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Roundtable on Sustainable Palm Oil

1st Surveillance Audit

Report no.: ASA1_82450216045

1st Surveillance Assessment against the
RSPO Principles & Criteria Indonesian Interpretation (INA-NI) July 2016
RSPO Supply Chain Certification System Nov 2014

PT REA KALTIM Perdana Palm Oil Mill and Supply Based

Pulau Pinang village, Kembang Janggut Sudistrict
Kutai Kartanegera District – East Kalimantan Province

Date of assessment : April 10 – 14, 2017

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1.1 National Interpretation / Standard Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against RSPO Indonesian National Interpretation Principles & Criteria 2013, July 2016 and RSPO Supply Chain Certification year 2014.

1.2 Type of Assessment

The 1st surveillance assessment audit carried out on 1 (one) mill and 3 (three) company estates to this mill, i.e.: Perdana Palm Oil Mill, Perdana estate, Sentekan estate and Tepian estate, owned by PT REA Kaltim.

The scope of the Supply Chain Certification System assessment covers the implementation of the Mass Balance supply chain model of Perdana Palm Oil Mill.

1.3 Certification Details

The details of RSPO 1st surveillance assessment of Perdana Palm Oil Mill are as per the table below:

Table 1. RSPO Certification details of Perdana Palm Oil Mill

RSPO Membership No. :	1-0045-07-000-00
Subsidiary numbers of each certification unit :	-
RSPO Certificate no. :	824 502 16045
Date of first RSPO certification & validity :	29-11-2016 / 05-06-2021
Date of certification assessment audit :	May 9 – 13, 2016
Date of previous surveillance audit :	This is 1st surveillance assessment
CPO tonnages claimed for 2016	47,742.90 mt
PK tonnages claimed for 2016	10,547.85 mt

1.4 Location and Maps

Table 2. GPS locations for all estates and mills included in 1st surveillance assessment

Name of Mill / Estate	Location	GPS locations	
		Longitude	Latitude
Perdana palm oil mill	Pulau Pinang village, Kembang Janggut subdistrict, Kutai Kartanegara district, East Kalimantan Province.	00°15'27.316"N	116°09'0.361"E
Perdana estate	Long Beleh Modang village, Kembang Janggut subdistrict, Kutai Kartanegara district, East Kalimantan Province.	00°13'46.238"N	116°09'50.919"E
Sentekan estate	Long Bleh Haloq, Kembang Janggut subdistrict, Kutai Kartanegara district, East Kalimantan Province.	00°18'06.658"N	116°07'00.494"E
Tepian estate	Kelekat village, Pulau Pinang village, Kembang Janggut subdistrict, Kutai Kartanegara district, East Kalimantan Province.	00°11'22.481"N	116°11'50.615"E

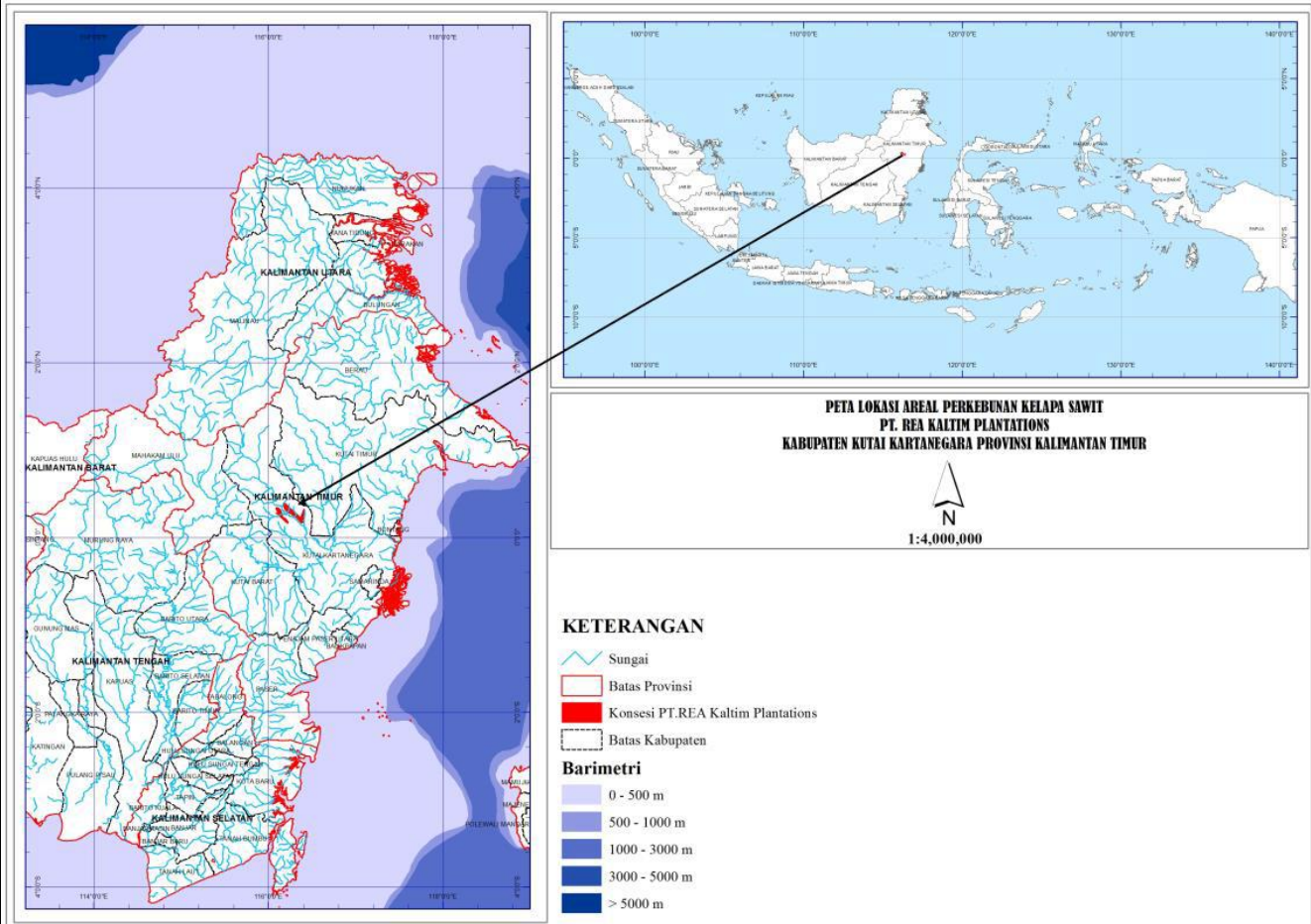


Figure 1. Location Map of REA Kaltim concession area in East Kalimantan

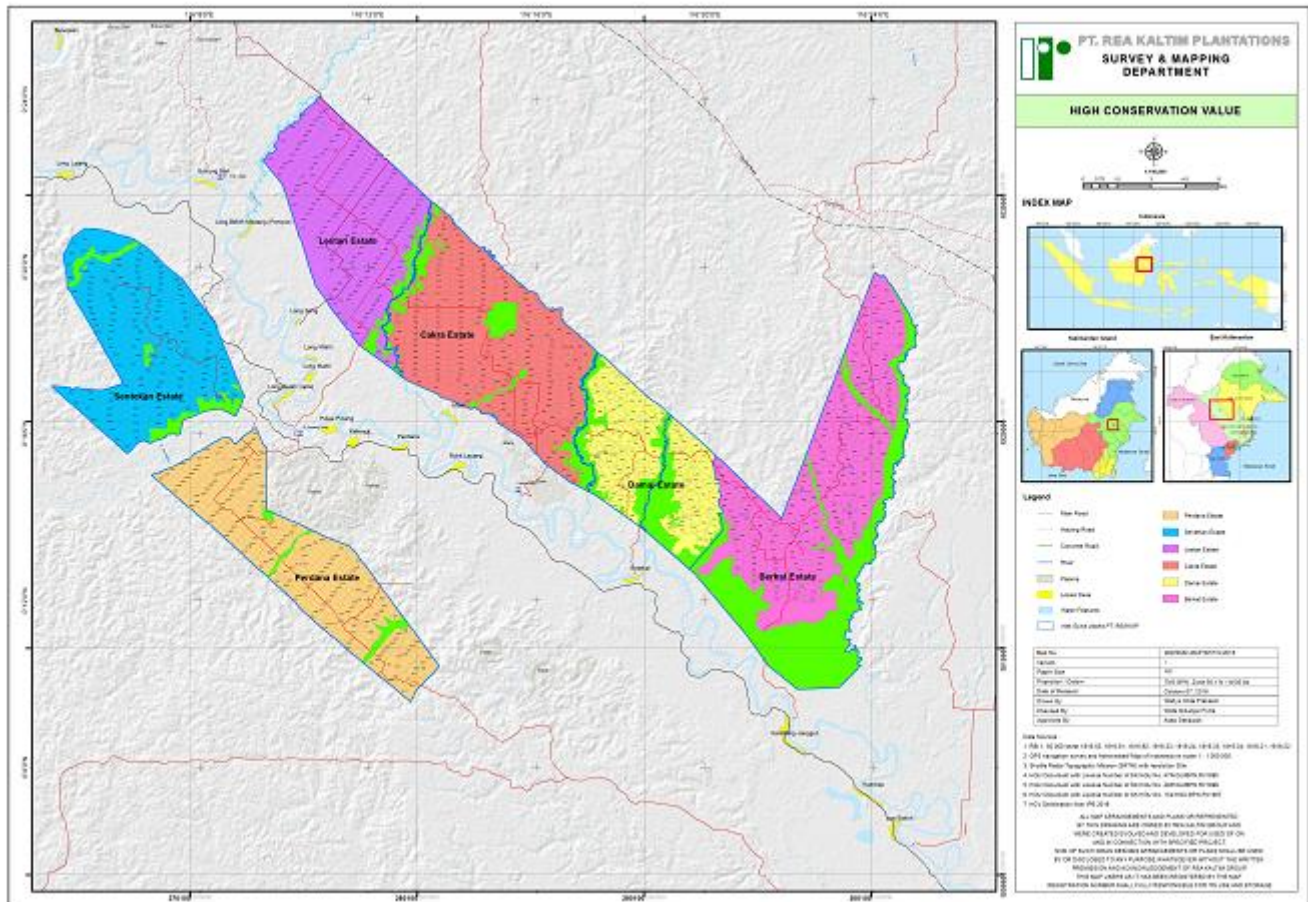


Figure 2. Perdana POM supply base estate (Perdana, Sentekan and Tepian estate) in East Kalimantan Province

1.5 Organisational Information / Contact Person

Contacts details of the company presented below:

Company Name	PT REA KALTIM (Perdana Palm Oil Mill and Supply Base)
Address	Kembang Janggut subdistrict and Tabang subdistrict, Kutai Kartanegara district, East Kalimantan Timur province
Contact Person	Purwantoro
Telephone	+62 8127544166
Email	purwantoro@rea.co.id

1.6 Description of Supply Base

Perdana Palm Oil Mill (POM) is one of several palm oil mills owned by PT R.E.A Holding p.l.c., and is located in Kembang Janggut subdistrict, Kutai Kartanegara District, East Kalimantan Province. Currently, Perdana POM received FFB supplies from 3 company-owned estates i.e.: Perdana and Sentekan estate also Tepian estate under PT SYB, then also received FFB supplied from other’s company owned estate i.e.: PT Putra Bonggan Jaya. Then, Perdana POM also received FFB from Kahad smallholder and from outgrowers. The FFB supplies received from company-owned estates and other’s company estate are as described below:

Table 3. FFB Supply Information for Perdana Palm Oil Mill year 2016 and 2017

FFB Contributors	FFB Supplied 2016		FFB Supplied 2017*		Budget production 2017
	Tonnes	%	Tonnes	%	
Certified source					
Mill supply based:					
Perdana estate	66,539.21	31.38	20,936.36	33.70	74,569.00
Sentekan estate	56,863.83	26.82	16,090.72	25.90	82,681.00
Tepian estate	43,001.09	20.28	12,786.48	20.58	70,088.00
Sub Total	166,404.10	78.48	49,813.56	80.18	227,338.00
Non Certified source					
Others estate under REA KALTIM group					
PT Putra Bongan Jaya	2,481.13	1.17	-	-	3,178.00
Sub Total	2,481.13	1.17	-	-	3,178.00
Kahad Smallholder	339.55	0.16	-	-	-
Sub Total	339.55	0.16	-	-	-
Out growers:					
PPMD	26,764.79	10.11	12.62	10.97	11,064.00
Swadaya	13,869.42	5.24	6.54	7.45	42,409.00
External company	2,143.87	0.81	1.01	1.38	840.00
Sub Total	42,778.08	16.16	21.51	19.80	54,313.00
Total	212,002.90	80.11	100	100	285,647.00

Note: *) from January – April 12, 2017

1.7 Actual production volumes and project outputs.

During the 1st Surveillance assessment to Perdana POM, record of certified sold available in place, as follow:

Table 4. Total and projected CPO and PK production and Certified product sold from Perdana Palm Oil Mill

Remarks	Amount (mt)		
	FFB	CPO	PK
Last Year's (Projected) Certified Volume (RSPO Certified)	222,060.00	47,742.90	10,547.85
Total product tonnage sold claimed under Palm Trace		0	0
Sold under Other Schemes Certified		27,340.20	0
Sold Conventional		19,682.04	10,176.14
Actual Production for 2016			
Actual OER and KER for 2016 (%)	-	22.18	4.80
Total production for 2016	212,002.90	47,022.24	10,176.14
Total Certified production for 2016 (**)	166,404.10	37,956.78	7,987.39
Projection Production for 2017 (mt)			
OER and KER projection for 2017 (%)		22.00	5.00
Total FFB process (certified and uncertified)	285,647.00	62,842.34	14,282.35
Total FFB certified *)	227,338.00	-	-
Total Certified Product *)	-	50,014.36	11,366.90

Note: *) Certified tonnage claime based on budget production in 2017

***) Total certified only in 2016.

1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 25 years. Information on the dates of plantings are as per the table below.

Table 5. Year of plantings of company estates supplying to Perdana Palm Oil Mill Period 2016 – April 12, 2017.

Year of Plantings	Oil palm planted area each estate (ha)		
	Perdana	Sentekan	Tepian
2011 – 2015	-	-	-
2006 – 2010	-	-	2,000.50
2001 – 2005	-	-	989
1996 – 2000	2,544	4,024	-
1990 – 1995	1,305	-	-
Total	3,849	4,024	2,989.50

Note: based on hectareage statement March 2017

Table 6. Planned and actual oil palm replanting activities for company-owned estates supplying to Perdana Palm Oil Mill.

Estate name	Total plan for replanting (ha)	Year (ha)				Actual total replanted (ha)
		2015	2016	2017	2018	
Perdana	-	-	-	-	-	-
Sentekan	-	-	-	-	-	-
Tepian	-	-	-	-	-	-
Total	-	-	-	-	-	-

During the 1st surveillance assessment process accordance to the budget plan document, management still not plan for replanting process, because the oldest palm oil still production above company requirement.

1.9 Area of Plantation (Total, Planted and Mature)

Table 7. Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Perdana Palm Oil Supply Base estates.

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production (ton)*	Average yield/ ha (ton/ha)
Perdana	13,744.00	3,849.00	3,849.00	-	66,539.21	17.29
Sentekan		4,024.00	4,024.00	-	56,863.83	21.00
Tepian	4,382.52	2,989.50	2,989.50	-	43,001.09	20.03
Total	18,126.52	10,862.50	10,862.50	-	166,404.10	19.44

Note: based on hectare statement 2017.

Table 8. Land used data for Perdana Palm Oil Mill Supply Based

Estate Name	Total area (ha)*	Oil Palm Planted Area (ha)	HCV/ Potential HCV areas** (ha)	Land used for other purposes (ha)			
				Housing, Road, other infrastructure ***)	Nursery	Un-cleared Area ****)	Other Land
Perdana	13,744.00	3,849.00	161.77	210.00	-	1,816.46	-
Sentekan		4,024.00	347.41	203.00	-		-
Tepian	4,382.52	2,989.50	1,118.00	252.00	-	-	-
Total	18,126.52	10,862.50	1,627.18	665.00	-	1,816.46	-

Note: *) Based on land use rights certificate
 **) HCV area are include in planted area
 ***) Consist of housing, mill, public area, road and others
 ****) In land dispute condition

1.10 Progress against Time Bound Plan

The company has revised their time bound plan for RSPO certification of other management units as per the schedule below.

Table 9. Time Bound Plan of the Other Management Units

Name of Holding	Location	Time bound plan for certification	Progress in 2016
PT Sasana Yudha Bakti (SYB)	Buluq Sen, Gunung Sari, Ritan Baru & Tukung Ritan Village, Tabang subdistrict of Kutai Karanegara district. East Kalimantan Province.	2017	Waiting compensation liability from RSPO panel
PT Kutai Mitra Sejahtera (KMS)	Senyur Village, Muara Ancalong subdistrict of Kutai Timur district. East Kalimantan Province	2017	Set up system
PT Putra Bongan Jaya (PBJ)	Muara Kedang, Muara Gusik & Jambuk Village, Tabang subdistrict of Kutai Barat district. East Kalimantan Province.	2021	-
PT Cipta Davia Mandiri (CDM)	Long Nah Village (Muara Ancalong subdistrict), Sumber Sari & Sumber Agung Village (Long Mesangat subdistrict) of Kutai Timur district. East Kalimantan Province.	2022	-
PT Kartanegara Kumala Sakti (KKS)	Busang & Telen subdistrict of Kutai Timur district. East Kalimantan Province.	2022	-

Note: during 1st surveillance, previously, company revised the timebound plan, is because some of company subsidiary still on process waiting for RSPO compensation panel.

1.11 Audit against the rules for Partial Certification

Compliance of the PT REA KALTIM against the rules for partial certification according to RSPO certification system year 2013 Generic, clause 4.2.4 was assessed through document checks and interviews and the head office and through findings of concurrent ISO : 9001 checks conducted at other management units of PT REA KALTIM. A summary of findings is as stated below.

Partial Certification Requirements	Audit Findings
a) The organisation is an RSPO member.	Yes, PT REA KALTIM is member or RSPO with registered number 1-0045-07-000-00 under REA Holding p.l.c. RSPO Certification system section 4.2.4. PT REA KALTIM has been provide result of the self-assessment for all units entering estate and mill at the time bound.
b) A time-bound plan for achieving certification of all relevant entities;	PT REA KALTIM has a time-bound plan to achieve RSPO certification for all relevant entities. And during 1 surveillance, this timebound plan revised by company with reason as stated in the “note” below the timebound plan.
e) No replacement of primary forest or any area containing HCV since November 2005.	REA is aware that some land clearing was carried out in PT Cipta Davia Mandiri (CDM) prior to conducting an HCV assessment. The group notified the RSPO secretariat of this potential non-compliance with this requirement for partial certification in a letter dated on November 19, 2012 (see Annex 2). REA immediately suspended land clearing in CDM and in late 2012 engaged MEC to conduct an HCV assessment of this concession. REA is committed to following the process

	outlined in the RSPO HCV compensation mechanism to fully resolve this issue and is participating in the RSPO compensation task force.
f) There are no significant land conflicts.	There some land conflict area in Tepian estate under PT SYB, this area was low land inside the company land use rights and planted by communities, this location still under process solving by company and the company showed the process effort, whereas during the re-certification assessment this condition raised as a nonconformity. And during 1st surveillance, this condition still same (on progress) and the company could show the effort to involve the claimers to solved this problem.
g) No labour dispute that are not being resolved through an agreed process.	No labour issues were found during this 1st surveillance audit.
h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with refrence to RSPO criteria 2.1 and 2.2	Found legal non-compliance during the re-certification assessment process, was planted outside land used rights (HGU) in filed number 030B, 040E, 040F and 040G. This area was raised as a nonconformity during re-certification process, and until 1st surveillance audit this area still on process to get land use rights from government and not include (excluded) from certification scope area.

1.12 Progress of associated smallholders or outgrowers towards RSPO compliance

Perdana Palm Oil Mill has commitment to include the smallholder on behalf Kahad Bersatu Smallholder (Koperasi Kahad Bersatu) to get the RSPO certified within in 3 years after the Perdana POM get the RSPO certification. This commitment was mentioned in company management letter number 008/EXT/REA/SUST/V/2016 dated on May 23, 2016. This letter stated that the Kahad Bersatu smallholder will plan to get certification on June 2019. During 1st surveillance, new update of associated smallholder certification progress is still in negotiated with associated about financial mechanism.

1.13 Compliance to other RSPO Procedure

RSPO NPP	Waiting for RSPO compensation panel
RSPO Compensation and Remediation procedure	Waiting for RSPO compensation panel
Areal Subject to sanction	Waiting fro RSPO compensation panel

Note: waiting for PT SYB compensation panel result from RSPO.

1.14 Compliance to RSPO Guidance on GHG Calculation

Summary of Net GHG Emissions

Emissions per Product	tCO2e/t Product
CPO	1.80
PK	1.80

Production	t/year
FFB processed	213,711
CPO produced	47,426.44

Extraction	%
OER	22.18
KER	4.80

Land Use	Ha
OP planted area	10.863
OP planted on peat	1,067.20
Conservation (forested)	-
Conservation (non-forested)	1,626.77

Total	13,556.97
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Summary of Field Emissions and Sinks

	Own Crop		Group		3 rd party		Total	
	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e
Emissions								
Land Conversion	211,648	0.99	0	0	0	0	211,648	0.99
*CO ₂ Emissions from Fertilizer	8,484.25	0.04	19.93	0.001	0	0	18,533	0.09
**N ₂ O Emissions	10,032.75	0.05	17.07	0.001	0	0	8,503.18	0.389
Fuel Consumption	2,844	0.01	0	0	0	0	2,844	0.01
Peat Oxidation	61,513	0.29	0	0	0	0	61,513	0.29
Sinks								
Crop Sequestration	190,868	0.92	13,836	0.06	0	0	210,704	0.99
Conservation Sequestration	0	0	0	0	0	0	0	0
Total	97,836	0.46	-13,795	-0.06	0	0	103,616	0.48

Summary Oil Mill Emissions and Credits

Remarks	tCO ₂ e	tCO ₂ e/t FFB
Emissions		
POME	3.487	0,02
Fuel consumption	189	0,0009
Grid electricity	3.747	0,02
Utilization	0	0
Credits		
Export of grid electricity	0	0
Sales of PKS	2115,9	0,01
Sales of EFB	0	0
Total	-56	-0,003

Palm Oil Mill Effluent (POME) Treatment

Divert to compst	249,253
Divert to anaerobic digestion	17,886

POME Divert to Anaerobic Digestion

Divert to anaerobic pond	-
Divert to methane capture (flaring)	641,191
Divert to methane capture (electricity generation)	6,116,878

1.15 Approximate Tonnages Certified of Perdana Palm Oil Mill

The approximate tonnages certified, based on projection year 2016 for company owned estates only (refer to the table above as follows:

Crude Palm Oil (CPO) : 50,014.36 tonnes Palm Kernel (PK) : 11,366.90 tonnes

1.16 Recommendation for RSPO Principles and Criteria and Supply Chain Certification

Perdana Palm Oil Mill and supply based has established and maintained an effective system to ensure compliance with the RSPO Principles and Criteria. The audit team has confirmed through the audit process that company practices complies with adequately maintains and implements the requirements of RSPO principles and criteria INA-NI 2016 and Supply Chain Certification System requirements 2014.

