely to be involved in the execution of the proposed project (including Indigenous Peoples, private sector staff, research institutions, government employees, and others); and
 - g. procedures that the project may entail; and
 - 'Consent' means that there is the option of withholding consent and that the parties have reasonably understood it.
 - Collective rights holders must be able to participate through their own freely chosen representatives and customary or other institutions following a transparent process for obtaining their Free, Prior and Informed Consent that they have defined.
- c. appropriate restitution or compensation has been allocated to any parties whose lands have been or will be affected by the project."

During the site visit, the audit team reviewed Decree SK.734/Menhut-II/2013, however project personnel made claims that the project had received permission for the rest of the project area from the local government. Please provide evidence that the project has the right of use for the entire project area.

Client Response: See response to Finding N/A.6.

Auditor Response: The audit team has been provided with and reviewed the additional documentation covering the remaining hectares comprising the project area. Whereas, the project is still awaiting the final decree, the audit team is familiar with the process and confirmed that the process has reached a point in which the risk that the decree will not be provided is miniscule.

Closing Remarks: The client's response adequately addresses the finding.

NIR N/A.9 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition GL1.1

Document Reference: 2015-08-27 Final PDD_RMU section 5.7.1

Finding: The CCB Standards require that the project proponents:

"1. Identify likely regional or sub-national climate change and climate variability scenarios and impacts, using available studies, and identify potential changes in the local land use scenario due to these climate change scenarios in the absence of the project."

The PDD provides claims on how the project meets this indicator and states "Regional climate change was projected using the SERVIR-based Climate One-Stop portal. In summary, the project zone is likely to exhibit various effects of climate change over the next 50 years with greater weather anomalies."

The audit team was unable to locate such information using SERVIR-based One Stop Portal. Please provide the outputs from SERVIR or otherwise provide evidence for meeting the criteria of this indicator.

Client Response: The SERVIR model can be viewed at

<http://arcserver4.iagt.org/climate1stop/Default.aspx>. Running this model generates the parameters used in the PDD. Further information, and detailed analysis of the results, is also available in the independently commission report, USAID IFACS: Mapping Climate Change Impacts and Adaptation Options for Target Landscapes in Indonesia, available on request.

Auditor Response: As stated in the client response the audit team was provided with access to the SERVIR model and were able to confirm that the information provided in the PDD is reported accurately.

Closing Remarks: The client's response adequately addresses the finding.

NCR N/A.10 dated 11/23/2105

Standard Reference: CCB Standards 3rd Edition GL1.3

Document Reference: 2015-08-27 Final PDD_RMU section 5.7.2

Finding: The CCB Standards require that the project proponents:

"Describe measures needed and taken to assist Communities and/or biodiversity to adapt to the probable impacts of climate change based on the causal model that explains how the project activities will achieve the project's predicted adaptation benefits."

The information provided in the PDD does not include how the measures taken will allow for the project to adapt to the probable impacts of climate change based on the causal model that explains how the project activities will achieve the project's predicted adaptation benefits and therefore is not in conformance with the Standards.

Client Response: Section 5.7.2 has been amended to provide additional information on the causal relationship between relevant project activities and the predicted climate change adaptation benefits they will provide.

Auditor Response: The audit team reviewed the updated PDD and confirmed that it now contains the appropriate information regarding the causal relationships between the project activities and the expected outcomes.

Closing Remarks: The client's response adequately addresses the finding.

NCR N/A.11 dated 11/23/2015

Standard Reference: CCB Standards 3rd Edition GL1.4

Document Reference: Appendix 9_10_11_CCB Monitoring Plans

Finding: The CCB Standards require that the project proponents:

"Include indicators for adaptation benefits for Communities and/or biodiversity in the monitoring plan. Demonstrate that the project activities assist Communities and/or biodiversity to adapt to the probable impacts of climate change. Assessment of impacts of project activities on Communities must include an evaluation of the impacts by the affected Communities."

The monitoring plan provided by project personnel does not include indicators for adaptation benefits for Communities and/or biodiversity and therefore is not in compliance with the Standards.

Client Response: Expected impacts are assessed by indicators which are directly linked to those project activities expected to produce adaptation benefits (see response to Finding CCB_N/A.10). In order to make clear which activities (and hence indicators) are relevant to adaptation benefits, a new column has been added to both Appendix 10. Community MRV and Appendix 11. Biodiversity MRV indicating where adaptation benefits are expected to occur as a result of the project activities.

Auditor Response: The audit team reviewed the updated PDD and confirmed that it now contains the appropriate information regarding the relationship between the indicators and the expected benefits.

Closing Remarks: The client's response adequately addresses the finding.