TUV Rheinland Indonesia recommends that Perdana Palm Oil Mill can continue certification of compliance RSPO Certified Sustainable Palm Oil.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 360 locations in 62 countries on all five continents. TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, as well as CDM Project Validations and Verifications. TUV Rheinland Indonesia's office is located in Jakarta, Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team members of this certification assessment audit that were part of the same assessment team for the certification audit are as per the table below:

1. Mhd Fundy C Kurniawan

Name	Position	Qualifications / Experience
Dewi Akbari	Auditor	<p>Education: Bachelor of Agriculture, Department of Social and Economic of Agriculture, Sriwijaya University, Palembang.</p> <p>Trainings attended: RSPO Lead Auditor Training, Pekanbaru (August 2014). Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Training (May 2002); ISO 9001:2008 IRCA Lead Auditor, ISO 14000:2004, OHSAS 18001:2007 trainings – OHSAS/SMK3 Lead Auditor based on PP No.50 /2012.</p> <p>Working experience: Experience in consulting, training and auditing Quality, Environmental, OHSAS of PT Surveyor Indonesia Pekanbaru (2000 – 2010), Lead Auditor : QMS 9001:2008, Auditor Indonesian Sustainable Palm Oil (ISPO) and Roundtable Sustainable Palm Oil (RSPO) for TUV Rheinland since 2013</p>
Doni	Auditor	<p>Education: Master in Rural Sociology, Graduate School of Bogor Agricultural University completed in 2005.</p> <p>Trainings Attended: GIS Training, Auditor Training of Indonesian Sustainable Palm Oil (ISPO), Training of Participatory Mapping, Training of Document Preparation HCV and SIA, Auditor Training of Sustainable Production Forest Management (SFM), Training and Up-Grading of SFM, Training of Mentoring technique for the Rural Farmers, Conflict Resolution Training and Journalism Training.</p> <p>Work Experience: Frequently conducted certification audits of RSPO and ISPO for Palm plantation, the certification audit of SFM (Sustainable Production Forest Management) for HPH and HTI, worked as a consultant for the National Development Planning Agency, Ministry of Environment and Forestry, Indonesian People Bank (BRI), Ministry of Rural Development (KPDT) and the Ministry of Public Works, Director General of Cipta Karya, JICA and UN-HABITAT and UNDP, HCVF document drafting team for the company of HTI, HPH and constituent team for documents of HCV / SIA for oil palm plantations. Since March 2016 till now, work at PT. TUV Rheinland Indonesia.</p>
Ibnu Prabudi	Auditor	<p>Education: Bachelor of STIPER Agriculture Institute, Yogyakarta</p> <p>Trainings Attended: ISPO Lead Auditor, RSPO Lead Auditor Training, HCCP Inhouse Training, ISO 9000:2008 Lead Auditor, OSH Expert Training.</p> <p>Work Experience: Auditor in PT Mutu Agung Lestari (2010 – 2015); Internal Auditor of PT Tasik Raja (2015 – 2017); Auditor in PT TUV Rheinland Indonesia (2017 – Present).</p>

2.3 Assessment Methodology & Agenda

The 1st surveillance assessment combined with supply chain certification assessment was conducted from April 10 – 14, 2017 as per the assessment program below. Public consultation of Perdana POM and supply based carried out during the 1st surveillance audit process through the visit the stakeholders related by Social auditor.

The assessment was carried out in accordance with TUV Rheinland Indonesia RSPO audit procedure as well as the RSPO Certification Systems document and RSPO Supply Chain Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

Due to the location and proximity of the estates, combined with common management systems, it was possible to carry out both field and document assessments of all estates and the mill within the time frame without compromising the integrity of the assessment in anyway.

Three estate and one mill were visited and the assessment team carried out field and document assessments of compliance to all the RSPO principles and criteria. Common systems were identified and specific evidence was recorded for individual estates. Interviews were conducted at all estates and the mill.

The company proposed the correction and corrective action for all identified non conformities raised to the certification body 30 days after the closing meeting. Document checks to verify closure of major non-conformances was conducted and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The certifications assessment agenda is as explained below.

1st Surveillance Audit Agenda

Date	Location/ Main sites	Main activities
10/04/2017	Perdana Estate	Opening meeting. Document verification: land use rights, hectare statement, boundry pillars map distribution, land dispute/land conflict, FPIC process, production records, procedure verification, soil analysis verification, IPM, road maintenance, chemical activity, waste management, OSH implementation, training, HCV assessment, environmental management, social and workers welfare, SIA assessment management, workers data base, workers contract, GHG emission, continuous improvement and others. On site visit: field no 1B and 1C for terrace application; Nyruk river; Kelekat village, HCV area, riparian bufferzone, boundary pillars verification, harvesting, spraying activity, manual activity, land application.
11/04/2017	Sentekan Estate	Document verification: land use rights, hectare statement, boundry pillars map distribution, land dispute/land conflict, FPIC process, production records, procedure verification, soil analysis verification, IPM, road maintenance, chemical activity, waste management, OSH implementation, training, HCV assessment, environmental management, social and workers welfare, SIA assessment management, workers data base, workers contract, GHG emission, continuous improvement and others. On site visit: division 02 field no. 58A (water table and subsidence), HCV area, riparian bufferzone, boundary pillars verification, harvesting, spraying activity, manual activity, land application.
12/04/2017	Tepian Estate	Document verification: land use rights, hectare statement, boundry pillars map distribution, land dispute/land conflict, FPIC process, production records, procedure verification, soil analysis verification, IPM, road maintenance, chemical activity, waste management, OSH implementation, training, HCV assessment, environmental management, social and workers welfare, SIA assessment management, workers data base, workers contract, GHG emission, continuous improvement and others. On site visit: division 02 field no 24B (peat land area), HCV area, riparian bufferzone, boundary pillars verification, harvesting, spraying activity, manual activity, land application.

13/04/2017	Perdana POM	Document verification: production records, RSPO SCCS MB, incoming raw material (FFB), processing, dispatch process, storage activity, POME treatment plan (IPAL), loading ramp area, OSH implementation, hazardous waste, and others. On site visit: processing activity, loading ramp, storage tank, IPAL waste water treatment plan, boiler area, sterilizer area, weighbridge activity. Closing meeting
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1st Surveillance Audit Plan

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement
Minggu 9 April 2017				
06.55 – 08.45	Flight PKU – CGK	DA	-	GA 171 (06.55 – 08.45)
05.20 – 07.45	Flight KNO – CGK	ISP	-	GA 181 (05.20 – 07.45)
09.20 – 12.35	Flight CGK – BPN	MK, DA, DN, ISP	-	GA 8022 (09.20 – 12.35)
01.00 – 23.00	Road journey travelling to concession area	All Auditor	-	-
Senin 10 April 2017				
08.00 – 08.30	Opening meeting in Perdana POM	All Auditor	Top management and related PIC	-
08.35 – 12.00 Cakra Kernel Crushing Plant	Document check and Previous NC verification of SCCS: 1. General Requirement 2. Module C	MK	Top management and related PIC	RSPO SCCS General Requirement and Module C
08.35 – 12.00 Perdana Estate	Document Check and Previous NC verification: - Law and regulation compliance - Procedure evaluation and implementation - Soil fertility - Erosion control - Water management - Energy used and renewable energy - New Planting after November 2005 - Continuous improvement	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.2; 4.3; 4.4; 5.4 7.2; 7.4 8
08.35 – 12.00 Perdana Estate	Document Check and Previous NC verification: - Law and regulation - Pesticides used record and implementation - Integrated Pest Management - Training - Environmental management - Waste management - Zero burning activity - New planting if any - Continuous improvement	ISP	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.5; 4.6; 4.8 5.1; 5.3; 5.5 7.7 8
08.35 – 12.00 Perdana Estate	Document check and Previous NC Verification: - Transperancy - Law and regulation - Land dispute and land conflict - Social and workers walfare - CSR - New planting after November 2005 - Continuous improvement	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13 7.1; 7.5; 7.6 8
12.00 – 13.30	Break	All Auditor	-	-
13.35 – 17.30 Cakra Kernel Crushing Plant	Document check and Previous NC verification of SCCS: 1. General Requirement	MK	Top management and related PIC	RSPO SCCS General Requirement and Module C

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement
	2. Module C			
13.35 – 17.30 Perdana Estate	Document Check and Previous NC verification: - Law and regulation compliance - Procedure evaluation and implementation - Soil fertility - Erosion control - Water management - OSH - Energy used and renewable energy - New Planting after November 2005 - Continuous improvement	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.2; 4.3; 4.4; 5.4 7.2; 7.4 8
13.35 – 17.30 Perdana Estate	Document Check and Previous NC verification: - Law and regulation - Pesticides used record and implementation - Integrated Pest Management - Training - Environmental management - Waste management - Zero burning activity - New planting if any - Continuous improvement	ISP	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.5; 4.6; 4.8 5.1; 5.3; 5.5 7.7 8
13.35 – 17.30 Perdana Estate	Document check and Previous NC Verification: - Transperancy - Law and regulation - Land dispute and land conflict - Social and workers walfare - CSR - New planting after November 2005 - Continuous improvement	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13 7.1; 7.5; 7.6 8
17.30 –	End of 1st day audit			
Selasa 11 April 2017				
07.30 – 12.00 Sentekan Es-tate	Document Check and Previous NC verification: - Law and regulation - Legal land - Long term economic - Third party FFB source - OSH - High conservation value - Plans to reduce pollution and emission and GHG - New planting after November 2005 - Carbon stock assessment - Continuous improvement	MK	Top management and related PIC	RSPO Principle and Criteria: 2.1; 2.2 3 4.1.4; 4.7 5.2; 5.6 7.3; 7.8 8
07.30 – 12.00 Sentekan Es-tate	Document Check and Previous NC verification: - Law and regulation compliance - Procedure evaluation and implementation - Soil fertility - Erosion control - Water management - OSH - Energy used and renewable energy - New Planting after November 2005 - Continuous improvement	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.2; 4.3; 4.4; 5.4 7.2; 7.4 8
07.30 – 12.00 Sentekan Es-	Document Check and Previous NC verification:	ISP	Top management and related PIC	RSPO Principle and Criteria:

**RSPO 1st Surveillance Assessment
PT REA KALTIM – Perdana Palm Oil Mill
Kutai Kartanegara District, East Kalimantan Province**



Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement
tate	- Law and regulation - Pesticides used record and implementation - Integrated Pest Management - Training - Environmental management - Waste management - Zero burning activity - New planting if any - Continuous improvement			2.1 4.5; 4.6; 4.8 5.1; 5.3; 5.5 7.7 8
07.30 – 12.00 Sentekan Es-tate	Document check and Previous NC Verification: - Transperancy - Law and regulation - Land dispute and land conflict - Social and workers welfare - CSR - New planting after November 2005 - Continuous improvement	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13 7.1; 7.5; 7.6 8
12.00 – 13.30	Break	All Auditor	-	-
13.30 – 17.30 Sentekan Es-tate	Document Check and Previous NC verification: - Law and regulation - Legal land - Long term economic - Third party FFB source - OSH - High conservation value - Plans to reduce pollution and emission and GHG - New planting after November 2005 - Carbon stock assessment - Continuous improvement	MK	Top management and related PIC	RSPO Principle and Criteria: 2.1; 2.2 3 4.1.4; 4.7 5.2; 5.6 7.3; 7.8 8
13.30 – 17.30 Sentekan Es-tate	Document Check and Previous NC verification: - Law and regulation compli- - Procedure evaluation and im- - Soil fertility - Erossion control - Water management - OSH - Energy used and renewable - energy - New Planting after November 2005 - Continuous improvement	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.2; 4.3; 4.4; 5.4 7.2; 7.4 8
13.30 – 17.30 Sentekan Es-tate	Document Check and Previous NC verification: - Law and regulation - Pesticides used record and implementation - Integrated Pest Management - Training - Environmental management - Waste management - Zero burning activity - New planting if any - Continuous improvement	ISP	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.5; 4.6; 4.8 5.1; 5.3; 5.5 7.7 8
13.30 – 17.30 Sentekan Es-tate	Document check and Previous NC Verification: - Transperancy - Law and regulation - Land dispute and land conflict	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13

Date / Time (1)	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement
	- Social and workers welfare - CSR - New planting after November 2005 - Continuous improvement			7.1; 7.5; 7.6 8
17.30 –	End 2nd day audit			
Rabu 12 April 2017				
07.30 – 12.00 Tepian Estate	Document Check and Previous NC verification: - Law and regulation - Legal land - Long term economic - Third party FFB source - OSH - High conservation value - Plans to reduce pollution and emission and GHG - New planting after November 2005 - Carbon stock assessment - Continuous improvement	MK	Top management and related PIC	RSPO Principle and Criteria: 2.1; 2.2 3 4.1.4; 4.7 5.2; 5.6 7.3; 7.8 8
07.30 – 12.00 Tepian Estate	Document Check and Previous NC verification: - Law and regulation compliance - Procedure evaluation and implementation - Soil fertility - Erosion control - Water management - OSH - Energy used and renewable energy - New Planting after November 2005 - Continuous improvement	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.2; 4.3; 4.4; 5.4 7.2; 7.4 8
07.30 – 12.00 Tepian Estate	Document Check and Previous NC verification: - Law and regulation - Pesticides used record and implementation - Integrated Pest Management - Training - Environmental management - Waste management - Zero burning activity - New planting if any - Continuous improvement	ISP	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.5; 4.6; 4.8 5.1; 5.3; 5.5 7.7 8
07.30 – 12.00 Tepian Estate	Document check and Previous NC Verification: - Transperancy - Law and regulation - Land dispute and land conflict - Social and workers welfare - CSR - New planting after November 2005 - Continuous improvement	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13 7.1; 7.5; 7.6 8
12.00 – 13.30	Break	All Auditor	-	-
13.35 – 17.30 Tepian Estate	Document Check and Previous NC verification: - Law and regulation - Legal land - Long term economic - Third party FFB source - OSH	MK	Top management and related PIC	RSPO Principle and Criteria: 2.1; 2.2 3

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement
	<ul style="list-style-type: none"> - High conservation value - Plans to reduce pollution and emission and GHG - New planting after November 2005 - Carbon stock assessment - Continuous improvement 			4.1.4; 4.7 5.2; 5.6 7.3; 7.8 8
13.35 – 17.30 Tepian Estate	Document Check and Previous NC verification: <ul style="list-style-type: none"> - Law and regulation compliance - Procedure evaluation and implementation - Soil fertility - Erosion control - Water management - OSH - Energy used and renewable energy - New Planting after November 2005 - Continuous improvement 	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.2; 4.3; 4.4; 5.4 7.2; 7.4 8
13.35 – 17.30 Tepian Estate	Document Check and Previous NC verification: <ul style="list-style-type: none"> - Law and regulation - Pesticides used record and implementation - Integrated Pest Management - Training - Environmental management - Waste management - Zero burning activity - New planting if any - Continuous improvement 	ISP	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.5; 4.6; 4.8 5.1; 5.3; 5.5 7.7 8
13.35 – 17.30 Tepian Estate	Document check and Previous NC Verification: <ul style="list-style-type: none"> - Transperancy - Law and regulation - Land dispute and land conflict - Social and workers walfare - CSR - New planting after November 2005 - Continuous improvement 	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13 7.1; 7.5; 7.6 8
17.30 –	End of 3rd day audit			
Kamis 13 April 2017				
07.30 – 12.00 Perdana POM	Document Check and Previous NC verification: <ul style="list-style-type: none"> - Law and regulation - Long term economic - Third party FFB source - High conservation value - Plans to reduce pollution and emission and GHG - Carbon stock assessment - Continuous improvement - SCCS Nov 2014 	MK	Top management and related PIC	RSPO Principle and Criteria: 2.1 3 4.1.4; 5.2; 5.6 8 Module E
07.30 – 12.00 Perdana POM	Document Check and Previous NC verification: <ul style="list-style-type: none"> - Law and regulation compliance - Procedure evaluation and implementation - Water management - Energy used and renewable 	DA	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.1; 4.4; 5.4 8

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement
	energy - Continuous improvement			
07.30 – 12.00 Perdana POM	Document Check and Previous NC verification: - Law and regulation - OSH implementation in POM - Training - Environmental management - Waste management - Zero burning activity - Continuous improvement	ISP	Top management and related PIC	RSPO Principle and Criteria: 2.1 4.7; 4.8 5.1; 5.3; 5.5 8
07.30 – 12.00 Perdana POM	Document check and Previous NC Verification: - Transparency - Law and regulation - Land dispute and land conflict - Social and workers welfare - CSR - Continuous improvement	DN	Top management and related PIC	RSPO Principle and Criteria: 1.1 to 1.3 2.1; 2.3 6.1 – 6.13 8
12.00 – 13.30	Break	All Auditor	-	Internal meeting for all auditor
13.30 – 14.30	Closing meeting for KCP and Perdana POM	All Auditor	Top management and related PIC	
14.40 – 00.00	Travelling to Balikpapan	All Auditor		
Jum'at 14 April 2017				
00.00 – 07.00	Overnight in Balikpapan	All Auditor		Please provide accomodation
06.30 – 07.35	Flight BPN – CGK	All Auditor	-	GA 561 (06.30 – 07.35)
09.35 – 10.50	Flight CGK – PLM	DA	-	GA 104 (09.35 – 10.50)
09.00 – 11.25	Flight CGK – KNO	ISP	-	GA 184 (09.00 – 11.25)

2.4 Stakeholder Consultation and Stakeholders Contacted

The stakeholder consultation involved both external and internal stakeholders. External stakeholders were notified to make comments on the certification assessment by placing an invitation to comment on the RSPO website. Stakeholders included those immediately linked with the operation of the company such employees, out-growers, the local government, NGO's, trade and labour unions and local communities. Stakeholder consultation took place in the form of meetings and interviews. Meetings with stakeholders were held to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO Principles & Criteria, and to comment on aspects where improvements could be made. Meetings with local communities were held at their respective premises within and near the company's area. A stakeholder consultation meeting was also held in Kembang Janggut subdistrict meeting room on May 10, 2016.

Letters inviting individual stakeholders to the stakeholder consultation meeting were prepared and sent to the individual stakeholders, while electronic mail and telephone calls were made to arrange the meetings. In all the interviews and meeting, the objectives of the RSPO and the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholders and the company before discussion proceeded to obtain the stakeholders feedback on the company's compliance to different aspects of the RSPO Principles & Criteria. Although several stakeholders were not familiar with RSPO but they agreed with its objective and expressed their willingness to collaborate in the promotion of sustainable palm oil in North Sumatera province. In all interviews and meeting, the assessment team did not restrict discussion of both the positive and negative aspects of operations conducted by Perdana Palm Oil mill and its supply estates.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive, with an attendance of 54 attendees. This was followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. All stakeholder issues raised were recorded and forwarded to the management for their written responded and this is summarised in Section 3.4. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as Appendix 4.

Whereas during the 1st surveillance, the social auditor has conducted stakeholders consultation within the date of surveillance (11 – 13 April 2017) audit through the visit the each of stakeholders in the village. The records and summary of consultation result already put in/explained in criteria above.

2.5 Date of Next Surveillance Visit

The next surveillance visit will planned in 2018.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings pertaining to RSPO Principles & Criteria

The following is a summary of findings made for the criteria listed in the RSPO Principles & Criteria INA-NI July 2016 and RSPO Supply Chain Certification System November 2014.

During the 1st surveillance assessment, found 19 nonconformity, consist of 14 non-conformities were assigned against Major Compliance indicators while 5 non conformities was assigned against a Minor Compliance Indicator. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.2 & 3.3. The observations & opportunities for improvement are listed in Appendix 5.

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

Findings:

The company conducted dissemination to relevant stakeholders related the RSPO principles and criteria, grievance and communication mechanism. It took place in Bukit Layang, Kelekat, Perdana, Gunung Sari, Pulau Pinang village office, on June 6, 2016. For contractors have also been brief the company's policy regarding the RSPO principles and criteria on the date on May 23, 2016 also for Cooperative Etam and Kahad dated May 31, 2016.

Company has records of requests for information and responses. The Company has a list of stakeholders, ie:

Agencies provinces (Office, District, Sub-district Police (POLDA, POLRES, POLSEK), Army (KODAM, KOREM, KORAMIL) VILLAGE (Muai, Perdana, Kelekat, Bukit Layang, Long Bleh Aloq, Long Bleh Modang, Kembang Janggut, Tuana Tuha), KUD PLASMA, Educational institutions, NGOs, Health Services, Financial Institutions-BANK, contractors, suppliers, Gender committees, Employees' cooperative, SP KAHUTINDO (Labour Union). Stakeholder list updated once a year by the sustainability officer.

Some records of requests for information and responses, such as: Incoming and outgoing mail were managed by central office of PT Rea Kaltim Plantations by General Affair (GA) then it was transferred to each department, such as if it related to labor to HRD, if it related to social issue, handled by Community Development Department.

On September 2, 2016 PT. Rea Kaltim Plantations deliver a letter No. HRD/REAKAP-055/IX/2016 subject is requesting of response to temporary transfer of duty for driver/operator if vehicle is not well functioned or used for operational to Transmigration and Labor Office, District of Kutai Timur. On September 6, 2016, Transmigration and Labor Office of Kutai Timur District delivered letter no 567/1332/1.5.1/9/2016 related to explanation for letter No. HRD/REAKAP-055/IX/2016 to PT Rea Kaltim Plantation, conclusion it is allow to transfer workers in order to avoid termination of employment.

Compliance status: Yes

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Findings:

The company has some documents were made publicly available in the mill and estate offices ie :

- Land titles/user rights
- Safety and health plan

Compliance status: Yes

- Pollution prevention plans
- Details of complaints and grievances
- Negotiation procedures
- Continuous improvement plan
- Social impact assessment and social management plan
- HCV documentation
- Human rights policy
- Negotiation procedures

These documents are classified as: publicly available, confidential and Publicly available on request. All these documents were sight in the Perdana Grouping Mill and Estates offices. All requests for documents through the estate or mill offices will have to go through the mill or estate managers. They will make the decision as to whether the information can be share to or viewed by the person requesting the information or document.

Criterion 1.3. Growers and millers commit to ethical conduct in all business operations and transactions.

Findings:

REA Group's has a document of "Business Ethics Policy" No. 001/BOD_REA/P/II/2015 dated on March 01 2015 was available and well displayed on the mill notice boards.

Policy has covered the following about:

1. Compliance with the local and international law and regulations.
2. Transparency with all non-confidential information deemed necessary by senior management to enable informed and objective decisions making.
3. All financial transaction will be record to evidence of any payment.
4. No political donations.
5. No bribery.
6. No facilitation payment.
7. Gift only be given to business partner with approval fromsenior management and where deemed to be appropriate.
8. Personal Business

Sentekan Estate already communicate the code of ethical conduct on June 01, 2016, while in Tepian Estate on May 26, 2016, Perdana Mill June 02, 2016, at Perdana Estate with Sub contractor May 26, 2016 at office group.

The company submitted the communication letter No.002/SE/SUST_REA/V/2016 on May 25, 2016. This letter addressed to the all operational units under company. The document will communicate by company include:

- Code of ethical conduct document No.001/BOD_REA/P/II/2015
- Human rights policy document No.002/BOD_REA/P/II/2015
- Environmental and Biodiversity Conservation document No.003/BOD_REA/P/II/2015
- Health and Safety policy document No.004/BOD_REA/P/II/2015
- Responsible development policy document No.005/BOD_REA/P/II/2015

The company also submitted the evidenced of attendant list brief, such as code of ethical conduct brief to the outsource/third parties carried out on Monday May 23, 2016; company policies brief to all level workers on Wednesday May 25, 2016; this brief attendant by all workers in estate and mill. But, Sentekan and Tepian estate could not show that code of ethical conduct has been dessiminated/brief to all third party out-

Compliance status: No

NCR No RSPO01041

sourced. **This condition raised as nonconformity under NCR RSPO01041.**

In document of work contract enclosure with third party, it's stated that they should follow sustainability policy, implemented OHS, used PPE, Labor insurance, do not employ child workers, zero tolerance for bribing and corruption. For instance as stated in Boiler Repairing Agreement No 002/SPK/POM/VIII/2016 on October 10, 2016 between PT Rea Kaltim Plantations (PKS) with PT Atmindo (Boiler repairing work).

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

Findings:

During 1st surveillance, there is no any revision for company procedure related to the law and regulation compliance and identification. Whereas estate has established procedures about regulation and requirement document number REA.EP.013 issued on January 16, 2008. This document explained about: "Person in charge for law and regulation identification:

1. Environment asst: communicate the law and regulation to related department to implementation;
2. Management representative: set the law and regulation should be comply by company, and set the not valid law and regulation;
3. Department head: identification, recommendation, understanding and implementation all of related regulation requirement in related department and/or their activity."

Procedure also mentioned how to identification, collect all of related law and regulation through internet, consultation with related official government or related/others source. Generally, the procedure has set the identification, communication, updated law and regulation, person in charge, law and regulation distribution and others. Procedure also mentioned in page on 6 point 6.5.1 "law and regulation evaluation compliance will carry out every six (6) month".

Based on document verification, Sentekan estate has done carry out the law and regulation evaluation compliance, for July – December 2016 and January – June 2017 period. Based on latest law and regulation compliance evaluation January – June 2017 found 3 regulation still in progress to fulfill, and the estate has provide evidence work plan to fulfill related law and regulation, example in regulation No. 58/2016 from Ministry of Environmental and Forestry for domestic waste management.

Based on field observation, found some non compliance against to the law and regulation, with several nonconformity was repeat again from last previous audit, such as:

1. Not all law and regulation should fulfill by company already exist in law and regulation list.
2. Secretary OSH Committee in Sentekan estate not qualified yet, as accordance to the regulation Permenakertrans No.PER.02/MEN/1992.
3. OSH Committee in Sentekan estate not carried out monthly meeting to discuss about OSH implementation plus workers welfare **(raised again as nonconformity NCR RSPO00271 Major to Major)**.
4. Found some first aid kit in field No.75A Div 03 Sentekan Estate, the containt not compliance with regulation Permenakertrans No.15/2008 **(raised again as nonconformity NCR**

Compliance status: No

NCR No RSPO01042

RSPO00271 Major to Major).

5. Weeding workers not complete with PPE as required during on duty. Found in Sentekan estate (75A Div03), also in Tepian estate (45C Div04).
6. Spraying workers (25D Div02); safety shoe was provided by them self, not provide by company; Harvesting workers (24C Div02) not used complete PPE during on duty as required by PPE matrix identification by company.
7. Found hazardous waste disposed mixed with non-hazardous waste in sub division housing and HCV area; hazardous disposed to HCV area, in Sentekan estate.
8. Based on work accident record, there is no found evidenced that accident investigation has been conducted for every accident refer to company procedure.
9. There is no record for medical surveillance at least once a year for all workers in mill and estate.
10. There is no record cholinesterase test for sprayer workers on behalf Hasni and Satriani from Tepian estate.
11. There is no overtime letter issued by company as evidenced that overtime was meet with together agreement.
12. Found casual workers who was work more than 21 days for more than three (3) months and still not promote become permanent workers, such as Nurmi, Suryana, from Sentekan Estate.

All noncompliance against to law and regulation raised as nonconformity under NCR RSPO01042.

Company has delivered routine report to relevant agency, those are :

1. PT Rea Kaltim (Estate and Pal Oil Mill) has submitted report of employment on 2017 to Agency of Social, Labour, and Transmigration in Kutai Kartanegara District on April 25, 2016. This is in accordance with Law No 1 on 1981.
2. PT Rea Kaltim has submitted report of estate business activity (LKUP) period July – December 2016 to Plantation Agency, Kutai Kartanegara on January 31, 2017. This is in accordance with role of head of BKPM RI No 03 year 2012.

Criterion 2.2: The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.

Findings:

During 1st surveillance audit, there is no any revision against to the Perdana and Sentekan estate land use rights.

Perdana and Sentekan estate, has record of land use rights record, i.e.: based on decree of Head of Land National Agency number 47/GU/BPN/95 about land use rights for PT REA Kaltim Plantations in Kutai District, about 13,774.28 Ha located at Kembang Janggut subdistrict, Kutai district, East Kalimantan Province, for 30 years. This decree letter issued on July 27, 1995 in Jakarta. Next, this land use rights separate in three (3) land certificate, i.e.:

1. Land use certificate number 01/Desa Long Belah, based on land use rights decree number 47/HGU/BPN/95 valid for 30 years until December 31, 2025, with area about 41,260,000 m². Issued in Kutai district, on September 6, 1995. This land use certificate belong to Perdana estate.
2. Land use certificate number 02/Desa Long Belah, based on land use rights decree number 47/HGU/BPN/95 valid for 30 years until December 31, 2025, with area about 50,960,000 m². Issued in Kutai district, on September 6, 1995. This land use certificate belong

Compliance status: No

NCR No RSPO01043

to Sentekan Estate.

3. Land use certificate number 03/Desa Long Belah, based on land use rights decree number 47/HGU/BPN/95 valid for 30 years until December 31, 2025, with area about 45,520.000 m2. Issued in Kutai district, on September 6, 1995. This is land use certificate belong both of two estate above.

While in Tepian estate, the land use rights based on decree of Head of Land National Agency number 13/HGU/BPN/2005 about land use rights for PT REA Kaltim Plantations in Kutai Kartanegara District, about 5,100 Ha on behalf PT Sasana Yudha Bhakti valid for 35 years. This decree letter issued in Jakarta on February 18, 2005. This Land use decree, consist of Land use certificate number 01/Desa Kelekat dan Pulau Pinang, based on land use rights decree number 13/HGU/BPN/2005 valid until February 17, 2040, covered area about 4,382.52 Ha. Issued in Kutai district, on July 27, 2010.

During surveillance audit, Sentekan estate has established map of boundary pillars identification and the pillars available in field. Accordance to the previous nonconformity in field No.100A division 07, Sentekan Estate, this estate are include in conversion forest area (HPK) based on Ministry Forestry Decree No.718/2014, and until surveillance, company could not showd commitment as stated in previous correction and corrective action. **This condition raise again as nonconformity under NCR RSPO01043 Major to Major).**

Based on boundary pillar monitoring plan 2016, Tepian estate has committed to install the boundary pillars in 2016, but until 1 surveillance audit, not all boundary pillars install by estate.

Tepian estate make new work plan to install boundary pillars to revised old work plan because there still found boundary pillars could not install by company because flood condition. This work plan for 2017 and will carry out when the flood is finish.

WI.REA.BPO.MED.EST.PTB Issue date on December 01, 2015 about boundary pillars monitoring plan, mentioned that boundary pillars monitoring will carry out periodically.

Based on previous audit found land dispute between company and communitas, and the company could not show record of FPIC process has been carry out to resolve the land dispute. And during the surveillance, the land conflict progress done served by company to closed the lates previous nonconformity. But, during map verification found some land dispute indication, this is will explaine more in the next criteria (2.3).

The company also has procedure document No. REA.BPO.DVA.PKE issued on July 01, 2015 about handling grievence for external. This procedure already socialized to stakeholders on June 16, 2016, and the next on June 14 – 15, 2016 for Pulau Pinang and Bukit Lawang community village and so oon.

Company also established procedure for participatory mapping with document No REA.BPO.DVA issued in July 01, 2015. This procedure explained about conflict resolution with involve the affected parties for participatory mapping. And laready socialized as mentioned before.

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

Findings:

Based on the study SIA document, land was logging area that has been cultivate by the former company. Then in the area of company there was not FPIC process during developing the plantation. Since 1994 PT.

Compliance status: No

NCR No RSPO01044

REA Kaltim began its business activities in the field of oil palm plantations, and in accordance with the results of the study documents the company obtained the concession without compensation process or land acquisition.

SOP Land Acquisition Oil Palm Plantations No. SOP Rev. 0 dated July 01, 2009, in the process of obtaining the land rights need to be conduct openly, accurately and in accordance with applicable regulations. FPIC process adopt in Human Rights Policy No. 002/BOD_REA/P/II/2015 point 9 The REA Kaltim group will endeavour to ensure that everyone with legal, customary or user right to the land is identified and fully understands the positive and negative implications of the proposed oil palm development. REA Kaltim group will respect the right of local communities to withhold consent to oil palm cultivation on land to which they have legal, customary or user rights and will provide fair compensation.

In the procedure is also explained that the first thing management conduct socialization in an effort to land acquisition, identification of land ownership, land inventory, land measurement, land mapping, administrative, land payment and archiving of documents of land acquisition.

Besides that, company also has SOP :

- Procedure to handle any complaint, different opinion and debating between REA Kaltim Plantation Group and external party. The department in charge is Village Affairs Department along with relevant department. Company responds stakeholders/ community' complaints, at least 50 days after complaint accepted.
- Company has procedure of responsible development of new palm plantation No. REA.BPO.SUS.NDA on May 25, 2016. The purpose of procedure is to ensure all new land which is acquired by group of Rea Kaltim was developed in responsible way according to sustainable standard according to company commitment. In procedure is explained that land acquisition through Acquisition Procedure published on July 1, 2009 and Procedure of Free Prior Informed Consent (FPIC).

Based on data of Hectare Statement February 2017, it's known that no land conflict in area of PT Rea Kaltim (Perdana Estate, Sentekan Estate, Tepian Estate).

In interviews with the village head of Kelekat I, it was explaine that there are no indigenous land or customary rights in the area of the company. Since the beginning of land acquisition for the construction of the estate, there is no customary land or customary rights in the area of the company. But based on company map found land conflict indication in Perdana and Sentekan estate, and there is no evidenced that participatory mapping has been conducted to mapping the land conflict. **This condition raise as nonconformity under NCR RSPO01044.**

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

Findings:

Sentekan estate, has recorded long term economic and financial viability and FFB estimation production for next year (2017) and long term economic viability for 5 years.

FFB budget production projection for 2017 was consist information about planted area, production area, FFB estimation production, yield per Ha, production activity, maintenance activity, fertilizer, spraying, and others. FFB estimation production for 2017 about 82,681.00 mt from planted area about 4,024 Ha, and yield per Ha about 20.55 tone/Ha.

There is no any plan for replanting for Sentekan estate because the

Compliance status: Yes

planted area still in productive.
Whereas for Tepian estate, has recorded long term economic and financial viability and FFB estimation production for next year (2017) and long term economic viability for 5 years.
FFB budget production projection for 2017 was consist information about planted area, production area, FFB estimation production, yield per Ha, production activity, maintenance activity, fertilizer, spraying, and others. FFB estimation production for 2017 about 70,008.00 mt from planted area about 4,024 Ha, and yield per Ha about 23.42 tone/Ha.
There is no any plan for replanting for Tepian estate because the planted area still in productive.
Perdana oil mill has record for budget production for 2017 and for long term economic and financial viability for three years. The budget contain of FFB estimation projection receive, CPO and PK produce, OER and KER, FFB price, palm product price, production process price, forecast price and others financial indicator price. For 2017, total FFB certified will receive from own supply base (Perdana, Sentekan and Tepian) about 227,338.00 mt, OER about 22% and KER about 5%.

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

Findings:

The company has a Standard Operating Procedure (SOP) mill and estate operations. The procedure has been cover key process, harvesting, transportation, manuring, IPM, good agriculture practice and supply chain. Based on field and mill visit, the procedure has been available on site and it is documented in an appropriate language. Based on interview, the workers has been understood about the procedure for the work which performed by the employee. The company has master list of all procedure.

The company has internal audit procedure with document number REA.EP.012 revision 01; effective dated July 22, 2005, revision dated January 16, 2008. The company has internal audit procedure with document number REA.EP.012 revision 01; effective dated July 22, 2005, revision dated January 16, 2008. The company was conducted internal audit of Operational Activity at Sentekan Estate on 15 – 29 July 2017, team assigned : Lead Auditor : Jentriman A.S. Auditor : Rolan M.S, Fery Adhy and audit of Integrated implementation Management System Sustainability audit on 18 – 23 March 2017. Internal auditor's team assigned i.e. Lead Auditor : Wineto Budi Satria, Ahmad Jajuli, Arya Windujati, Ahmad Ryan W. Auditor : Marianus Rangga, Markho Lepa , M.Naja Abduh, and Bachtiar Cahya Suseno .

The company has nonconformity, corrective action and preventive action procedure (REA.EP.007 revision 04, effective dated July 22, 2005, revision dated October 27, 2012. In the procedure regulated mechanism to control nonconformity. Both of mill and estate was conducted internal audit. Both of mill and estate has been conduct corrective action and preventive action for each non-conformity which issued by internal auditor. The company has records of corrective action for nonconformity issued and keep well

Available records of monitoring and follow-up activities in Minutes of meeting and Follow-up notes, the meeting was held on 07 March 2017, the agenda of the meeting: Mothly Meeting Dept. Sustainability Conservation Health Safety Environment Fenruary 2017. But there is no consistency in making record of corrective and preventive actions or acts Continued for each outcome of the monitoring activity, for example: audit of operational activities and QC. **This is raise as a nonconformity under NCR RSPO01045.**

Compliance status: No

NCR No RSPO01045

Perdana mill has procedure to handling the third party FFB sourcing. This procedure already set about third party FFB identification and evaluation. Record of third party FFB sourcing identification and evaluation available in place. The Perdana mill also has on going process record of third party FFB sourcing. Third party FFB supplied record for 2016 and 2017 until April also available in place. Until December 2016, total third party supplied FFB to Perdana POM was about 13 outgrowers (third party) from PPMD and about 17 outgrowers from independent smallholders, and 3 from others company not under REA KALTIM, with the total FFB supplied to Perdana Mill was about 42,778.08 mt. While in 2017 until March, there are 14 outgrowers (third party) from PPMD, and about 17 outgrowers from independent smallholders, and also 3 from others company not under REA KALTIM, so the total FFB supplied to Perdana Mill was about 12,307.05 mt.

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

Findings:

Both of three estates has been established procedure related soil fertility. This procedure explained about fertilizing activity, foliar sampling, EFB mulching and others. This procedure already implemented by estate.

In Perdana estate, record of fertilizer application available in place. This application accordance to fertilizer dosage recommendation in 2015, for fertilizer application 2016.

	Round 1				Round 2			
	Urea	RP	MOP	Kieserite	Urea	RP	MOP	Kieserite
ha	3,848.1	3,848.1	3,848.1	1,532.6	2,241.5	3,848.1	3,478.5	165.2
ton	627.8	957.6	685.9	147.1	290.7	542.1	454.4	24.9

Based on fertilizer application record in once year 2016, for every fertilizer type, was:

- Urea, total application was 627,800 kg for application total area 3,848.1 Ha, then for fertilizer usage per tonne FFB production was 0.003kg/Tonne FFB.
- Rock phosphate, total application was 957,600 kg for application total area 3,848.1 Ha, then for fertilizer usage per tonne FFB production was 0.007kg/Tonne FFB.
- MOP, total application was 685,900kg for application total area 3,848.1 Ha, then for fertilizer usage per tonne FFB production was 0.008kg/Tonne FFB.
- Leserite , total application was 73,357kg for application total area 1.532.6 Ha, then for fertilizer usage per tonne FFB production was 0.001kg/Tonne FFB

Perdana Estate :

Based on fertilizer application record in once year 2016, for every fertilizer type, was:

- Urea, total application was 273,696kg for application total area 2132Ha, then for fertilizer usage per tonne FFB production was 0.003kg/Tonne FFB.
- Rock phosphate, total application was 565,418kg for application total area 4330Ha, then for fertilizer usage per tonne FFB production was 0.007kg/Tonne FFB.
- MOP, total application was 645,821kg for application total area 4595Ha, then for fertilizer usage per tonne FFB production was

Compliance status: Yes

0.008kg/Tonne FFB.
- DOLOMITE, total application was 73,357kg for application total area 750Ha, then for fertilizer usage per tonne FFB production was 0.001kg/Tonne FFB.

The Perdana estate has been carry out the nutrient recycling strategy to maintain the soil fertility thorough the compost from EFB application. In 2016 total area was application about 1,140 Ha or 12,961,290 kg EFB compost in the field.

While in Perdana Estate has record of land application implementation based on record LA for 2016, until December, total land application has been application to the palm oil estate was 193,175 m³, with filed number application was compliance to the LA license.

Tepian estate also has record of fertizier usage per tonne FFB production, i.e.:

- Urea, total application was 191,800 tonne, with application usage per tonne FFB was 0,10 kg/FFB
- Rock phospate, total application was 539,730 tonne with application usage per tonne FFB was 0.04 kg/FFB
- MOP, total application was 526,850 tonne with application usage per tonne FFB was 0.04 kg/FFB
- DOLOMITE, total application was 22,760 tonne with application usage per tonne FFB was 0.88 kg/FFB.

Sentekan Estate :

Based on fertilizer application record in once year 2016, for every fertilizer type, was:

- Urea, total application was 273,696kg for application total area 2132Ha, then for fertilizer usage per tonne FFB production was 0.003kg/Tonne FFB.
- Rock phospate, total application was 565,418kg for application total area 4330Ha, then for fertilizer usage per tonne FFB production was 0.007kg/Tonne FFB.
- MOP, total application was 645,821kg for application total area 4595Ha, then for fertilizer usage per tonne FFB production was 0.008kg/Tonne FFB.

DOLOMITE, total application was 73,357kg for application total area 750Ha, then for fertilizer usage per tonne FFB production was 0.001kg/Tonne FFB.

The Sentekan estate has been carry out the nutrient recycling strategy to maintain the soil fertility thorough the compost from EFB application. In 2016 total area was application about 528 Ha or 6.512.000 kg EFB compost in the field. In this estate there is no Land application because the distance from the POM it so far.

Estate has a document of Agronomy Manual of Oil Palm for leaf sampling analysis with index number OPC VI.b. Leaf Sampling, and procedure leaf sampling with dated of document on April 10, 2013 issued by ORA (Operational Research and Analys). Both of document has set foliar sampling handling, time for foliar sampling were foliar sampling will carry out in every once year periodically. But for soil analysis will carry out every 5 year, were the latest soil analysis was carried out in October 2010. The soil analysis carried out by PARAM AGRICULTURE SOIL SURVEYS.

Then, for leaf analysis for fertilizer recommendation 2016, carried out in 2015 by CIRAD (Agriculture Research for Development) Franch. The leaf analysis covered for three (3) estate (Perdana, Sentekan and Tepian), but no covered for Kahad Smallholder. The latest leaf analysis for

Kahad smallholder wasa carried out in 2013.
While in Perdana Estate has record of land application implementation based on record LA for 2016, until December, total land application has been application to the palm oil estate was 193,175 m³, with filed number application was compliance to the LA license.

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

Findings:

Based on HCV document assessment of PT REA KALTIM in 2015, the slope condition in three estates under Perdana Mill, consist of:

- 0 – 5% about 16,966.15 Ha
- 5 – 8% about 6,342.75 Ha
- 8 – 15% about 7,307.83 Ha
- 15 – 25% about 262.75 Ha

With soil type was *podsollic humic, nitosol haplic, podsollic haplic, podsollic gleic, humic gelysol, organosol hemic and gleisol humic*. Based on EIA document December 1998, mentioned the soil type in Perdana and Sentekan estate consist of *podsollic candic, podsollic cromatic and cambicol*.

For Tepian Estate, based on EIA document on November 2005, slope condition in Tepian estate consist of 0 – 25%. With soil type taxonomy was *Typic Hapludults and Aquic Fluvaquents*.

Map of peat land in Sentekan estate is available, and sampling point for water level and subsidence level measurement.

Result of water level management for Sentekan estate in field number 52A, 57B, 58A, 93A, and 97C. The measurement carried out every month.

The condition of the Tepian Estate area has a yellow red podzolic soil type with a flat to high level of slopes. The high slopes are found in Block 63 B slopes (38 - 50%) of 19.7 ha or 0.4% of the total area. Strategies undertaken:

1. Use of LCC on the operation area to reduce the emergence of weeds and reduce erosion levels.
2. Application of sediment trap on company road with steep slopes, this is to reduce the impact of soil erosion entering the river.
3. Planting verifiers to maintain soil structure especially in areas with steep slopes.
4. Making a pitch on areas with steep slopes.
5. Preparation of palm fronds according to the contour of the soil to reduce the rate of erosion

Erosion erosion monitoring carried out regularly every 6 months. The results of erosion monitoring at the Tepian estate in several locations can be concluded that the erosion rate is 8.33 mm, according to PP No.50 of 2000, on the control of soil damage for biomass production that the monitoring results are within reasonable limits or not critical (< 12 mm / 10 years)

Estate also has record of road maintenance, example:

In Sentekan esate, Until December 2016, estate has been carried out the:

- Main road maintenance were the budget was 10 Km, and road maintainance realization was 517 Meter.
- Collection road maintenance were the budget was 11 Km, and road grading realization was 0 Km.
- Foodbridget concrete maintenance were the budget was 1382Ha, and there is no realization, because bases on onsite visit, the foot-

Compliance status: Yes

bridge condition was good.
For 2016, the estate also has record of road maintenance management plan based on YoP. Onsite visit showed the road condition properly good, only small road was not good condition but still accessible. While for Tepian estate, road maintenance also has carried out. Example based on record on December 2016, total maintenance about 380 m. Based on filed observation road condition in Tepian estate was in good condition

Erosion rate protection strategy and sedimentation as below:

1. Use of LCC on the operation area to reduce the emergence of weeds and reduce erosion levels
2. Application of sediment trap on company road with steep slopes, this is to reduce the impact of soil erosion entering the river.
3. Planting verifiers to maintain soil structure especially in areas with steep slopes
4. Making a pitch on areas with steep slopes
5. Preparation of palm fronds according to the contour of the soil to reduce the rate of erosion

Criterion 4.4: Practices maintain the quality and availability of surface and ground water.

Findings:

The company has water management plan that has been stated in Environmental Management Plan and Environmental Monitoring Plan (RKL-RPL). In the Environmental Management Plan and Environmental Monitoring Plan (RKL-RPL) explained information such as identification of water sources and testing the quality of river water.

The company has implemented the plan such as testing the quality of river water and available Management Plan for Management & monitoring of PT Rea Kaltim HCV area period 2016 - 2020 are:

1. For conservation area of the river border: Sei Niruk covering an area of 39.71 ha of protective action plan with signboard installation according to HCV criteria.
2. The results of rivers water quality measurement are all indicators still below the threshold.
3. create a socialization program for employees and communities in October 201

The company has conduct treatment process of mill effluent. The company has been conduct analysis of liquid waste quality in the outlet pond before drained to land application. The company checking and monitoring water discharge quality such BOD, COD, pH, Cu, Cd, Zn, TSS, K. The company conducts analysis of water discharge quality in accordance to national regulation.

The company cooperation with Research and Standardization of Industry conduct an analysis the quality of river water. Based on certificate of analysis, all of indicator still below of threshold.

Map of water source and low land map. In the map stated the low land as large as 4.83 ha, swamp as large as 4.65 ha and conservation area as large as 200.70 ha. The company protected the water sources. The company has conducted installation of signboard in the conservation area and has been conducted analysis the river water of Nyiruk River. The company has procedure of identification and conservation area management (REAKAP.EP.006 issued date January 1, 2009 revision 0).

Compliance status: Yes

The company has work instruction of press station (REA.IK.019/1.1/15052008). The work instruction explained that the condition of water dilution 1:1. The company has records of water usage per ton of FFB year 2015 , 2016 and 2017 (until Maret) i.e:

Year	Total of water usage (m3)	FFB process (ton)	Water usage/ton FFB (m3/ton)
2015	198,880.68	280,333.90	0.70
2016	263,969.00	354.887.00	0,74
2017 (until Marc 2017)	36,110.00	57,168.00	0,63

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

Findings:

Consistent with the previous assessment (Certification Assessment), the certificate holder (CH) has had the IPM plan that has been stated on monthly program. The IPM programmed including monitoring and census of pest and controlling of pest. The IPM program was carried out by considering:

- a. Identification of potential pest and thresholds through with census / early warning system implementation
- b. The techniques used for monitoring pest and diseases
- c. Natural predator used
- d. Could be reducing the use of chemicals over a period of time
- e. etc.

Based on some considerations above the company arranged plan for IPM Program, i.e:

1. Routine census for monitoring pest and diseases dominant in operational estate such as bagworms, nettle caterpillar, rat, etc. Census should be conducted for 2 (twice) in a month.
2. Development of beneficial plant priority.

The evidences that the IPM plans are implemented i.e :

1. The CH could show record of Pest and Disease Oil Palm Monitoring Form (bagworms and nettle caterpillar) – Sentekan Estate. The last record could show on Block: 75 A, Division: 03, Sentekan Estate Dated on: 13.03.2017. Based on this data, there wasn't found heavy attack of pest and diseases. Monitoring has conducted by a competent personal (has been got a refreshment training on November 14, 2016).
2. Based on field observation in Sentekan Estate, it was known that alongside of main road almost planted the beneficial plant such as *Turnera subulata sp.*

While for IPM training available and could show by company, the IPM training conducted on July 2016 for all estate and records of attendant list of participant are available.

Compliance status: Yes

Criterion 4.6: Pesticides are used in ways that do not endangered health or the environment.

Findings:

Commitment of pesticide use was described on Internal Memo No. 001/Pjs. Mgr OR-IM/XI/2015 date on November 4, 2015 regarding committed that pesticide (include praquat) use does not endanger

Compliance status: No

NCR No RSPO01046

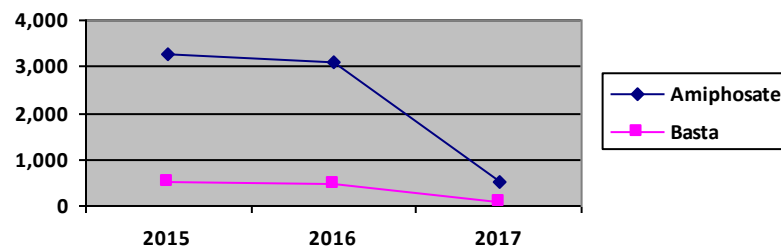
health or the environment. The company has showed list of pesticide used year 2017 i.e Amiphosate 480 SL and Basta 150 L. Based on list of pesticide published by government (Pesticide Commission) all of pesticide used by company was registered and permitted. While based on agrochemical categorized by WHO (type 1A or 1B) all of pesticide used by company was not found.

The company has recorded of pesticide used consistently. The record of pesticide explain specific to target (pests, weeds, or diseases), dosage recommendation, active ingredient, areas implemented. Based on observation document and interview with management, record of pesticide used in Sentekan Estate are follow:

Name of Pesticide	Active ingredient	Dosage	Target	Areas implemented
Amiphosate 480 SL	Isopropil amina glifosat	2-3 l/ha	Wide-leaved weeds and Narrow-leaved weeds	Block 75A
Basta 150 L	Amonium glufosinat	2-4 l/ha	Narrow-leaved weeds	Block 40G

Based on record of pesticide used year 2017 (till March, 2017) showing there was effort to reducing of pesticide used. In detail, history of using pesticide for 3 years ago as follow:

Year	Pesticide used (litre)	
	Amiphosate	Basta
2015	3,256	528
2016	3,075.5	462
2017 (till March)	512.58	77



The use of pesticides is done by trained personnel. This is evidenced by the availability of recording training on the use of pesticides conducted on 14 November 2016 (refreshment training). Based on interview with spraying worker in the field (on Block 75A and 40G, Division 3, Sentekan Estate), they could be describe and demonstrated how to safely handling pesticide. All of worker were found using the PPE appropriately according to recommendations in any risk assessments (helmet, glasses, respiratory, glove, apron and safety shoes. PPE are used in good condition. Moreover, based on observation and interview with Supervisor ("Mandor"), he was carried the MSDS label and first aid box.

Regarding with the storage of all pesticides, the company has provided a special chemical storage in each Estate. Chemical storage areas are in compliance with relevant regulations, such as the installation of symbols in accordance with Regulation of the Minister of Environment No. 13 of 2014, MSDS, emergency response facilities (fire extinguisher, eye wash, alarm) etc. All of waste of pesticide packaging was stored in hazardous waste storage.

Based on document observation, field observation and interview with

management, it is known that the company do not applied pesticide from aerial.

Based on document observation it is known that the company has not been able to show enough evidence related to the result of follow-up / medical argumentation from health examination result of spraying operator to re-employing workers indicated by exposure to occupational diseases (Perdana Estate: 3 persons, Sentekan Estate: 13 persons and Tepian Estate: 2 persons). **This condition raised as nonconformity under NCR RSPO01046.**

Based on the result of regular medical screening for spray workers in central clinic, there is no evidence of the existence of the pregnant or nursing female spray workers. Company also conducted prenatal care for female workers and if through the medical screening there are pregnant female workers found, then they will be moved to an area that is not in keeping with chemical materials. During field visit, there is no pregnant, or breast feeding women working related to chemical.

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

Findings:

Perdana Palm Oil Mill and supply base has established the OSH (Occupational Safety and Health) policy in local language, whereas the OSH policy document No.004/BOD_REA/P/II/2015 signed on March 01, 2015 by Board of Directors. This OSH policy cover about compliance against to the OSH law and regulation, integration OSH system with company procedure, preventing and recording accidents, training and awareness, no drugs and alcohol, personal protective equipment, emergency preparedness and response.

OSH committee of Sentekan estate has established OSH work plan for 2017. This work plan complete with timetable and target achievement 2017. Whereas the OSH targets in quantity values (in OSH yearly work plan for 2017).

OSH Committee of Sentekan estate has established the risk assessments for all activity in the estate with document No.REA.SP.F001.1, this document issued on January 2, 2017. Procedure for risk assessment identification and control document No.REA.SP.001 Issued on May 13, 2014. There is available records of risk assessment evaluation on February 8, 2017 in Tepian meeting room, to discussed and evaluated every activity still exist.

OSH Committee of Tepian estate has carried out OSH Induction to all workers level on March 2017, but based on onsite visit showed that all weeding workers not fully understood against to the OSH policy. **This is nonconformity under NCR RSPO01047.**

All estate (Perdana, Sentekan and Tepian estate) has established procedure for Accident reporting and investigations, procedure No.REA.BPO.HSE.PIK Issue Date on September 25, 2016. This procedure required that accident investigation should carry out at least within 8 hours after accident and should resolved within no later than 48 in page on 4. But this procedure not explained about near miss handling if happen. **This is nonconformity under NCR RSPO01047.**

Based on accident records for 2016, found 23 accidents happened, whereas this equivalent with 40 hours lost time. This is higher than OSH committee target, whereas the target for 2016 was 20 hours lost time.

Compliance status: No

NCR No RSPO01047
NCR No RSPO01048
NCR No RSPO01049
NCR No RSPO01050

For 2017, OSH committee has work plan to reduce the accident, through the OSH inspection and stated in OSH work plan 2017, whereas the inspection will carry out every three weeks. But based on interviewed with safety committee of Sentekan estate, OSH inspection in work place for 2017 was not done as required by OSH work plan for 2017. Same case also found in Tepian estate.

Then based on accident record for 2016, also not all accident has been investigated by OSH Committee. This is also not comply with company procedure in point 6.3.1 "investigation upon accident should be commenced at the least 8 hours after the accident and resolved within no longer than 48 hours". **This is nonconformity under NCR RSPO01047.**

Procedure also mention "after receiving accident report, Unit Manager and OSH Representative coordinating with the investigator to conduct accident investigation. But there is no sufficient evidence that all accident happened in 2016 are complete by investigation report (sampling in Sentekan and Tepian estate). **This is nonconformity under NCR RSPO01047.**

Perdana POM has established risk assessment document, but this risk assessment document not completed with residual risk after handling against to risk assessment handling (residual impact). Also found boiler repaired activity, whereas this activity not complete with job safety analysis. **This condition raise as nonconformity under NCR RSPO01048.**

Based on field assessment verification against to welder operator, they did no have any license can showed they qualification as required by regulation. **This condition raise as nonconformity under NCR RSPO01049.**

OSH committee in Sentekan and Tepian also could not showed the OSH training programs and training records conducted by qualified person in work place. **This is nonconformity and raised in principle and criteria 2.1.1 above.**

Sentekan estate has records of PPE distribution to all related workers such as harvesters, sprayers, fertilizers and others. Also, PPE for fertilizer workers, estate provided the safety shoes example on April 10, 2017. Sentekan also has been communicate the OSH policy on January 10, 2107 to all Sentekan estate assistant, but there is no evidence that estate assistant already communicate the OSH policy to workers. Example based on field assessment in Field No.75 A Division 03 they not understood about OSH policy. They also not used complete PPE during on duty.

Sentekan estate has employee about 1,018 workers; and for Tepian 618 employee. Accordance to the Permenakertrans No.02/MEN/1992 mentioned that this estate should provide person with (AK3 umum) certified person. **This is nonconformity and raised in principle and criteria 2.1.1 above.**

Actually, this estate has OSH Committee to ensure the OSH implementation in the work place, with the secretary is Mrs. Desi Utari for Sentekan and Mrs. Hilikia. But she's not training yet as AK3 Umum qualification. Based on interviewed, also showed that she's not very understood with the OSH policy, accident investigation, OSH inspection, and others. **This is nonconformity and raised in principle and criteria 2.1.1 above.**

OSH committee not conducted regularly monthly meeting, they carry out meeting in after two months, and reported every three months. There are evidence of OSH committee regularly meeting, conduct on January 2017.

Sentekan estate has established procedure for Standby emergency response procedure document No.REA.BPO.HSE.STD Issue date on September 25, 2016. This procedure required that emergency response simulation should carry out every six (6) month or every once year or if any spesifik condition. This emergency response procedure has covered emergency handling as required by RSPO 4.7.5 such as emergency response for hazardous pollution, hydrocarbon pollution, building fire, natural disaster and others. This procedure also set about first aid box in work place but the contain not comply with Permenaker 05/2010. Found in field No.75A Division 03 "sprayer/weeding foreman" not training yet for first aid training (P3K) training. Based on first aid training/briefing on April 3, 2017 only 15 person, and there is no information that all Mandor "foreman" has training for first aid. Based on document verification, the latest emergency response carry out on September 2016, but this simulation only for hazardous pollution; fire building, for others emergency condition as required and mentioned by company procedure will carry out in next time as stated in OSH program. During document verification in Perdana POM regarding medical surveillance record for mill workers who was work in high risk work place area, the mill could not show the record. **This is nonconformity under NCR RSPO01050.**

All workers in Sentekan estate has provide accident insurance (BPJS Kesehatan & Ketenagakerjaan) for all workers level. Especially for casual workers (KHL) estate has provide both of accident insurance. There are evidenced accident insurance payment for all accident insurance program, via bank transferred on March 14, 2017. But, Sentekan estate not provided medical care for all workers as required by regulation. **This is nonconformity under criteria 2.1.**

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

Findings:
The Company has developed and implemented several training programs that support the implementation of RSPO principles and criteria by 2016 and 2017 such as: awareness about OHS, emergency response etc. However, the program and the realization of such training are only provide to staff level (not for employee level). **This condition raised as nonconformity under NCR RSPO01051.**
The company maintain all documentation of training has conducted by Human Resources Department including certificate, list of participant and assessment after training.

Compliance status: No
NCR No RSPO01051

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

Findings:
Rea Kaltim has had EIA document which is approved by Kepala Badan Lingkungan Hidup Daerah Kabupaten Kutai Kartanegara (Head of Environmental Agency, Kartanegara District) No. 660.1/299.B.I.1/BLHD/VI/2011 dated on June 13, 2011 for Mill and Estate (Consist of 30,106 ha). The scope of this EIA are: Pre-Construction of mills, Construction of mill and Operations both of mill and palm oil estate. Management of pests and disease, waste management of mill, replanting and/or expansion of planting areas, water management. However, in the environmental impact assessment document it is informed

Compliance status: No
NCR No RSPO01052

that the study timeframe is only predicted until August 2016, so the document is deemed to be irrelevant to analyze the possible environmental impacts. **This condition raised as nonconformity under NCR RSPO01052.**

PT Sasana Yuda Bakti has had EIA document which is approved by Kepala Badan Lingkungan Hidup Daerah Kabupaten Kutai Kartanegara (Head of Environmental Agency, Kartanegara District) No. KAKK/20/AMDAL/Perkebunan/05 dated on Dec 1, 2005 for Estate (Consist of 5,110 ha).

PT Rea Kaltim and PT Sasana Yuda Bakti have regularly reported on environmental management and monitoring activities to related institutions (Kutai Kartanegara District Environmental Agency). The latest reporting was conduct for the second half of 2016 on January 10, 2017. The companies have reviewed the EIA document regularly to ensure that the operations of companies covered by EIA document.

Criterion 5.2: The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.

Findings:

The HCV assessment has been carry out by external consultant (Bogor Agricultural University HCV Team of Forest Faculty) covered all estate excluding Tepian estate. Registered in ALS with registered/License ALS number:

1. ALS14013MS
2. ALS15028SA

The HCV assessment carried out by 6 assessor with 2 has been ALS registered.

Based on HCV assessment 2015, total HCV area has been identified about 4,961.65 Ha (consist of all estate under Rea Kaltim Plantations). For Perdana supply based only was about 1,627.18 Ha, consist of:

- Perdana estate about 161.77 Ha
- Sentekan estate about 347.41 Ha
- Tepian estate about 1,118 Ha

And also found the RTE species in all estate area, the RTE species consist of:

- *Pongo pygmaeus*
- *Hylobates muelleri*
- *Nasalis larvatus*
- *Macaca fascicularis*
- *Presbytis cristata*
- *Macaca nemestrina*
- *Prionailurus bengalensis*
- *Tragulus napu*
- *Aonyx cinereus*
- *Cervus unicolor*
- *Hystrix brachyuran*
- *Helarctos malayanus*
- *And others.*

The HCV assessment was performed in consultation with relevant stakeholder, based on attendant list and photograph of focus group discussion for HCV assessment, i.e.:

1. Dated on December 19, 2015 in Long Lalang village, attendant by 6 villagers.
2. Dated on December 21, 2015 in Kembang Janggut village, attendant by 7 villagers.

Compliance status: No

NCR No RSPO01053
NCR No RSPO01054

3. Dated on December 21, 2015 in Kelakat village, attendant by 6 villagers.
4. Dated on December 19, 2015 in Bukit Layang village, attendant by 6 villagers.
5. Dated on December 21, 2015 in Pulau Pinang village, attendant by 4 villagers.
6. Dated on December 19, 2015 in Long Bleh Haloq village, attendant by 4 villagers.
7. Dated on December 19, 2015 in Muai village, attendant by 4 villagers.

The HCV assessment has been carried out in accordance to HCV RSPO Indonesia Working Group (HCV-RIWG) 2014. The HCV map identification is also available on the estate (central).

Based on HCV Assessment draft 2015, found the RTE species mentioned above. HCV assessment document also mentioned the HCV management plan with controlling/prohibited about illegal hunting, fishing, collecting activities and other illegal activities will damage the RTE species and habitat. Because the HCV assessment is still new, during the recertification process the estate has been carrying out RTE species monitoring by recording species flora and fauna monitoring in January, February and March 2016. Based on field assessment in HCV area bordered with palm oil plantation field, showed the clear demarcation between HCV area and palm oil plantation area. Also, every HCV area already installed with signboard to remain every person about prohibition carrying out all kinds of activities will damage the HCV area.

Sentekan estate has an RTE species monitoring plan for five years until 2020. Based on RTE wild life species February 2017 provided by REAKON (Rea Konservasi) in the Sentekan estate found RTE species such as: *Hylobates muelleri*; *Hystric brachyure*, *Hystric crassipiniss*, *Manis javanica*, *Prionailurus planiceps*, *Tragulus javanicus*, *Tragulus napu*. This data is based on camera traps, and others evidenced in the field during monitoring activity.

Company has established policy to protect and conserve all conservation areas (HCV areas) in accordance to the board of directors No.003/BOD_REA/P/II/2015 about Environmental and Conservation. This policy has mentioned clearly is prohibited to catch, trade, hunting, keeping, all species in Rea Kaltim concession area. Signed on October 10, 2015.

Based on onsite visit in Tepian HCV area in field No.55D, the condition showed that HCV area is maintained very well, completed with signboard installed in front of HCV area.

But, the HCV assessment record for Tepian estate is not available in place during the surveillance audit. **This is raised as nonconformity under NCR RSPO01053.**

There is no evidence that HCV areas located site-aside with existing rights of local communities are consulted and negotiated agreement with local communities to safeguard and protect together with the company. **This is raised again as nonconformity from previous re-certification assessment last year minor to major, and raised as nonconformity under NCR RSPO01054.**

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

Findings:

The Company has compiled the Waste Identification from the Estate &

Compliance status: Yes

Mill activities. The identification includes waste and pollution sources. The waste management plan is contained in the Waste Identification document. For the type of hazardous waste source is done by collecting hazardous waste in licensed storage area and then submitted to collectors and transporters who have obtained the permit from the government. Then, for the type of waste that is not a type of hazardous waste such as (liquid and solid waste) is utilized by the company. However, especially for liquid waste management plan is done by giving treatment in advance to IPAL pond and then streamed to land application (has get approval / permission from local government). As for the type of air waste (emissions and ambient), the management plan undertaken by the company is to measure the air quality (emissions and ambient) to determine the level of pollution that occurs. Air quality measurement is done once every 6 months by accredited laboratories and reported to related institutions every semester.

Based on field observations, it is known that the company has conducted waste management such as:

- Store / collect B3 Waste at licensed LB3 TPS and has been equipped with Material Safety Data Sheet (MSDS), hazardous Waste Management SOPs, Emergency Response Equipment (such as eye wash, emergency number which can be contacted in case of work accident, fire extinguisher, etc), Good Aeration, Signboard for unauthorized persons to entering at hazardous waste storage area and has done hazardous waste arrangement according to its type and characteristics

Company has program for waste management such as from solid waste will process into composting to produce organic fertilizer.

Criterion 5.4. Efficiency of fossil fuel use and the use of renewable energy is optimised.

Findings:

The company has a program to efficiency used of fossil fuels. The company has been conduct monitoring of implementation the program. The monitoring has been conduct such as cost efficiency of waste usage (fiber and shell) which used as fuels of boiler to reduce the operational cost of generator and electricity usage for operational. The company has been used biogas to efficiency of the use of fossil fuels. The company has conduct feasibility studies before implemented the biogas. Based on biogas report on year 2016, the company has sent electrical to PLN as much as 2.717,894 Mwh from January until December 2016.

Record of Renewable Energy Used Report PT Rea Kaltim Plantation Perdana POM are available in place, with follow are:

1. With total use of shell for boiler fuel in the Year 2016 is: 27,250 tons
2. With total Fiber for Boiler Fuel for the period of 2016; 13,375 tons
3. Total used POMR for Methane Capture Biogas Year 2016 for: 229,440 tons and all the biogas converetd to electricity in mill and housing.

PT Rea Kaltim Plantation uses fiber, shell and POME as one of the renewable energy usage options in plant and plant operational activities. All of these energy sources can be renewable according to the fruit production of oil palm crops.

Compliance status: Yes

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

Findings:

The company has a land clearing procedure which is stated a zero burning policy. There is a written company commitment regarding the zero burning policy No 005/BOD_REA/P/II/2015 which is signed by President Director.

There is no evidence that REA KALTIM has a new land clearing area to new replanting program. There is no evidence in area REA KALTIM had been burned activity.

Compliance status: Yes

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

Findings:

Perdana palm oil mill and the supply based already identified emission, pollution and also GHG emission source from their owned activity such as land clearing, fertilizing, chemical spraying, FFB transportation process, fuel for mill process, product transport from mill to bulking, and others.

All that emission and pollution source are calculated by company through the new RSPO GHG calculation version and the record available in place. For the complete GHG calculation are served in section 1.14 above.

Every high significant pollutant identified based on GHG calculation, has been create the mitigation plan to reduce the significant pollutant, such as biogas fro POME treatment and program to minimize the chemical used and others.

Compliance status: Yes

Criterion 6.1: Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.

Findings:

The company has SIA document assessment, conducted on June 2016 by independent consultant. The SIA development process and findings has documented and reported in the SIA document. Then, SIA document also covered all potential impacts factor, such as:

- Increased public educations around the company
- The gap qualified labour needs
- Migration of people into the company arround area.
- Changes livelihoods
- Changes income
- Financial institutions both formal and non formal, including banks and cooperations.
- Social capital
- Improved rural infrastructure
- Health
- Workplace safety
- Acces and rights
- Economic livelihood
- Traditional or customary rights owned by the local community
- Contributions to the local development.

There is evidenced that impact assessment has been involved the affected parties/communities such as land owners, and the people residing in villages around the company concession area. Based on information from the public and SIA document, that participatory assessment carried out by using method of FGD with affected parties related. The FGD process done on May 12, 2015 in Kembang Janggut village with

Compliance status: Yes

attendees about 20 people.
In the document of SIA, there are any recommendations on the preparation Social Management Plan as social impact mitigation plan. PT Rea Kaltim has had a Social Management Plan to avoid or mitigate negative impacts and positive promotion, and monitoring the impacts.
Plan of social management, those are :

1. Prioritizing local labor in recruitment.
2. Develop social indicator to make social condition monitoring easier and anticipate any potential problem.
3. Develop documentation system for social management.
4. Conducted activity in order to develop trust.
5. Conducted facilitation related to technical assistance to manage smallholder cooperative.
6. Conducted CSR program proactively with strategic program.
7. Contributed in providing facility for public health.
8. Contributed to develop land productivity and marketing for agricultural product.

Company has record of SIA management plan, with evidenced such as:

1. Construction of clean water facility in Penoon Village, Kelekat, Pinang Island, Gunung Sari, ear 2017.
2. Partnership for FFB transportation, for example agreement for renting vehicle for transporting FFB No 014/SPK/PDN/III/2014
3. Construction of water facilities in the village of Long Bleh Modang dated March 15, 2017.
4. Material support to repair water lines and installation of water pumps at Pulau Pinang village dated December 10, 2017.
5. Heavy equipment support for smoothing the main road in Pulau Pinang village on January 2016.

Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

Findings:

Company has SOP Communication No. REA EP.002 issued July 22, 2005. Main purpose to build and improve the understanding of cooperation and active participation of all employees. Receiving complaint or input, consider and provide feedback that is timely, accurate and useful to the communications received from internal and external stakeholders. The Company has a list of stakeholders, ie: Agencies provinces (Office, District, Sub-district Police (Polda, POLRES, POLSEK), Army (KODAM, KOREM, KORAMIL) VILLAGE (Muai, Perdana, Kelekat, Bukit Layang, Long Bleh Aloq, Long Bleh Modang, Kembang Janggut, Tuana Tuha), KUD PLASMA, Educational institutions, NGOs, Health Services, Financial Institutions BANK, contractors, suppliers, Gender committees, Employees' cooperative, SP KAHUTINDO (Labour Union).
Company has record of incoming letter response from stakeholder. Incoming mail from external was accepted by central office by PT Rea Kaltim Plantations in General Affair (GA), then it was distributed by relevant party. If it about smallholder, then it is delivered to Smallholder Department, social issue to Community Development Division, land issue if it related to community relation and land conflict resolution. For example, on September 26, 2016, there is meeting invitation from secretary of Kutai Kartanegara District No 005/1624/H/ADM.SDA subject is about coordination meeting related to cut off of illegal electricity in some villages in Kembang Janggut and Tabang Sub District. Related to invitation, company has joined meeting according to given time.
The company shall have official(s) who is responsible for consultation and communications with parties:

Compliance status: Yes

1. Smallholder manager, its duty to lead planning and coordination.
2. Community Development Division, the person in charge is Adriana Kila, the main duties are to plan, monitor, and evaluate, coordination as manage all program implementation and community development activity in area of PT Rea Kaltim in order to be future partner for self-reliance community.
Village Affairs, the person in charge is Okta Fitra Jaya Toer, the main duty is to give legal protection maximally to company in each of any action or policy taken.

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

Findings:

The Company has a mechanism of confidentiality and anonymity in the handling of complaints, in SOP No. REA.EP.002 tanggal 22 Juli 2005
In point 6.3.3 Communication with other external stakeholders, mentioned:

- Anyone who receives a complaint or a request for environmental information from (internal-external) interested parties should forward it to the General Affairs manager.
- GA Staff section records all complaints and requests for information in the list of communications from (internal-external) interested parties.

According to the human rights policy No. 002/BOD_REA/P/II/2015 which guarantees the confidentiality / anonymity following the reporting as well as external and internal complaints handling. REA Group will protect the anonymity of complaints, whistleblowers and individuals who chose to assist the company in enforcing its policies and management has chosen the officer responsible for handling complaints from outsiders is a public relations officer / DVA.

During audit process, there is no records related complain from internal or grievance from stakeholders.

Company has SOP of External Complaint Handling No. REA.BPO.DVA.PKE on July 1, 2015. This procedure applied for any complaint, dissent or conflict between REA Kaltim Plantation Group with external party. Complaint can related to any operational aspect of company, REA, not only limited to environmental issue, social, employment, occupational health and safety. Company will respond stakeholders' complaint at least on 50 working days after complaint accepted.

Employee complaint resolution stated on company regulation 2016-2018. In case complaint or dissatisfaction happened to any condition or work or other issue, it will be solve through deliberation with in proper procedure in delivering complaints, in order to be discuss soon.

Example of employee complaint, January 22, 2017, on behalf of Savadi, delivering complaint about leaking in roof of his house and expect to be repaire soon. Company has repaired the leaking roof and change it with new one.

Compliance status: Yes

Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Findings:

SOP Oil Palm Plantation Land Acquisition No. Rev 0 of 2009 SOP SOP was prepared from the process of socialization, identification of land ownership, land inventory, land measurement, land mapping, creation of

Compliance status: Yes

land administration, land payment and archiving of documents of land acquisition.
Company conducted socialization/dissemination June 26, 2016 to surrounding villages.
Related to aspects of gender rights, land rights both migrant communities and indigenous peoples are cover by National Law (UU Pokok Agraria No. 5/1960) as legal considerations in procedure and it stated in Companies Human Right Policy.
Procedure on land compensation is in place and it details the Free Prior Informed Consent (FPIC) process. The process of handling Land Claim is documented with maps together with negotiation letter and with the amount agreed (Proses Penanganan Klaim Lahan). Company has SOP of Land Acquisition showing flow chart to make a negotiation to resolve any land conflict. All persons involved have received compensation agreed upon signing the agreement with the company.
Company has procedure to develop of responsible new palm plantation No. REA.BPO.SUS.NDA on May 25, 2016. The purpose of procedure is to ensure any new land was acquired by Rea Kaltim Group, developed in responsible way in accordance with sustainable standard of company commitment. In this procedure, it was explained that land acquisition through land acquisition procedure published on July 1, 2009 and procedure of Free Prior Informed Consent (FPIC).

Criterion 6.5: Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Findings:

The Company has adjusted the minimum wage payment for employees in 2017 with Memorandum from Managing Director Ref.No.RAKAP.PD/EST/017/2017 in accordance with the East Borneo Governor's No. 561/K.647/2016 on Minimum Wage of East Kutai District 2017, IDR 2,495.162.50. Staff and workers receive salary payment receipts (monthly pay slips) in a timely manner. According to interviews with workers Hardiansyah (Permanent Daily worker), he earn IDR. 99,807 / day.

There is a definition of wages which have been agreed in accordance with Law No. 13 of 2003 on Manpower. The entire records of the wages of employees have been documented by the company in Finance.

The employment contract clearly indicate the basic salaries and working conditions of the facilities, such as working hours, benefits, cuts in wages, overtime, sick leave entitlements and maternity leave, reasons for termination, notice periods, etc. The employment contract prepared in the Indonesian language understood by the workers, signed by both parties, ie the company and its employees. Salary and conditions provided in accordance in labor laws, union agreements or direct contracts of employment in accordance with the minimum wage in accordance with the decree of the Governor of East Borneo Governor's.

Based on the verification results to the workers there is no violation by the company PT Rea Kaltim linked to remuneration of employees.

Furthermore, no evidence of overtime work which is more than 3 hours will be given food and drink, at least 1,400 calory, except in POM of Perdana (Kepmenakertrans No. 102/MEN/ VI/ 2004, Article 7). **This condition raise as nonconformity under NCR RSPO01055.**

The company has Company Regulation 2017-2018 that regulate the rights and obligations of employees/workers signed by the management approved by East Kutai Social, Labour and Transmigration Office July 10, 2016. It contained working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc and company already communicated on August 2016 and has

Compliance status: No

NCR No RSPO01055

been displayed at office at Estates and Mill.
PT Rea Kaltim both plantations and factories have been providing adequate housing and other basic needs national standard. Indeed, the result of field visit to Perdana and Tepian Estate housing, it's still found leak roof in employee house, broken toilet door, full septic tank, etc. Some has delivered complaint but not yet responded, and some hasn't delivered any complaint yet. **This condition raise as nonconformity under NCR RSPO01056.**

Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Findings:

There is a published statement in local languages recognising freedom of association. It is stated on PT Rea Kaltim Policy issued on July 21, 2015 section 4. The policy has been publish in all public area, such as meeting room, loading ramp, sport hall and housing area. A workers union has been established, it is called "Serikat Pekerja KAHUTINDO". Registration apporval from local Labour Office East Kutai. It was sight letter of registration No. 003/DPC F-SPK/SK/IV/2016.

Labour Union internal meeting minutes dated May 8, 2016 that took place in the central meeting room, with a discussion agenda,

- Socialization of the Labour Union (SP) Kahutindo 2016 – 2019 period has been recorded in Labour Official Government No. Kep.003 / DPC F / SPK / SK / IV / 2016
- The registration fee Labour Union (SP) new members will be charged IDR 30,000 / person
- The contirbution charged for each member IDR 30,000 / month.

In Tepian Estate, there is LKS Bioartit of PT Sasana Yudha Bhakti, term 2015 – 2017 have been recorded in Transmigration and Labor office, Kutai Kartanegara District No. 567/248/1.5.3/11/2015 on November 23, 2015. The committee is 12 people, representative of company and workers.

In POM of Perdana, there is PUK – SP Kahutindo PT Rea Kaltim term 2016 – 2019, as registered in Transmigration and Labour Agency, Kutai Kartanegara District No. 567/179/1.5.3/09/2012 on November 24, 2012.

In Perdana and Sentekan estate, there is LKS Bipartit PT Rea Kaltim Plantations, Perdana and Sentekan Estate, term 2015 – 2016, has been recorded in Transmigration and Labor Agency, Kutai Kartanegara District No. 567/247/1.5.3/11/2015 on November 4, 2015. It has 18 committee as representative of company and workers.

On March 24, 2017 has been conducted Bipartit meeting between Rea Kaltim Plantations with representative of workers from training school, central office, agenda is about understanding of function and duty of LKS Bipartit.

Compliance status: Yes

Criterion 6.7: Children are not employed or exploited.

Findings:

Policy for minimum age requirement policy is available in Human Rights Policy based on Decree of The Board of Directors, No. 002/BOD_REA/P/II/2015, signed by Mark Parry, President Director, REA Group dated - 01 March 2015.

The Child Employment Policy explicitly prohibits under-aged children from working in the company. All mill and estate adhere to this policy.

Compliance status: No

NCR No RSPO01057

Field audits and employee data verified that there are no worker below ages of 18 working in the mill or estates. During field assessment there is no found that children workers under company. Based on the verification of documents and interviews with workers proved that PT Rea Kaltim does not employ workers younger than the minimum age. In fact, no evidence can be demonstrated, regards to policy of socialization of minimum age for workers towards third party or contractor, except contractor in POM of Perdana. **This condition raise as nonconformity under NCR RSPO01057.**

Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

Findings:

Policy for equal opportunities policy is available in Human Rights Policy based on Decree of The Board of Directors, No. 002/BOD_REA/P/II/2015, signed by Mark Parry, President Director, REA Group dated - 01 March 2015. It stipulates that the REA Group actively promotes diversity in the workplace and does not tolerate discrimination based on differences in age, disability, ethnicity, gender, marital status, political persuasion, race, religion or sexual orientation in recruitment, dismissal or promotion. The Equal Opportunity Policy is clearly displayed in the office and on the notice boards around the estates and mill. Both local and foreign workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers from both the mill and estates and also through employee data verification. PT Rea Kaltim showed document of position promotion. Position promotion is based on competency evaluation, performance and discipline, in according to evaluation from their boss/leader. Promotion request to increase the status of employee / Promotion No. 170 / POM / XI / 2014 dated November 21, 2014 on behalf Hardiansyah from daily woker to Monthly worker grade B3 there. There is a form of performance review dated 11.24.2014. Management Decree No. 58 / RKP / SPK / HRD / CEN / II / 2016 is set to be fixed Monthly Employee grade B3, dated February 1, 2015.

Compliance status: Yes

Criterion 6.9: There is no harassment or abuse in the work place, and reproductive rights are protected.

Findings:

The company established a policy to prevent sexual and all other forms of harassment and Policy to prevent sexual and all other forms of harassment and violence is available in Human Rights Policy based on Decree of The Board of Directors, No. 002/BOD_REA/P/II/2015, signed by Mark Parry, President Director, REA Group dated 01 March 2015. It stipulates that all employees have the right to work in environment that is free from harassment of any kind, including harassment based on age, disability, ethnicity, gender, marital status, political persuasion, race, religion or sexual orientation. On May 4, 2016 has been conducted meeting with internal committee and member of gender committee in meeting room, discuss about gender, gender equality. On March 19, 2016 has been conducted socialization of Law for Domestic Abuse and formation of gender committee for REA Group. Board gender committee of REA Group period 2016-2019
Chairman: Wardiana, 1st Vice Chairman: Catur Karya, 2nd Vice Chairman: Meidy Syamsudin. Socialization in Mill conducted in dated Febru-

Compliance status: Yes

ary 20, 2016 in the Mill meeting room followed by all employees were present. Gender committee work program, ie:

- March: The establishment of a new board REA KALTIM, Socialization of Law elimination of domestic violence
- June: Socialization Policy Equality at work place
- September: Training, gender perspective in the scope of work for board of gender committee.
- December: Socialization of child protection laws

Evidence of implementation such as: Permit letter for leave, Sumiyati, (central employee) related maternity leave starting on March 7 to June 4, 2016 the approval of the from management date of March 5, 2016.

Company has an Internal Memo No. 020/MCD/IV/2016 on April 26, 2016 related to prohibition for pregnant and breastfeeding mom to be sprayer team. If there is breastfeeding or pregnant employee, then it will be transfer to another work and will be back to previous work after finishing lactation period.

Company has policy in Best Practice of Operations No. WI.REA.BPO.EST.PYT on December 1, 2015. It was explained that pregnant and breastfeeding mother is not allowed to be a part of sprayer team, do pregnancy checkup for woman sprayer workers in estate clinic. In order to ensure woman workers are not pregnant or breastfeeding when doing a work related to chemical or poison, PT. Rea Kaltim has conducted pregnancy checkup (test of HCG Urine) for spraying employee, and manuring on April 11, 2017 in Perdana, Sentekan, and Tepian Estate, by medical team. This activity is conducted once in a month.

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

Findings:

The company has FFB prices documents of East Kutai District, established by the local government / Department of Plantation for March and April 2017, as follows:

March 2017		April 2017	
Planted Year	Price (IDR)/kg	Planted Year	Price (IDR)/kg
3	1,670,36	3	1,609,76
4	1,703,52	4	1,716,43
5	1,743,01	5	1,727,06
6	1,787,78	6	1,745,72
7	1,804,90	7	1,756,33
8	1,847,69	8	1,769,47
9	1,889,09	9	1,806,95
>10	1,905,19	>10	1.828,14

The pricing mechanism agreed upon in accordance with the decision of the team determine the price at its monthly meeting Disbun. Contract No. 011 / SPK / PDN / II / 2016 between the company and PT Naldi Setyawan dated January 26, 2016. Types of job FFB transport from the field (Estate) to the Perdana Mill, in chapter 7 declared monthly payment is made when the work has been completed according to the payment procedure. Contract period from December 26, 2015 to March 31, 2017. Contract was stamped and signed by both parties. Evidence payment receipt on FFB transport on March and April 2016.

FFB that is received in Perdana PIM, originated from village cooperations Unit, those are Dwi Karya, Etam Sejahtera, Era Cipta Mandiri, Bina Warga Sejahtera, Bintang Surya and soo on.

Example of Work Contract for FFB supplier:

1. Agreement of FFB Sale and and Purchase No. 024/SPK/REA-

Compliance status: Yes

MSD/VII/2014 on July 1, 2014 between PT Rea Kaltim Plantations (Buyer) with PT. Enggang Alam Sawita.

2. Addendum I, Agreement of Sale-Purchase for Palm FFB No 002/PJB-FFB/PPMD-CEN/IV/2015 on May 9, 2016 between PT Rea Kaltim Plantations (Buyer) with cooperative of Bina Warga Sejahtera (Seller).

Payments to suppliers to do twice a week (Mondays and Thursdays)
Records of transactions between suppliers with POM in the form of the number of shipments FFB every day. Payment was agreed and implemented According to the agreement.

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

Findings:

The management of PT Rea Kaltim has strong commitment to contribute to community development and documented in Quality, Safety and Health Environmental, for Sustainable Policy. The Social Impact Assessment Report was issued. The activities planned were varied, such as socialization of shareholders program for the locals, aids for local teachers, free medical treatment for the locals, making a well for locals, etc.

Contribution of sustainable development to local contractor through is based on annual stakeholder meetings. At this meeting, all stakeholders are given the discretion to exclude ideas and the problem about impact of the existence of the company. Some contribution has been awarded by company through CSR. Then, if there is a problem, it can be resolved by win win solution.

PT Rea Kaltim attended Musrembang (regional meeting) every year in subdistrict as an effort to get feedback for local development. In 2017, Musrembang in Kembang Janggut Sub District, attended in by head of Penoon village, Long Bleh Modang, Long Bleh Haloh, Muai, Pinang Island, Perdana, Bukit Layang, Kelekat, Kembang Janggut and Sub district Kenohan, is attended by Tuanah Tuha and Pedamaran Village Head.

The assistance from PT Rea Kaltim to the community such as renovation for some items are schools, roads, bridges, e.g.: Posyandu (integrated healthcare service post and health education to Promote human hygiene), sanitation, fogging, agricultural skills training for the locals (estate workers and smallholders), skills training for school teachers, scholarships available, tree planting, waste treatment for land application such as EFB for plasma estates.

The company has several recordings related contribution to local development, such as:

1. Construction of clean water facility in Penoon Village, Kelekat, Pinang Island, Gunung Sari, ear 2017.
2. Partnership for FFB transportation, for example agreement for renting vehicle for transporting FFB No 014/SPK/PDN/III/2014
3. Construction of water facilities in the village of Long Bleh Modang dated March 15, 2017.
4. Material support to repair water lines and installation of water pumps at Pulau Pinang village dated December 10, 2017.
5. Heavy equipment support for smoothing the main road in Pulau Pinang village on January 2016.

Compliance status: Yes

Criterion 6.12: No forms of forced or trafficked labour are used.

Findings:

The company has policy related to force labour, with document No. 002/BOD_REA/P/II/2015 about human rights policy. This policy in Section 2 mentioned the commitment do not any force labour and trafficked labour.

There is no Migrant worker existing in company, however some managerial personel level (Director and Manager) are from other country such Great Britain. Company could not show the contract document because those documents are confidential and not accessible to the public. They acquire all facilities in accordance with their positions. There is no special procedure or policy related to migrant profesional. Also they already compliance to Indonesian legal administration for foreigner. During the workers interview there is no indication and issue raised by workers (in low level) abut forced labour. They feel freely to work, to overtime in the company.

Compliance status: Yes

Criterion 6.13: Growers and millers respect human rights.

Findings:

Decree No. 002 / BOD-REA / P / II / 2015 on Human Rights Policy REA Kaltim Group recognize their obligation to respect and support human rights are internationally recognized and stated in the Bill of Human Rights and the ILO convention on principles and Rights at work.

In this policy, the management appreciate and support human rights such as:

1. Enforce its policy not to employ anyone underage.
2. No forced or trafficked labour
3. No harassment, including harassment based on age, disability, ethnicity, gender, marital status, political persuasion, race, religion or sexual orientation.
4. No violence, the REA groups does not condone the use of violence by security personnel and will not use mercenaries and para militaries in its operations.
5. Freedom of association, respects the right of employees and contract workers to form or join trade unions and bargain collectively.
6. Equal opportunities
7. Protection of reproductive rights
8. Pay and conditions in line with regulations
9. FPIC, REA Group will respect the right of local communities to withhold consent to oil palm cultivation on land to which they have legal, customary or user rights.
10. Respect for land use rights
11. Conflict resolution

In Perdana Mill and Estates, all policies have been communicated during morning roll calls to all workers. All policies are displayed in estate, office, worker's quarters and notice boards surrounding the estate area.

At Sentekan Estate conducted June 01, 2016, Tepian Estate May 26, 2016, Perdana Mill June 02, 2016, at Perdana Estate with Sub contractor 26 Mei 2016 di group Office.

No evidence could be demonstrate due to socialization of HAM policy to third party and contractor. **This condition raise as nonconformity under NCR RSPO01058.**

Compliance status: No

NCR No RSPO01058

Criterion 7.1: A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

Findings:

During 1st surveillance assessment, there is no new planting activity already done by company. Found planted area since November 2005, and for further information will explain in criteria 7.3.

Compliance status: Yes

Criterion 7.2: Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

Findings:

During 1st surveillance assessment, there is no new planting activity. Based on HCV and EIA document, both of this document already explained clearly the soil and topography information. The soil condition in three estate under Perdana mill categorized medium erosion potential with flat condition in generally.

Compliance status: Yes

Criterion 7.3: New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

Findings:

In Tepian estate, there are has a planting activity since November 2005, i.e.:

- YoP 2005 about 989 Ha
- Yop 2006 about 299 Ha
- Yop 2007 about 1312 Ha
- YoP 2008 about 390 Ha

Based on EIA document on November 2005, pages II-32, about land used in concession area in PT SYB (Tepian estate), based on field visit in 2004 was:

1. Community palm oil plantation about 34.75Ha (0.68%)
2. Agroforestry about 4.09Ha (0.08%)
3. Crop estate about 18.40Ha (0.36%)
4. Land clearing about 10.73Ha (0.21%)
5. Shrubs about 29.13Ha (0.57%)
6. Thicket about 1320.42Ha (25.84%)
7. Secondary forest about 3551.96Ha (69.51%)
8. Low land about 140.52Ha (2.75%).

Whereas confirmed to the company, the planted area since November 2005, was not from primary forest or HCV replacement. This are came from land bank inside the company land used rights (HGU) and included in previous audit scope area.

During the 1st surveillance also showed that the land clearing process was not in burning process, but used heavy equipment (manual land clearing).

On the other hand, for Perdana and Sentekan estate, based on hectare statement for 2016, the youth planted in both of estate was in 1999, and the oldest was in 1994. There is no planted area since November 2005 in both of estate.

Compliance status: Yes

Criterion 7.4: Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.

Findings:

During the field visit on planting area since November 2005, there is no

Compliance status: Yes

sloping condition. But, company already maintain the cover crop to minimize the soil erosion.

Criterion 7.5: No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Findings:

Planted area since November 2005 in Tepian estate came from land bank inside the land use rights (HGU) of the company. During stakeholder consultation, there is no issue raised by stakeholder that new planting and planting process done by company reduced the local communities land/customary rights. As mentioned in criteria 7.3 all of planted since November 2005 came from not primary forest, but dominated by secondary forest inside the land use rights. This area located in Tepian estate, under PT SYB land use rights/concession area.

Compliance status: Yes

Criterion 7.6: Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreement

Findings:

Planting since November 2005 in Tepian estate, located inside in the company land use rights (HGU) not came from compensation or acquisition from local people land or others communities land or customary rights.

Compliance status: Yes

Criterion 7.7: Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.

Findings:

Planting since November 2005 in Tepian estate was carry out by manual land clearing, not used the fire. Based on field assessment there is no indication that land has been burn by the company. Also from stakeholders information during public consultation there is no information raised by the stakeholder about this.

Compliance status: Yes

Criterion 7.8: New plantation developments are designed to minimise net greenhouse gas emissions.

Findings:

There is no new planting activity replace the primary forest. Planting since November 2005 in Tepian estate not came from primary forest, this is from company land bank (inside the land use rights).

Compliance status: Yes

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

Findings:

The Company has an internal audit for the evaluation and improvement of the best practice activities in the field accordance to the company procedure and/or work instructions.
Company also has effort to keep the soil erosion through the cover crop implementation to minimize the runoff.

Compliance status: Yes

For environmental management the company already done reported the environmental management and monitoring implementation to the related official government every six month periodically. The report showed the result of measurement of environmental parameters, such as water surface quality, land application measurement, air pollution and ambient, waste water/POME measurement. Based on certificate result of measurement all of parameters still under below standard.

While for POME treatment/methane trap, company has biogas installation to produced methane gas then convert to electricity for mill and housing in the company emplacement. This also include in GHG mitigation plan of the company to mitigate the significant pollutant and emission source from mill and estate activity.

3.2 Status of Previously Identified Non-conformities

A total of 27 nonconformances were identified during the re-certification certification assessment. These consisted of 15 major non-conformities and 12 minor non-conformities. During this surveillance assessment, it was found that there was sufficient evidence for closure of all non-conformities/there was lack of evidence to close 24 of the 27 nonconformities, and these have been raised to Major Non-conformities under Section 3.3. The following is a description of the evidence of action taken to close the non-conformities raised during the previous assessment, as well as auditor's conclusions on the status of the non-conformities.

Nonconformity Report No.	Nonconformity Description	Verification of Correction/Corrective Action	Status
NCR RSPO 00267	The company could not showed the record of RSPO mechanism for third party/stakeholders involve also information related to rights and obligation of the third party/stakeholders.	The company conducted dissemination to rele-vant stakeholders related the RSPO principles and criteria, grievance and communication mechanism. It took placed in Bukit Layang, Kel-ekat, Perdana, Gunung Sari, Pulau Pinang village office. For contractors have al-so been brief the company's policy regarding the RSPO principles and criteria	Closed
NCR RPSO 00268	The company couldn't showed the evidenced of incoming response letter from Pulau Pinang Customary Bodies letter No.01/LAD/DESA-PP/2016.	Company has records of requests for information and responses. Incoming and outgoing mail were managed by central office of PT Rea Kaltim Plantations by General Affair (GA) then it was transferred to each department, such as if it related to labor to HRD, if it related to social issue, handled by Community Development Department.	Closed
NCR RSPO00269	The company could not showed the social impact assessment and social impact management plan documents.	PT Rea Kaltim has had a Social Management Plan to avoid or mitigate negative impacts and positive promotion, and monitoring the impacts. Plan of social management, those are : 1. Prioritizing local labor in recruitment. 2. Develop social indicator to make social condition monitoring easier and anticipate any potential problem.	Closed

		<ol style="list-style-type: none"> 3. Develop documentation system for social management. 4. Conducted activity in order to develop trust. 5. Conducted facilitation related to technical assistance to manage smallholder cooperative. 6. Conducted CSR program proactively with strategic program. 7. Contributed in providing facility for public health. 8. Contributed to develop land productivity and marketing for agricultural product. 	
NCR RSPO00270	There is no record that all workers level in the mill and estate has been get code of ethical conduct brief by the company.	<p>The company submitted the communication letter No.002/SE/SUST_REA/V/2016 on May 25, 2016. This letter addressed to the all operational units under company.</p> <p>The company also submitted the evidenced of attendant list brief, such as code of ethical conduct brief to the outsource/third parties carried out on Monday May 23, 2016; company policies brief to all level workers on Wednesday May 25, 2016; this brief attendant by all workers in estate and mill.</p> <p>Sentekan Estate already communicate the code of ethical conduct on June 01, 2016, while in Tepian Estate on May 26, 2016, Perdana Mill June 02, 2016, at Perdana Estate with Sub contractor May 26, 2016 at office group.</p> <p>In document of work contract enclosure with third party, it's stated that they should follow sustainability policy, implemented OHS, used PPE, Labor insurance, do not employ child workers, zero tolerance for bribing and corruption.</p>	Closed
NCR RSPO00271	Found some evidenced that the Perdana oil mill and supply based not compliance with law and regulation.	During the surveillance, Perdana POM carried out evaluation regarding law and regulation compliance to ensure level of law and regulation compliance, and the result based on company evaluation the level was in medium level compliance.	Closed
NCR RSPO00272	The company could not showed the result of evaluation record and correction and corrective action for law and regulation was not comply in 100%.	During the surveillance, company could show result of law and regulation compliance and also correction and corrective action to fulfill and follow up the law and regulation if still not comply.	Closed
NCR RSPO00273	Found in Tepian estate, planted area field number (030B, 040E, 040F, 040G) based on overlay between land use rights certifi-	Verification result: Based on hectare statement 2016, field No.100A Division 07 still include in hectare statement.	Open

	cate map with planted area was outside the land use rights (HGU). Also, during the onsite visit in Sentekan Estate, in field number 100A division 7, a part of area in this field categorized include in production forest conversion (HPK) based on Forestry Ministry decree SK Menhut No. 718/2014 about Designation of Forest area of East Kalimantan province.	And, field No. 030B; 040E; 040F and 040G still include in company hectare statement. This is not comply with company statement in correction and corrective action.	
NCR RSPO00274	During onsite visit in Sentekan Estate field number 6A, 47B, 100C and 62A to verify the boundary pillars number BPN 23, BPN 555, BPN 100 and BPN 599, there is no found any boundary pillar above s in the field.	Verification result: Sentekan estate has carry out boundary pillars monitoring for 2016, whereas based on boundary pillars monitoring found 68 boundary pillars was not found, then estate made proposal to renew the boundary pillars, and monitored every three (3) months to the Estate Controller and Head of Mature Estate, and the final report should be reported on November 2016. (Proposal on June 2, 2016). But, during surveillance, there is no evidence that boundary pillars has installed in the field.	Closed
NCR RSPO00275	During recertification assessment through the map verification and field verification, found the indication of land dispute between company and communities about 281.04 Ha and conservation area already planted with oil palm by communities, but there is no record or road map conflict (progress to solved, communicate to the community, FPIC process and others) was progress by company, and also there is no record data of name list of community occupied the company concession area.	Based on data of Hectare Statement February 2017, it's known that no land conflict in area of PT Rea Kaltim (Perdana Estate, Sentekan Estate, Tepian Estate). In interviews with the village head of Kelekat I, it was explained that there are no indigenous land or customary rights in the area of the company. Since the beginning of land acquisition for the construction of the estate, there is no customary land or customary rights in the area of the company.	Closed
NCR RSPO00276	There is no record document number REA.BPO.DVA.PKE issue date on July 01, 2015 about external grievance handling has been communicate to the all related parties and was acceptance by all related parties.	The company submitted: <ul style="list-style-type: none"> - The evidenced external handling communication brief dated on June 16, 2016 by attendant list conducted in village office, attendant by 8 person. - Statement letter of understanding and acceptance of compliant mechanism handling for Bukit Lawang and Pulau Pinang village dated on June 14 and 15, 2016. - Minutes of meeting for external complaint mechanism handling handover to all related parties on June 6, 2016. 	Closed

		- Photograph brief for all village such as Kelekat, Perdana, Pulau Pinang, Gunung Sari, Bukit Layang village.	
NCR RSPO00277	The company could not showed the mechanism/procedure for participatory mapping to solve the conflict, whereas the mechanism involvement and acceptance by the affected parties.	The company submitted the new revised procedure about external complaint handling document number REA.BPO.DVA.PKE effective date on July 1, 2015 Rev00. This procedure explained about conflict resolution with involve the affected parties and time line for external complaint handling, with maximum 50 work days.	Closed
NCR RSPO00278	There is no found any record of commitment that the company will not use military/intimidation to solve the problem related land dispute or any conflict.	Decree No. 002 / BOD-REA / P / II / 2015 on Human Rights Policy REA Kaltim Group recognize their obligation to respect and support human rights are internationally recognized and stated in the Bill of Human Rights and the ILO convention on principles and Rights at work. In this policy, the management appreciate and support human rights such as: 1. Enforce its policy not to employ anyone underage. 2. No forced or trafficked labour 3. No harassment, including harassment based on age, disability, ethnicity, gender, marital status, political persuasion, race, religion or sexual orientation. 4. No violence, the REA groups does not condone the use of violence by security personnel and will not use mercenaries and para militaries in its operations. 5. Freedom of association, respects the right of employees and contract workers to form or join trade unions and bargain collectively. 6. Equal opportunities 7. Protection of reproductive rights 8. Pay and conditions in line with regulations 9. FPIC, REA Group will respect the right of local communities to withhold consent to oil palm cultivation on land to which they have legal, customary or user rights. 10. Respect for land use rights. 11. Conflict resolution.	Closed
NCR RSPO00279	There is no record that procedure already evaluated the procedure implementation was compliance with company mechanism.	During the 1st surveillance, the company is not in replanting activities. The activities undertaken by sub contractors are the activities of Transportation of FFB Transportation. Available List of contractors and has been	Closed

		<p>evaluated the performance of transport contractors in 2016. The items evaluated are:</p> <ol style="list-style-type: none"> 1. Condition of work unit 2. Coordination / communication contractor. 3. Labor performance 4. Transportation Results. 5. Compliance with environmental regulations. 6. Safety Management. 7. Compliance with work orders. <p>Results of the evaluation of the transport contractor: The score of the 500 scores included the Very Good category.</p>	
NCR RSPO00280	The company could not showed the peat land distribution on the concession area.	Based on soil survey document verification, the company has established the peat land distribution map, whereas the peat soil located at 52A; 57B; 58A; 93A; 97C for Sentekan estate, and 17A; 23A; 23B; 24A and 24B for Tepian estate.	Closed
NCR RSPO00281	Based on field assessment in field number 17A and 23B Tepian Estate, found the peat land with YoP 2005. But there is no found the water table, subsidence measurable in this field. Estate also didn't have map of peat depth level. Drainage condition also showed there is no canal maintenance has been carry out by the estate.	Tepian estate conducted the water table measurement for peat land monthly and the water table condition still met with the standard	Closed
NCR RSPO00282	Based on field assessment in field number 17A and 23B, found the canal condition was not maintain very well by the company.	Available Programs and realization of canal washing for year 2016 Tepian Estate as 56,391 meter washing (including 17 A and B 23 field number) and realization as 4500 Meters . For the unachieved program the program is for 2017. Based on field assessment in field blok 24 A-B, found the canal condition maintain very well by the company.	Closed
NCR RSPO00283	The company could not showed the IPM implementation was compliance with company procedures, example found the monitoring result implementation was not compliance with company procedure.	During the surveillance audit, company has showed result of IPM implementation was comply against to company procedure. Record of IPM also available in place.	Closed
NCR RSPO00284	Person in charge for EWS monitoring implementation does not trained by the company.	During the surveillance audit, person incharge who responsible against to IPM implementation already trained by company.	Closed
NCR RSPO00285	Some things not in accordance found in the field, among others: <ul style="list-style-type: none"> • During a visit to Sub Perdana Estate, found 	During the surveillance audit, found some of the previous nonconformity still opene and already raise again as nonconformity.	Open

	<p>the fire extinguisher does not have the pressure, the location in the temporary storage of hazardous wastes and toxic.</p> <ul style="list-style-type: none"> • During a visit to the mill, there is a fire extinguisher that does not have the pressure (Laboratory) and also found the wheel loaders not equipped with fire extinguisher. • Based on interviews with harvesters and chemical officer, company does not have a mechanism for replacing damaged of PPE that worker in the period between two times a years' according to the rules the company so there are the workers buy their own PPE (boots). • During a visit to the field at the harvesting activity in the block No. 28D Division 2, found the foreman not wearing of PPE such as helmets; and also found that employees were not wearing of PPE required in HIRADC such as boots, helmets, and rubber gloves. It was also found the workers at the chemist activity in the block No.20D Division 1, found the foreman not use PPE such as helmets and masks. • During a visit to the mill (workshops, pressing, loading ramp), found employees were not wearing the required personal protective equipment (gloves, helmet) and also third parties are not using PPE. 		
<p>NCR RSPO00286</p>	<p>The estate could not showed the record of negotiation agreement with communities to safeguards to protect the HCV area, and there is no record for HCV brief for community in Perdana and Sentekan estate.</p>	<p>Verification result: There is no any evidence consultation and negotiated agreement with local communities showed by estate. Example Sentekan estate</p>	<p>Open</p>

NCR RSPO00287	The company could not showed the SIA document, including the meeting evidence, minutes of meeting involved the affected parties.	PT Rea Kaltim has had SIA document that developed on June 2016 by independent company. FGD of SIA document drafting was conducted on May 12, 2015 in Kembang Janggut Village, attended by 20 people.	Closed
NCR RSPO00288	There is no record evidenced that the SIA assessment has been carried out involved the affected parties.	The company submitted the SIA document assessment for PT REA KALTIM and PT SYB, when this SIA assessment report on June 2016. This SIA assessment developed with stakeholder consultation with the affected parties, evidenced by the stakeholder consultations attendant list on March 12, 2016.	Closed
NCR RSPO00289	The company could not showed the SIA management plan developed accordance to the SIA recommendation.	The company submitted the SIA management plan and mitigation for PT REA KALTIM and PT SYB. The SIA management plan and mitigation was developed under SIA assessment report.	Closed
NCR RSPO00290	The company could not demonstrated SIA document which describe the impacts for smallholder scheme, whereas the company has smallholder.	Developed the SIA assessment report for PT REA KALTIM and PT SYB by qualified internal assessors to change the SIA assessment report developed by external consultant, and ensure the smallholder development covered on the new SIA assessment report.	Closed
NCR RSPO00291	There is no record evidenced that all workers level already provide medical insurance by company.	The company submitted the FM/KC/01/01/001 Rev1, this document explained about work insurance (BPJS) for daily workers registered.	Closed
NCR RSPO00292	Not all workers in Perdana mill already has housing facilities as a required in RSPO principle and criteria.	PT Rea Kaltim both plantations and factories have been providing adequate housing and other basic needs national standard.	Closed
NCR RSPO00293	Company could not showed the evidenced of the continuous improvement are implemented such as procedure implementation evaluation, social impact assessment monitoring plan and others related with company activity.	Company has carried out the internal audit as one of company continual improvement program to detect with the work location area need to improve, and also company showed the record of coorection and corrective action for follow up action for all non-conformity.	Closed

3.3 Identified Non-conformances against RSPO P&C Requirements, Corrective Actions Taken and Auditors Conclusions

During this 1st surveillance assessment, a total of 19 nonconformances were identified. These consisted of 14 major non-conformities and 5 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this verified by the audit team through an on-site verification audit conducted on April 10 – 14, 2017 as well as checks of documents submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

3.3.1. Major non-conformities

It is recommended by the lead auditor to award the system of the company with a certificate pursuant to the above-mentioned RSPO standards after eliminating the non-conformities rated as “major”.

Indicator	NCR No.RSPO	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken/	Auditor Conclusion
1.2.1	01042	<ol style="list-style-type: none"> 1. Not all law and regulation should fulfill by company already exist in law and regulation list. 2. Spraying workers (25D Div02); safety shoe was provided by them self, not provide by company; Harvesting workers (24C Div02) not used complete PPE during on duty as required by PPE matrix identification by company. 3. Person incharge who will responsible for OSH implementation did not have OSH certificate as required in regulation (in all estate and Perdana POM). 4. OSH committee in Sentekan, Tepian estate and POM could not show periodically meeting done by OSH committee as required by regulation. This is Major re-raised again as Major (NCR RSPO00271). 5. Found first aid box in field 75A division III Sentekan estate, not comply with regulation. This is Major re-raised again as Major (NCR RSPO00271). 6. Manual weeding workers in field 75A division III Sentekan estate and 45C division IV Tepian estate, not used complete PPE as required by regulation. 7. Found hazardous waste disposed to HCV area in Sentekan estate office, hazardous waste mix with 	27-05-2017	<p>Correction</p> <ol style="list-style-type: none"> 1. Carry out regulation update periodically. 2. Provide complete PPE for spraying workers, and harvester workers as required by PPE matrix. 3. Develop OSH training for all person incharge who will responsible for OSH implementation. 4. Carry out OSH periodically meeting every monthly. 5. Carry out socialization against to first aid box standard content as required by regulation. 6. Complete all PPE workers as required by PP matrix document. 7. Carry out socialization against to all workers level about waste handling especially for hazardous handling and collect all hazardous in HCV area and disposed to hazardous temporary store. 8. Carry out work accident investigation for all estate in April 2017. 9. Set up the medical checkup schedule for all workers level in estate and mill for 2017. 10. Show the leave letter of the workers who not include in cholines-trase test as reason why the workers not include in cholines-trase test. 11. Set new internal memo related overtime mechanism, whereas in the letter overtime shall mentioned about worker agreement. 	Closed

		<p>non hazardous waste disposed in housing area.</p> <ol style="list-style-type: none"> 8. Based on workers accident last year record (2016) in Sentekan, Tepian and POM not complete with accident investigation record as required by regulation. 9. Company could not show evidence medical checkup fro all workers done by company with minimum yearly requirement. 10. Records of cholinestrace test for chemical workers not available in place. 11. There is no record over time letter agreement issued by company when company give order to the wokers to do overtime. 12. Found PKWT workers was attendees more than 21 working days within 3 months but still not transferred to the permanent workers in Sentekan estate. 		<ol style="list-style-type: none"> 12. Transferred workers who was work more than 21 working days within three month from PKWT to PKWTT. <p>Corrective:</p> <ol style="list-style-type: none"> 1. Ensure that all regulation related with company activity are availble and listed in law and regulation list and update periodically as mentioned in the SOP. 2. Ensure for all company workers are complete by PPE during on duty wheres the PPE will provide by the company, and for all workers if they found the broken PPE, please report to the their assistant immediately to get replacement. 3. Ensure person in charge who responsibel against OSH implementation get AK3 training and certificate. 4. Ensure OSH periodically meeting will carry out as stated in OSH program. 5. Ensure the first aid box will monitoring and the content meet with regulation. 6. Ensure all workers will use complete PPE as required by PPE matrix with PPE periodically PPE monitoring. 7. Ensure all hazardous will kept well in hazardous temporary store and all workers level understood against hazardous waste type. 8. Ensure all every workers accident should complete with inves- 	
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				<p>tigation process and the record will kept by OSH committee.</p> <ol style="list-style-type: none"> 9. Ensure the general medical checkup will carry out yearly as required by regulation. 10. Ensure all chemical workers should include in cholinestrase test. Then, all estate management shall ensure all they chemical workers will include in cholines-trase test. 11. Ensure every overtime process will complete with agreement statement from the related workers. 12. Ensure all workers who fulfill the requirement will transferred to permanent workers. <p>Evidenced:</p> <ol style="list-style-type: none"> 1. Company submitted the new law and regulation updated complete with new regulation are listed in that document with period Januari 2017. 2. Company submitted evidenced of PPE distribution for all workers including for spraying workers and harvester workers in 24D and 25C. 3. Company submitted training proposal, proposal schedule and person who will attendees that training (14 person), and training will held by PT Indotarin Consultant on May 15 – 26, 2017. 4. Company submitted record of OSH periodically meeting conducted on April 25, 2017 with at- 	
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				<p>tendees about 18 person.</p> <ol style="list-style-type: none"> 5. Company submitted record of first aid brief (April 12, 2017) for all workers level and list of first aid content accordance to the regulation. 6. Company submitted record of PPE distribution to all estate and POM, example in Sentekan estate about 15 workers get safety shoe; 15 workers get chemical mask in Tepian estate and so on. 7. Company submitted record of hazardous waste handling and waste record handling (hazardous waste balance for all hazardous type). And photograph for cleaning process in HCV area from hazardous waste. 8. Company submitted investigation records for all accident happened in company, and investigation recapitulation records. 9. Company submitted progress records of general checkup process on April 21, 2017 (medical checkup result of Tepian estate) attendees about 64 workers. Company also submitted medical checkup program for 2017, whereas the medical checkup will carry out yearly. 10. Company submitted records sprayer workers on behalf Hasni (chemical workers who not include in cholinestrace test) because she get leave during medi- 	
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				<p>cal check up conducted. For this condition, she will include in next cholinestrace test in 2017. Company also submit records cholinestrace test for semester II in 2017.</p> <p>11. Company submitted internal memo No.1453/HRD-CEN/IV/2017 dated on April 26, 2017 about revision of overtime letter with added new information about workers agreement statement for overtime acceptance in overtime form.</p> <p>12. Company submitted work agreement (SPK) between company with Suriana and Sumarni about designation both of workers from casual workers (PKWT) into permanen workers.</p>	
2.2.1	01043	<p>Previous nonconformity for field No.100A division VII Sentekan estate was include in forest conversion area (HPK) accordance to Forestry Ministry Decree No.718/2014 still not follow up by company as stated in correction and corrective action. This Major, re-raised again as Major (NCR RSPO00273).</p>	27-05-2017	<p>Correction:</p> <ol style="list-style-type: none"> 1. Carry out overlay between concession area and map of Forestry Ministry Decree No.718/2014. 2. Communicate to Estate official government and ask for recommendation letter against this condition. 3. Based on overlay result, estate proposed for new ID field number to CDC department. 4. Develop new ID field number for field number 100A in field identification system and decide this field is not certified (not include in certified area). <p>Corrective: Ensure all field concession area un-</p>	Closed

				<p>der Rea Kaltim group not include in forest area, and update all ID field number in company system also ensure that FFB came from field 100A will not include in certified raw material and product by FFB delivery note checking.</p> <p>Evidence:</p> <ol style="list-style-type: none"> 1. Company submitted letter No.DIR.REAKAP:0043/IV/2017 dated on April 25, 2017 about clarification letter to the Forestry Official Provincial Government. This letter also sent to Estate Official and Land Official Provincial Government of East Kalimantan. 2. Verification result of overlapping concession area between forestry map area, whereas field No.100A revised become field No.104A with total area about 1.42 Ha in Sentekan estate. 3. FFB delivery notes (SPB) dated on May 26, 2017 form filed No.104A completed with noncertified stamp. 	
4.6.1	01046	There is no records follow up process and/or argument from company against to cholinestrace test because found cholinestrace test from 3 person in Perdana estate, 13 person in Sentekan estate and 2 person in Tepian estate is highest identification.	27-05-2017	<p>Correction:</p> <ol style="list-style-type: none"> 1. Mutate/move all workers with highest cholinestrace test to nonchemical work. 2. Set the work instructions about evaluation cholinestrace test if found chemical workers with not good conditions. <p>Corrective:</p> <p>Ensure all chemical workers with high cholinestrace test result will not work in chemical area and shall transferred</p>	Closed

				to nonchemical work area. Evidenced: Company submitted policy No.072/MCD/IV/2017 dated on April 20, 2017 about cholinestrase test recommendation. This policy mentioned all workers if get high cholinestrase test based on medical checkup will not allow to carry out activity in related chemical. Mutate latterof workers with high cholinestrase test result from chemical work to nonchemical work.	
4.7.1	01047	Company could not show evidence against that OSH has implemented and documented, such as: <ul style="list-style-type: none"> - There is no records for OSH socialization for all workers level because still found in the field boiler operator, manual weeding in estate not complete PPE during on duty. - Investigation procedure not covered about near miss handling. - There is no record about investigation process conducted as required by company procedure. 	27-05-2017	Correction: 1. Carry out OSH socialization for all workers level including contractor workers. 2. Distributed all PPE based on PPE matrix requirement for all work location. 3. Revised SOP and add new information related near miss handling inside the new SOP. 4. Carry out investigation for accident based on accident categorized and kept the record. Corrective: 1. Ensure OSH socialization will conducted periodically to evaluate OSH understanding of all workers level and kept the documentation records. 2. PPE checking before work to ensure all workers complete with PPE required and conducted PPE inspection to ensure the workers still commit to used PPE in work field.	Closed

				<p>3. Ensure all near miss happen will handling based on new SOP about near miss handling, and carry out socialization for all foreman about near miss handling and records</p> <p>4. Ensure the unit manager will check investigation report every work accident and kept the follow up action.</p> <p>Evidenced:</p> <ol style="list-style-type: none"> 1. OSH socialization records conducted on April 19, 2017 with attendees about 23 person in POM, April 20, 2017 with attendees about more than 50 person in Perdana estate from all workers level complete with photograph, and so on. 2. PPE distribution form for manual weeding in Sentekan estate, Perdana estate and Tepian estate with PPE type distribute was gloove and googles, boiler operator in POM was ear plug, gloove, and helmet. 3. New SOP revised document No.REA.BPO.HSE.IBP Issue No.1 effective date in June 25, 2017 about Procedure of Hazards Source Identification, Risk, Assessment and Control. This procedure already add new information regarding near miss handling. 4. Both Mill and estate submit investigation record of all accident happen, such as investigation 	
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				record on behalf Karnidi in Mill, and so on.	
4.7.2	01048	<ol style="list-style-type: none"> 1. Both mill and estate has risk assessment identification document, but this document still not describe about residual risk handling. 2. There happened boiler maintained in mill, but there is no job safety analysis done for that activity. 	27-05-2017	<p>Correction:</p> <ol style="list-style-type: none"> 1. Revised the HIRAC document with added new information regarding residual risk assessment handling (R=ExP), so the risk residual could be estimated. 2. Develop job safety analysis for all activity not cover yet by HIRAC. <p>Corrective:</p> <ol style="list-style-type: none"> 1. Ensure the HIRAC document already complete with residual risk assessment, and the document already communicate to all workers level and implemented in work field. 2. Ensure all activity in both of estate and mill will cover by risk assessment identification include contractor activity in company work field and all identification risk will communicate to all workers level including contractor workers. <p>Evidenced:</p> <ol style="list-style-type: none"> 1. Company submitted new HIRAC document complete with residual assessment handling for all activity in the company for mill and estate. 2. Company submitted job safety analysis for contractor activity in company including boiler maintenance activity in the mill. 	Closed
4.7.3	01049	There is no sufficient evidenced that welder operator for boiler maintenance have competency certificate (SIO).	27-05-2017	<p>Correction:</p> <p>Communication with contractor regarding this issue for the next activity</p>	Closed

				<p>the contractor will deliver welder with competency certificate (SIO), and changed the welder operator without SIO.</p> <p>Corrective: Will communicate to related department when contract processing evaluation, that all OSH and legality compliance should become evaluation point.</p> <p>Evidenced: Company submitted evidence new welder operator with SIO with certificate No.8.505/JL/PNK3/XII/2013.</p>	
4.8.1	01051	There is no records training and socialization program regarding RSPO P&C already given to all workers level.	27-05-2017	<p>Correction: Carry out socialization regarding RSPO P&C to all workers level including casual workers.</p> <p>Corrective: Set periodically program regarding RSPO P&C to all workers level and ensure all workers level understand with RSPO P&C through evaluation program.</p> <p>Evidenced: Socialization record conducted on April 19, 20, 25 and 26, 2017 for all workers level both of mill and estate complete with attendant list and photograph activity.</p>	Closed
5.1.1	01052	Company have EIA document August 1998. On this document mentioned that timeframe for this EIA studies 18 years only (until August 2016). During 1ASA this document is not valid refer to timeframe studies.	27-05-2017	<p>Correction: Submit letter to Environmental Official Government regarding this issued to get recommendation.</p> <p>Corrective: Carry out evaluation against to environmental management and monitoring matrix periodically to ensure the</p>	Closed

				<p>matrix still relevant with current condition.</p> <p>Evidenced:</p> <ol style="list-style-type: none"> 1. Recommendation letter from Environmental Official Regional Government No.660.1/408/BI.1/BLHD/XI/2010 dated on November 08, 2010 mentioned the company required to develop DELH (Environmental Evaluation Document) or new AMDAL (EIA document) as references to carry out environmental management and monitoring. 2. Recommendation letter from Environmental Ministry of Republic of Indonesia No.B-9912/Dep.I/LH/12/2010 dated on December 31, 2010 mentioned the company required to revised the environmental management and monitoring (RKL-RPL) document only and report to Environmental Official Regional Government. And the company already revised the RKL-RPL and also reported to Environmental Official Regional Government. 	
5.2.1	01053	HCV document assessment in Tepian estate not available in place.	27-05-2017	<p>Correction: Carry out contract with HCV consultant to conduct the HCV assessment for Tepian Estate.</p> <p>Corrective: Ensure the HCV assessment for the Tepian estate are comply with HCV toolkits.</p> <p>Evidenced:</p> <ol style="list-style-type: none"> 1. Desk study/Preliminary study re- 	Closed

				<p>port for HCV assessment, on November 28, 2017 by Aksenta.</p> <p>2. HCV assessment schedule will be conducted on November 29 – December 6, 2017, complete with assessor name.</p> <p>3. Agreement document No.017/LGL-SYB/XI/2017 about HCV and LUC assessment agreement between PT SYB with Aksenta Consulting.</p>	
5.2.5	01054	There is no record agreement with local community against HCV area set-aside with local community rights. Raised as Major from Minor. Previous NCRRSPO00286.	27-05-2017	<p>Correction: Carry out negotiation with local community regarding location some HCV area site-aside with local community rights to develop together commitment for HCV management.</p> <p>Corrective: Conducted periodical socialization regarding HCV management plan together commitment and ensure all HCV area site-aside with local community will communicate to related local community to develop understanding about HCV.</p> <p>Evidenced:</p> <ol style="list-style-type: none"> 1. MoU No.006/REA KON-NKP-HCV/V/2017 on May 25, 2017 between company with Perdana village about HCV management commitment together. This MoU signed by company and community representative. 2. MoU No.004/REA KON-NKP-HCV/V/2017 on May 25, 2017 between company with Pulau Pinang village about HCV management commitment together. 	Closed

				This MoU signed by company and community representative.	
6.5.1	01055	Company could not show evidence overtime more than three hours was give extra fooding with 1400 ccal minimum requirement by regulation No.102/2004 Arc 7.	27-05-2017	<p>Correction: Set internal memo for extra fooding company regulation with 1400 ccal for more than three hours overtime.</p> <p>Corrective: Ensure the internal memo about extra fooding will implemented and the record for extra fooding distribution will kept.</p> <p>Evidenced: Company submitted the internal memo/policy regarding extra fooding for overtime with policy No.1453/HRD-CEN/IV/2017 dated on April 26, 2017 and signed by Head of Estate and Head of HR.</p>	Closed
6.7.1	01057	Company could not show evidenced regarding minimum ages requirement for employee to all third party.	27-05-2017	<p>Correction: Carry out socialization about age requirement for employee to all third party workers.</p> <p>Corrective: The unit manager should control there is no under age work in the company as required by regulation.</p> <p>Evidenced: Company submitted the record of socialization under age requirement for third party conducted on April 18, 2017 attendees about 15 person from per each estate.</p>	Closed
6.13.1	01058	There is no evidence that human rights socialization already communicate to third party.	27-05-2017	<p>Correction: Carry out socialization about age requirement and human rights policy for employee to all third party workers.</p> <p>Corrective: The unit manager should control</p>	Closed

				<p>there is no under age work in the company as required by regulation, and also there is no human rights broken by company and third party.</p> <p>Evidenced: Company submitted the record of socialization under age requirement and human rights policy for third party conducted on April 19, 2017 attendees about 20 person from per each estate.</p>	
8.1	01059	Company could not show evidence continuous improvement example for waste management is not comply to regulation, OSH implementation and workers infrastructure still need more attention.	27-05-2017	<p>Correction:</p> <ul style="list-style-type: none"> - Ensure the waste handling management refer to regulation and procedure, and carry out brief to all workers level regarding waste management. - Company carry out law and regulation identification and evaluation to ensure the compliance of regulation. - The unit manager should ensure the complaint handling management implemented and documented. <p>Corrective:</p> <ul style="list-style-type: none"> - Carry out periodically brief regarding hazardous/waste handling management to all workers level. - Issued management commitment through the recommendation result based on law and regulation compliance. - Ensure the housing budget maintenance already include in budget and develop pro- 	Closed

				<p>gram to maintain the workers housing periodically.</p> <p>Evidenced:</p> <ul style="list-style-type: none">- Company submitted records of hazardous and waste handling by picking the waste and disposed to hazardous temporary store.- Records of law and regulation evaluation and training records regarding to OSH training and briefing.- Minutes of housing maintenance dated on April 22, 2017 in Perdana estate complete with photograph.	
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3.3.2. Minor non-conformities

Indicator	NCR No.RSPO	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken/	Auditor Conclusion
1.3.1	01041	Company could not show evidenced regarding briefing/socialization of code of ethical conduct to the third party in the estate.	13-04-2018	Correction: Carry out code of ethical conduct brief to all third party workers and third party companies who was work with Rea Kaltim plantation. Corrective: Brief program should available yearly and also installed the brochure in the information board.	Closed
2.2.5	01044	There is no records that land disputes in Perdana and Tepian estate has mapping with participatory mapping methods.	13-04-2018	Correction: Carry out identification with involved the third party (community and government) regarding land dispute. Corrective: Ensure the every land disputes will identified with participatory mapping periods and involved the third party/related stakeholders.	Closed
4.1.3	01045	Found inconsistency in correction and corrective action for all monitoring evaluation result of procedure.	13-04-2018	Correction: Carry out monitoring against to monitoring evaluation result of SOP accordance to procedure for operational monitoring for estate and mill. Corrective: Ensure the SOP will implemented and all evaluation monitoring record will kept properly.	Closed
4.7.6	01050	Company could not show medical surveillance periodically for all workers level.	13-04-2018	Correction: Carry out medical surveillance periodically to all workers level. Corrective: Ensure the medical surveillance will periodically implemented and the result will follow based on medical suggestion.	Closed
6.5.3	01056	Based on field assessment in Perdana and Tepian estate housing area found the housing condition was not in good condi-	13-04-2018	Correction: Carry out repair activity for housing with priority scale based on housing	Closed

		tion, and some of number workers already report to the company but there is no follow up process from company.		condition and budget financial condition. Corrective: Complaint handling for employee will ensure completely by record handling complain and time frame to handling.	
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It is recommended by the lead auditor to award the system of the company a certificate pursuant to the above-mentioned RSPO standards. The non-conformities identified shall be audited again in line with the timeframe during the next surveillance audit.

3.4 Description of RSPO Supply Chain Management System November 2014.

E.1 Definition

Findings:

Based on 1st surveillance assessment, Perdana Palm Oil Mill will implemented the RSPO SCCS Modul E (Mass Balance). This system will allow the palm oil mill to receive certified and uncertified FFB in one time and/or produce the certified and uncertified product in the same time, and keep in the product storage tank together, but shall be control under mass balance system, to ensure the certified raw material until certified product still treace and recorded, and only certified product can be claime as a certified product.

Based on information in production and mass balance records 2016 (accordance to the SCCS certification issued date on June 6, 2016 until April 12, 2017) for certified raw material process and certified product produce, whereas FFB certified receipt from owned supply based (Perdana, Sentekan and Tepian estate) about 35,661.22 mt, equivalent with CPO certified production about 7,270.49 mt, and PK certified production about 6,562.684mt, and PK certified sent to Cakra Kernel Crusher about 5,148.12 mt.

Until during the 1st surveillance assessment, Perdana palm mill did not claimed any certified product sold under RSPO IT platform (E-trace).

Compliance status : Full Compliance

E.2 Explanation

Findings:

Perdana Palm Oil Mill has record of estimated certified products production (CPO and PK) that could potentially be produced from owned estate under Perdana supply based/audit scope such as: Perdana, Sentekan and Tepian estate. Also, this estimation was include in long term production budget. The estimated certified production will presented on the public summary in Table 4.

Perdana Palm Oil Mill has registered in RSPO IT Platfrom (e-Trace) with registered No. RSPO_PO1000000143.

Compliance status : Full Compliance

E.3 Documented Procedures

Findings:

SCCS MB implementation in facility, whereas the procedure No.REA.BPO.SUS.MRP issue date on May 25, 2016, Rev00. This procedure explained more about how to handling certified and noncertified raw material PK, what kind of document should be complete identified by person incharge when facility receive certified raw material, such as FFB delivery note shall be complete with RSPO SCCS stamp, or others identification set by procedure. Procedure also explained about third party activity, complaint handling, non-conformance product/document handling, conversion factor, review management and others.

Procedure also mentioned about three monthly basis period to check the mass balance report, procedure also mentioned clearly retention time for RSPO SCCS documentation and explained about jobdesc for all person incharge againts RSPO SCCS MB in the facility.

This procedure mentioned about receiving and processing certified and noncertified FFB's from incoming raw material until dispatch process to the buyer.

Compliance status : Full Compliance

E.4 Purchasing and goods in

Findings:

During 1st surveillance audit, Perdana palm oil mill has record of FFB incoming and FFB process since June 2016 and April 2017. Based production record, Perdana mill has separately in mass balance record between FFB owned estate and outgrowers. Because Perdana mill implement RSPO SCCS MB, the mill not separately in mill process between certified and noncertified raw material and product, but mill already control in mass balance record.

Only FFB come from Perdana, Sentekan and Tepian estate claim as a certified FFB source under Perdana mill audit scope.

Total FFB certified receipt since June 2016 until April 2017 about 35,661.22 mt, equivalent with CPO certified production about 7,270.49 mt, and PK certified production about 6,562.684 mt.

Perdana palm oil mill has mechanism to infor the CB if any over production projected through the email, but during the 1st surveillance assessment, Perdana mill not produced above the limit volume as a mentioned in last certificate.

Compliance status : Full Compliance

E.5 Record keeping

Findings:

During 1st surveillance audit until April 13, 2017, there is no any certified product (CPO) sell by company under RSPO IT Platform. Also based on Mass balance records, there is no any certified product sold by company, but Perdana mil has record certified product (CPO) transferred to bulking in the mass balance report.

Compliance status: Full Compliance

3.5 Identified Non-conformance against to the RSPO Group Certification Requirement and Smallholder Principle and Criteria against to the RSPO P&C 2013.

During 1st surveillance process, the Kahad smallholder based on company letter No. 008/EXT/REA/SUST/V/2016 dated on May 23, 2016. This letter explained about Management commitment that the Kahad Smallholder excluded during 1st surveillance process, and will include in surveillance certification process in timebond plan (will carry out on June 2019), then during the 1st surveillance audit the Perdana POM already carry out communication and training to the Kahad smallholder this training done on January 2017. But based on communication with the Smallholder manager the company still have problem with the smallholder related financial problem.

3.6 Identified Non-conformances against RSPO SCCS Requirements, Corrective Actions Taken and Auditors Conclusions.

During the re-certification assessment audit, there are found 2 major non-conformities found regarding RSPO SCCS requirement as explained on the following summary of identified non-conformances, corrective actions taken and auditor conclusions.

E.2 Explanation

NCR RSPO00294

The company could not showed the RSPO IT platform (e-Trace) number and sales process with e-Trace used.

Correction:

Carry out transaction tracking through the book and claim in the e-Trace system.

Corrective Action taken:

Ensure all sales activity will use and update via RSPO IT Paltform (e-Trace) system.

Verification result:

Perdana palm oil mill submitted the evidenced of mass balance record tracking from 2012 until 2016 April. This mass balance record was covered the tracking system recorded to ensure every sales activity will record into this template system.

Auditor Conclusions : Closed

Date of closure: July 12, 2016

E.5 Record keeping

NCR RSPO00295

Found the dispatch certified product activity in 2015 about 20,000 mt to the Unilever based on payment request slip document as mentioned above, but this activity did not reduce the certified product stock in 2015.

Correction:

Revise the mass balance system through reduction process for certified product stock as impact of certified CPO dispatch in 2015.

Corrective Action taken:

Ensure every dispatch process will be based on RSPO IT platform (e-Trace), and will monitor periodically.

Verification result:

Perdana palm oil mill submitted the evidenced of mass balance record tracking from 2012 until 2016 April. This mass balance record was covered the tracking system recorded to ensure every sales activity will record into this template system, and also the current data until April 2016 showed was compliance with updated data.

Auditor Conclusions : Closed

Date of closure: July 12, 2016

3.5 Noteworthy Positive Components

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3.6 Issues Raised during Stakeholder Consultation Meeting

Below is a summary of issues raised by stakeholders interviewed during stakeholder consultation meeting:

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
1.	Sub District Head of Kembang Janggut Districts	<p>a. The waste stream from satria estate has been brought</p> <p>b. There are 4,000 Ha of land surrounding communities that</p>	<p>a. Verification has been done by the people, facilitated by village officials linked and preventive and improvement actions has been done. Pollution is not proved.</p> <p>b. Those thing has been known and become a concern</p>	Under Cakra POM

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		has been entranced.	of the official government authority (Pemda&Disbunhut) on settlement process and proposal to the related ministries.	
2.	Mr. Sirah Judi Kelekat Village	<p>What is RSPO?</p> <p>a. We are directly adjacent to the development of "kebun inti" and "plasma".</p> <p>b. Problems are include: labor, work field, the mutation of population movements whether those things has a direct impact.</p> <p>c. How will the community garden can get a high score? Do they</p>	<p>a. PT Rea Kaltim has developed the Smallholderplantations (Kahad & Etam) PPMD programly for accomodate the independent farmers and socialization and training has been carried out by SNV for the independent farmer around PT REA.</p> <p>b. Based on the data from PT Rea Kaltim HRD, that the local workers absorption including the villages around company reaching up 20%. If there is a termination of employment (local workers) this is caused by a few factors behind, like a local workers case that has done a violations of disciplinary, crime action and has been scouted based on the existing rules before the termination of employment if it necessary.</p> <p>c. An incentive socialization for the public especially smallholder, in this</p>	<p>During the re-certification assessment, Kahad Smallholder was exclude from the audit scope, because they doesn't have any record/document activity, and the group certification not run properly, but still under company managemet. And the company commit the smallholder will include in certification assessment audit after three years from certificate accept by company estate.</p> <p>During the re-certification process, this case already confirmed to the company management, then company management still under process to developed a good relationship to handle this condition.</p> <p>During the re-certification process, there is no evidenced can proved by</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>need to have a certificate?</p> <p>d. There is no sort of RSPO socialization to our village (Kelekat Village). There is a factory in Kelekat Village.</p> <p>e. Palm mill needs a lot of water for their operation. Water source come from Belayan river. The waste stream are discharge into Belayan river. Please explain about the dumping of waste into the river that has been conducted by the factory. How about the mechanism of waste disposal into the river?</p> <p>f. Whether the river</p>	<p>case the administrators and members of cooperative related to the RSPO mechanism and also the benefits that have been done and will be incentive periodically.</p> <p>d. Paralel with point c explanation that the socializationfor public around especially independent/cooper ative farmer have been daone by SNV on 2014 and the middle of 2016. Besides, Ds Klekat publics also a part of REA employees that have earned RSPO socialization.</p> <p>e. An information related to wastewater discharges into Belayan River are not true, the wastewater were applied through the application land with the using permit of Regent. The issue of leaks in waste ponds that has went into the trench and carried by to the Belayan river. On this case, PT Rea Kaltim has been doing the corrective and preventive actions in order to resolve those matter. Those issue has been verrified by BLHD, public and PT Rea Kaltim on April, 20th 2016 with the result that all of the allegations that have been submitted by the public is not true.</p> <p>f. That is not true if</p>	<p>company about this activity, because there is no any record could not proved.</p> <p>During the re-certification process, there is no evidenced can proved by company about this activity, because there is no any record could not proved.</p> <p>Under Cakra POM</p> <p>Under Cakrea POM</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>water that has been mixed with the liquid waste that has discarded back to the Sei Belayan from COM are save for being use by communities around the river?</p> <p>g. Is that true the clean water supplies will be stopped by PT REA?</p> <p>h. Comdev department program is expected to be better planned and programmed, because there are a few ride helps to the program from village/ government, so there is a overlapping program.</p>	<p>COM was disposing the wastewater into Belayan river. The entire wastewater of CKM has been applied to the block, based on the using permit and the waste water testing has been done periodically.</p> <p>g. PT Rea Kaltim still continuing the water supply program, but in their regular management are expected that the villager can do it by self-managed.</p> <p>h. Basically, Comdev program were arranged beased on the communication and coordination with the local village officials. But, as a form of repairing, companies have conducted SIA studies and also in establishing the comdev program through stakeholders participant are be adapted with the needs and conditions of the company.</p>	<p>During re-certification the management not stopped this program, but company has side program to developed the community to maintain their water supplies.</p> <p>This already confirmed related to this case, this is was misunderstanding, because the company already communicated to the government about CSR program.</p>
3.	-	<p>On 4-5 years ago, RSPO has been done a socialization. There is Cakra factory on Kelekat Village. REA Kaltim existence:</p> <p>a. So far, on TBS purchasing it refers to the decision of "Dinas Perkebunan" but there are a few things that we need to say, where our expectations are with the existence of the factory it will give a</p>	<p>a. Labor recruitment, especially local labor have been done by PT Rea Kaltim. Based on the data, untill June 2016 that the labor who works on Cakra Oil Mill from Klekat village are 22 people or 11.6% form the total labor,</p>	<p>Under Cakra POM</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>priority of the local workers especially on Kelekat Village.</p> <p>b. Eight months ago that has been a big work terminations (19 people from Kelekat Village) which occurred at the factory from Kelekat villager.</p> <p>c. The liquid waste that has been dumped has contaminates 3 rivers.</p> <p>d. The company has been providing clean water facilities for Kelekat Village. Those aid are really helpful the villager.</p> <p>e. As the information</p>	<p>not included those who works on the estate.</p> <p>b. The background of workers termination can be explain as follows, related to the efficiency that has been done by COM, from three shifts to two shifts, so there are an excess labor in some parts and it makes some of the labor are being transferred to PM, but these employees felt objected and their asked to be dismissed in accordance with applicable regulations, that's why the company have to make a work termination by giving severance in accordance with the provisions of Law number 13 of 2003.</p> <p>c. The river in question are Loa Tegok river; Bongkal river; Berasau river. PT Rea Kaltim did not throw away their operational waste into the river. The factory waste has been recycled first on IPAL before being used for liquid fertilizer on estate application land based on the using permit of COM liquid waste.</p> <p>d. The company hope that Kelekat villager can take care and also maintain all of the facilities.</p> <p>e. The context are for</p>	<p>Under Cakra POM</p> <p>Under Cakra POM</p> <p>The company already has program to do this, but financial reason, the company hold this program for several time.</p> <p>During re-certification</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>we have, clean water facilities from the company to the villager will be abolished. On this occasion, we are begging for clean water supplies should not be removed.</p> <p>f. There are several programs that has been created by the company for the village program and government.</p> <p>g. Related to third party FFB that has been sold to the factory. Now, there is no clear gradation has done by the manufacturer.</p>	<p>the water facilities operational it can be done by the self-managed communities. In this case, company had already help for the network development and water facilities.</p> <p>f. Basically, the comdev program has been compiled based on the communication and coordination with the local village officials. But, as an improvements, company has already done SIA studies and as well as in establishing the comdev program through stakeholders participant are tailored to the needs and conditions of the company.</p> <p>g. The implementation of the grading has been conducted in accordance based on the rules and procedures including the socialization of FFB grading mechanism. And this thing will be done transparency, periodically and involving the relevant agencies.</p>	<p>process, the company already commitment to help the community about clean water supplies.</p> <p>The company already has program to maintained the community development through the Comdev department.</p> <p>The companies procedure has done communicate to the third party FFB source about grading process mechanism.</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
4.	Mr. Limbong (Long beohalok Village)	<p>a. The issue of FFB grading, especially personnel that doesn't look professional gradation.</p> <p>b. Now, for sending fruits to the factory it will take a long time. How about the solutions?</p> <p>c. We realized that we have been gardening on the regional areas.</p> <p>d. There are complaints related to the TBS pricing by the government.</p>	<p>a. Grading personel has been given the training of a way to sorting TBS and grading standard has been communicated to the related side.</p> <p>b. The queue is conditional, if there is a delivery/CPO loading.</p> <p>c. Those subject has been known and become a concern of the official government authority (Pemda and Disbunhut) on the settlement and proposals process to the related ministry.</p> <p>d. PT Rea Kaltim has obey to the TBS pricing by Official Government.</p>	<p>This issued will be communicate to the communities as a third party FFB's supplies such as grading process, and others. For FFB third party pricing was compliance with FFB pricing regulation issued by Official Government.</p>
5.	Perdana Head Village	<p>Related to PPMD problems on Perdana Village around 1000, but there's only around 161 Ha.</p>	<p>PPMD land area, 1.561 ha is for the whole cooperative participant PPMD & independent smallholders.</p>	<p>The company developed PPMD (smallholder) by the company for communities.</p>
6.	Kepala Desa Long Ble modang	<p>Related to TBS criteria Where will the result of grading and TBS that has been grading discarded?</p>	<p>TBS unexpected sorting result with standard are still be treated, this things has already been agreed between the cooperative/ farmers and the company in SPK buy and sell of TBS. However, socialization and communication will be improved.</p>	<p>Under Cakra POM</p>
7.	-	<p>a. Biogas problem</p>	<p>a. The company has already developing the electricity program to the villages through biogas technology that covered Kembang Janggut district and Tabang, Kenohan.</p>	<p>The company developed elctricity for communities by the Biogas development.</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>b. Clean Water</p> <p>c. POM waste</p> <p>d. The nursery seeding that has been done by REA Kaltim on the riverbank has been planted with oil palm.</p> <p>e. There is a hoarding of cake waste. The waste has been discarded on swamp.</p>	<p>b. Clean water program become a concern of PT Rea Kaltim has been adapted with the situation and the community needs condition.</p> <p>c. POM has managed the waste based on the statutory provisions applicable. The whole liquid waste has been applied through the land application with a using permit from Regent. Those leaks in sewage pond and get into trench and been brought to the Belayan river issue. In this case, PT Rea Kaltim has done the corrective action and prevention for resolving those problems.</p> <p>d. Those issue has been verified together with BLHD, people and PT Rea Kaltim on April, 20th 2016 with a result that the whole supposition that has been delivered by the people are not true.</p> <p>e. The area in question is an ex nursery area of PT REA which in Long Seng which was a dock permit of PT REA which is currently has not being used for now because PT REA using Pulau Pinang dock, so that area are being planted for avoiding the claims from communities, besides those area already been excluded from the</p>	<p>The company already provided clean water to the community.</p> <p>Based on Environmental Official Government checking there is no environmental pollution by the company proved. Because the company used land application for POME management, and did not disposal to the environmental.</p> <p>There is no evidenced that the company planted inside the river bank.</p> <p>Under Cakra POM</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>f. How about the transparency related to the existing conservation area on REA Kaltim?</p> <p>g. There are tree plantings on the riverbank of 100 Ha approximately.</p> <p>h. Labor: can provide information to the community. The influx of employees from outside the village who don't giving a report to the village. (Lestari garden)</p> <p>i. Please, PT REA made a complaint box. How will the mechanism related to the complaint.</p>	<p>RSPO certification scope.</p> <p>f. Land application (organic fertilizer) on HGU company area (not in lower area) which in rainy season the runoff from cake application has been flowed to the public land (which are actually is the company land and in the HGU. The process and stages of handling issues has been done together with the people and already finish.</p> <p>g. PT Rea Kaltim has already done the socialization to the stakeholders related to the HCV existence in the company.</p> <p>h. It will be follow up in accordance with the HCV developing program.</p> <p>i. It will be follow up by the HRD for the next process.</p> <p>j. It will be follow up by HRD & DVA. Where it become the first stage of PT REA Kaltim that has already done the socialization of external complaints handling procedures to some stakeholders and will be followup to the whole affected village.</p>	<p>The company already commit about conservation area to maintained with communities together, but, the community hope this area will be able to planted.</p> <p>During the re-certification process, the company showed the evidence of the HCV communication to related stakeholders.</p> <p>Under Cakra POM</p> <p>Under Cakra POM</p> <p>Under Cakra POM</p>
8.	Syptoni, Member of BPD Perdana Village	PT REA Kaltim has to keep a good relation with the villager.	All this time, PT REA has been done a lot of programs in order to fostering a good	During re-certification process the company already maintained good relationship with

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
			relations with the stakeholders.	communities.
9.	Haridin, Long Beleh Modang Village	For 5 years, we already had a help from PT REA KALTIM through the CSR which are the clean water and genset.	It has been maintained with the CSR/ Comdev developing program through the involvement of affected communities.	Under Cakra POM
10.	Sirajuddin, public figure of Kelakat Village	<p>a. For recorded the communities FFB source</p> <p>b. Local workers priority</p> <p>c. Helping of palm oil seeds that has ready for planting whether personal or in group</p> <p>d. Optimizing the communities lands</p> <p>e. Increasing the participation of companies on education program</p> <p>f. More care to the</p>	<p>a. The company already had a FFB communities (third party) data collection procedures that will sel their FFB to the REA factory through cooperative/ partnership contract.</p> <p>b. Local absorption data untill June 2016, with a percentage of 20%. Will be follow up by an announcements reception of local workers tailored to the needs and skill levels.</p> <p>c. The company already had a seed aid program to the local farmers through the PPMD program.</p> <p>d. The company has developing PPMD program and also a TBS sell and buy cooperation based on the applicable provision.</p> <p>e. The company has developing the educational helping program for the poor family (Rp 5.4 million/year start from 2015). Besides, the company has a school and instructor facilities around company and can also send their children to the company school.</p> <p>f. The company has</p>	The company already recorded the FFB third party (communities FFB supplied) to the Perdana palm oil mill, and the company also has effort to fulfill the regulation related local workers.

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		environment and citizens healthy	made a commitment in order to developing the garden and factory based on the sustainability principle.	
11.	Kiham, kelakat head of customs	My heathlands including to the conservation area and has already measured, but until now it still not finished.	This time, those problem is in verification process by the Legal Dept.	During the re-certification the company stil under process to solved this.
12.	Masun, PJ.Tuana Tuha head of customs	<p>a. The lack of road maintenance that has been used by PT REA KALTIM for houling CPO operation, while they still used the PU/ public road.</p> <p>b. The aid for village road maintenance on 2015.</p> <p>c. The aid for traditional event on 2015.</p> <p>d. The aid carts for women empowerment, there are 10 pieces on 2014 and 4 pieces on 2015.</p> <p>e. The scholarship for poor family as much as Rp 5.400.000,00 each year started from 2015.</p>	<p>a. The road maintenance program has actually been done by PT Rea Kaltim, such as the heavy equipment alocation on the road to Pandamaran dock and also the road maintenance has been imposed to the CPO contractor that has been cooperate with PT REA, those things has been deal by the contractor and PT REA.</p> <p>b. It will be evaluated periodically.</p> <p>c. It will be evaluated periodically.</p> <p>d. It will be evaluated periodically.</p> <p>e. It will be evaluated periodically.</p>	Under Cakra POM
13.	Bakhtiar, Muai Village	<p>a. PT REA KALTIM are no longer doing the "sunatan masal (khitan)" for the communities.</p> <p>b. Slow responds for donation</p>	<p>a. Comdev program will be prioritized on developing and empowerment program.</p> <p>b. The mechanism of delivery an</p>	During re-certification program, this problem already confirmed to the company, this is beacuse financial reason, but if the financial condition

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>c. The public road is less attention, so many rivers are closed.</p> <p>d. The recruitment of workers are never been stated pulicly.</p> <p>e. There are never been held a training for communities/ workers as a prospective employees.</p> <p>f. For those who already work, our communities are really hard for getting a better achievement, meanwhile their service are already much.</p> <p>g. Communities reseidential areas to the factory had a radius around 2 KM, so it will cause an epidemics of baterial: - the flies - the mosquitos</p> <p>h. PT Rea Kaltim never did a fogging to the communities residential.</p>	<p>information respons and/ or complaint that has been assigned by the company and will be socialized to the community.</p> <p>c. It is not being a company responsibility for river improvement in village.</p> <p>d. It will be follow up by giving a reception announcement of local workers tailored to the needs and skill levels.</p> <p>e. The company has a training program for the employees candidate including the local workers on probational period.</p> <p>f. The company already had an evaluation and appraisal systems.</p> <p>g. The hiperkes company program has been run by the whole factory in PT Rea Kaltim</p> <p>h. It is already done the fogging program routinely in once per 6 month.</p>	<p>properly, the company will continue all CSR program.</p>
14.	Masrani, Long Bleh Haloq Village	<p>a. Lack of transparency to the communities/ village.</p> <p>b. Lack of coordination with the villager, they always make their</p>	<p>a. The policy socialization has already done, a relevant mechanism with communities.</p> <p>b. The policy socialization has already done, a relevant mechanism with communities.</p> <p>c. Company has</p>	<p>During the re-certification process, the company already procedure for transparency process to the community, and the company also has CSR program for communities.</p>

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>own decisions.</p> <p>c. About CSR, there it is, but it is unsatisfying the communities.</p> <p>d. With the existence of PT REA, people's economic are increased.</p>	<p>already create and implementing the Comdev program according to the needs and conditions of the company.</p> <p>d. It will be maintained and improved.</p>	
15.	BKSDA Kaltim	There is a plant of conservation training cooperate with the BKSDA	Conservation training has already done by BKSDA to the communities.	The company already proved the conservation training from BKSDA (official government).
16.	BAPPEDA Kab. Kutai Kartanegara	<p>a. Administratively, PT REA KALTIM is located on Kembang Janggut, Kutai Kartanegara.</p> <p>b. Based on Perda No. 9 2013 about "RTRW Kutai Kartanegara", PT REA KALTIM areal is located on plantation designation and the half of it location are including the HPK areal.</p>	The whole area of PT REA KALTIM are located in the clear & clean region including SK of area release.	During the re-certification process, this confirmed to the related official government, the problem because forest designation decree from related official government, but based on land use right lincese the company area was in other land use area.
17.	DISNAKER Kab. Kutai Kartanegara	<p>Mr. Wahianto as a HI staff on DISNAKER give a few information.</p> <ul style="list-style-type: none"> - There are several cases of work terminations on 2015 - Some of the workers said to the HI and PHI (Mr. Abdurrahman) because of this case, their severance are not appropriate. <p>Disnaker had given a written sugestion related to that case.</p>	For the worker termination problem, Mr. Abdurrahman Ingan and friends, are the work termination caused by the espiration of the workers agreement, but Mr. Abdurrahman Ingan was asking for his severance payment so this work termination was being submitted through the mediation on DISNAKERTRANS Tenggara and now it has already done with Mr. Abdurahman and friends rights were being paid in accordance with the recommendation of	During the re-certification process, the company already paid all of workers accordance to the regulation.

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
			DISNAKERTRANS Tenggarong.	
18.	BLHD Kab. Kutai Kartanegara	<p>a. PT REA KALTIM obey the administration</p> <p>b. PT REA KALTIM always accepted the socialization from BLHD</p> <p>c. There has been a good communication between BLHD and PT REA KALTIM</p> <p>d. PT REA KALTIM has done the reporting related to the environment routinely.</p> <p>e. On 2015-2016 periods, there are no reports about PT REA KALTIM related to the environment problems.</p> <p>Environmental issued that has been occurred on 2013, such as:</p> <p>a. Information that has been accepted by BLHD said that COM has been dumping the waste directly to the environment. Based on that information, BLHD made a visit to PT REA KALTIM. The result of their visited that the information are not true.</p> <p>b. PT REA KALTIM has been late for making a manifest LB3 sheet report on 2013.</p>	<p>a. It will be maintained and improved</p> <p>b. The cooperation will be improved</p> <p>c. It will be improved</p> <p>d. it will be maintained and improved</p> <p>e. The active communication will be improved and maintained.</p> <p>a. PT Rea Kaltim was consistent with the water waste management according to the provisions the existence laws and also improving the communication and coordination with the related sides.</p> <p>b. It will be maintained and improved</p>	The company already good communication and good relationship to the official government.
19.	Aidil Adha, Kepala adat LBM, Long Mahli RT 1, Desa Long Bleh Modong	<p>a. Tanah Ulayat demand, has not finished since 2012-2014</p> <p>b. The streams of the river are closed and has been</p>	<p>a. It has been followed up and confirmed to the related communities.</p> <p>b. There is no related issues.</p>	The company already program and effort to solve this problem, and for electricity, the company already developed the electricity line for 3

No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>channeled directly to the communities land</p> <p>c. There is no electricity in our village</p> <p>d. There is no clean water</p>	<p>c. The realitation of electricity program through biogas that has been covered up 3 districts (kembang janggut, tabang & kenohan), related to the electricity conection process and it become the responsibility of Government Electricity Official.</p> <p>d. It will be reviewed further according with the needs.</p>	<p>village, this maximum installment based on biogas production.</p>

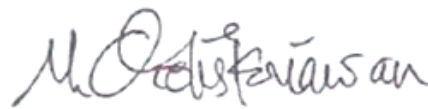
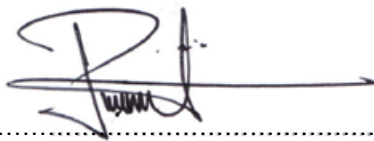
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

It is acknowledged that the assessment visit was carried out as described in this report and we accept the assessment findings and report content.

Signed on behalf of PT REA KALTIM

Signed on behalf of TUV Rheinland Indonesia



.....
Purwantoro
Head of Sustainability
Date: September 20, 2017

.....
Mhd Fundy C Kurniawan
Lead Auditor
Date: September 20, 2017

APPENDICES

Appendix 1: Details of Certificate

Certificate

Standard : Indonesian National Interpretation of RSPO Principles & Criteria for the Production of Sustainable Palm Oil; July, 2016 and RSPO Supply Chain Certification Systems: 2014

Certificate Registr. No. : 824 502 16045

PT TUV Rheinland Indonesia certifies :
Certificate Holder : **PT Rea Kaltim – Perdana Palm Oil Mill**
Pulau Pinang Village, Kembang Janggut Subdistrict, Kutai Kartanegara District, East Kalimantan Province, Indonesia
and its company owned estates according to the annex

RSPO number : -
Scope : Palm Oil Production and Plantation Management System

An audit was performed, Report No. ASA1_82450216045. Proof has been furnished that the requirements according to Indonesian National Interpretation of RSPO Principles & Criteria for the Production of Sustainable Palm Oil; July, 2016, and RSPO Supply Chain Certification System November 2014 are fulfilled.

Validity: The certificate is valid from 06-06-2016 until 05-06-2021.
The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland Indonesia.

RSPO registered parents company* : R.E.A. Holdings Plc (RSPO Member No. : 1-0045-07-000-00)

* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

Date of first certificate : 06 June 2011 issued by Control Union (Malaysia) Sdn Bhd



Indonesia, 20-12-2017

PT TUV Rheinland Indonesia
Director

The certificate remains property of PT TUV Rheinland Indonesia and can be withdrawn in case of terminations as mentioned in the contract or in case of changes or deviations of the above-mentioned data. The licensee is obliged to inform PT TUV Rheinland Indonesia immediately of any changes in the above-mentioned data. Only an original and signed certificate is valid.

Appendix 2: List of Abbreviations

AMDAL	<i>Analisis Dampak Lingkungan & Sosial</i> (Social & Environmental Impacts Assessment)
BPN	Land used Agency (Badan Pertanahan nasional)
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
CSPO	Certified Sustainable Palm Oil
EIA	Environmental Impact Assessment
ERTs	Endangered, Rare & Threatened species
ESH	Environmental Safety & Health
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
GHG	Green Houses Gases
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land Use Rights)
HIRARC	Hazard Identification, Risk Assessment and Risk Control
HPL	Land Manage Right (Hak Pengelolaan Lahan)
IPM	Integrated Pest Management
IK	<i>Instruksi Kerja</i> (Work Instruction)
LTA	Lost Time Accident
MSDS	Material Safety Data Sheets
MB	Mass Balance
NGO	Non-Government Organization
NIB	Building Identification Number (Nomor Identifikasi Bangunan)
OSH	Occupational Safety & Health
PKO	Palm Kernel Oil
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPKS	<i>Pusat Penelitian Kepala Sawit</i> (Oil Palm Research Institute)
RKL	<i>Rencana Pengelolaan Lingkungan</i> (Environmental Management Plan)
RPL	<i>Rencana Pemantauan Lingkungan</i> (Environmental Monitoring Plan)
SIA	Social Impact Assessment
SMK3	<i>Sistem Manajemen Kesehatan dan Keselamatan Kerja</i> (Occupational Safety & Health Management System)
SOP	Standard Operating Procedure
SPBUN	<i>Serikat Pekerja Perkebunan</i> (Estate Workers Union)
UKL	<i>Upaya Pengelolaan Lingkungan</i> (Environmental Management Efforts)
UPL	<i>Upaya Pemantauan Lingkungan</i> (Environmental Monitoring Efforts)


Appendix 3: List of Stakeholders Interviewed and Contacted

No.	Name of Stakeholder	Institution - Address	Remark
Stakeholders Interviewed On-Site			
1.	Winetou	Sustainability Manager	
2.	Imam Mujiono	Conservation Officer	
3.	Catur Soksianto	IRO Manager	
4.	Juliet	Weighbridge Officer	
5.	Desi Utari	OHS Committee secretary	
6.	Kudung Wasmuji	Division Assistant 01	
7.	Wahyu Dwi Hendra	Division Assistant 07	
8.	Ardiansyah	Harvesting Foreman	
9.	Tendri Dolong	Research	
10.	Yoyok	Sustainability	
11.	Elham Madzkury	Sentekan Estate Manager	
12.	Adriana Killa	Comdev Manager	

13.	Bimawan	Head of Assisstant	
14.	Suharyadi	Head of Assisstant	
15.	Teresa Leni	Sprayer	
16.	Yuliana	Manual maintenance worker	
17.	Catur Soksianto	Industrial relation	
18.	Nora Bina Manurung	Nurse	
19.	Ahmad Rian Wahuida	Sustainability officer	
20.	Sirojuddin	Kelekat Head village	
21.	Rusliansyah	Tepian Manager estate	


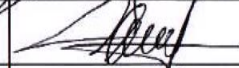


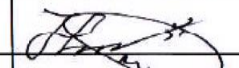
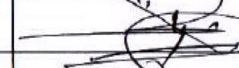
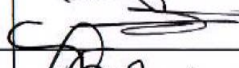
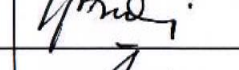



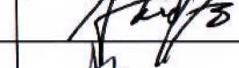
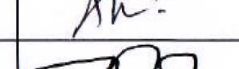
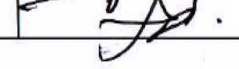
Appendix 4: Attendend list of stakeholder consultation meeting

List of participants
 STAKEHOLDER CONSULTATION

 TÜVRheinland®
 Genau. Richtig.

Client	Standard(s)	Certification Number(s)	Audit Type

Date	Location(s) / Production facility (ies)	Auditor	page/ of
10/05/2016			

Name:	Function: within the company (audit leader / auditor / environmental expert / trainee/ ...)	Participation		Signature:
		Opening meeting	Closing meeting	
ANSAR B.S	KADES LRM	002353250333		
MUKADI	LPM LBM	082148074158		
AIDIL ADHA	Kepala-adaT. LBM	081222412485		
Ahmad Dewé	Kades L. Mahli	085390834845		
HARIDIN	KALIA EPDLBM	082156613280		
H.M. Zulkipri	@amat K. Punggal	082166901233		
SAILI	Kades Muan	08134760000		
Sultaini	TORAH masyarakat	081347726946		
ABD MUIS	TOKGEM			
Bakhtiar	Masy. rmba	085246802325		
M. AG. Yusni	Pj. KADES	08533254110		
ARJOCHANSYAH	KETUA BPD	085250298842		
IRAWAN SUWANTRA	KT. LPM	085347914876		
Mastami	Pj. Kades - LONGBLEH MALOA	08122685335		







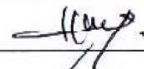


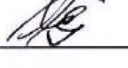
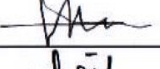
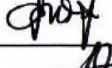

Revision 0.5 (2009-05-08)
 LBM = LONG BLEH MOOANG
 LM = LONG MAHLI

List of participants








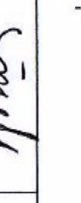
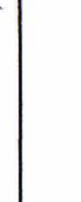



Client	Standard(s)	Certification Number(s)	Audit Type











Date	Location(s) / Production facility (ies)	Auditor	page/of







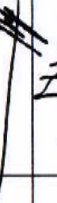



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	Ani	TKH IS MUDI	
	RABUDDIN	C. Kabas Bukit Lajang	

Appendix 5: Observations and Opportunities for Improvement

No.	Observations / Opportunities for Improvement	Criteria
1.	-	
2.	-	