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Roundtable on Sustainable Palm Oil Certification Audit

Report no.: CA_82450217062

Standard used the RSPO Principles & Criteria Generic year 2013, RSPO SCCS year 2014 and RSPO Group Certification (Generic), 2016

Name of client
PT Rea Kaltim Plantations
Cakra POM

Office :

Jl. Hasan Basri No.21 A, Samarinda, East Kalimantan Province 75117

Estate & Mill :

Kelekat Village, Muai Village, Kembang Janggut Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province

Date of assessment : August 08 to 12, 2016

Report prepared by :

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1.0 SCOPE of SURVEILLANCE AUDIT

1.1 National Interpretation / Standard Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against RSPO Principle and Criteria Generic year 2013 and the RSPO Supply Chain Certification Systems (SCCS) document (November 2014).

1.2 Scope of Assessment

The recertification audit was carried out on 1 (one) mill and 4 (four) estates under PT Rea Kaltim Plantations such as Cakra POM, Cakra Estate, Berkat Estate, Lestari Estate and Damai Estate.

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

1.3 Certification Details

The details of RSPO certification of PT Rea Kaltim Plantations – Cakra POM are as per the table below :

Table 1: Certification details of PT Rea Kaltim Plantations – Cakra POM

RSPO Membership no. :	1-0045-07-000-00 on behalf R.E.A Holding Plc since on 10 November 2005
RSPO Certificate no. :	824 502 17062
Date of first RSPO certificate & validity* :	-
Date of certification /re-certification audit :	August 08 to 12, 2016
Date of previous surveillance audit :	This is certification audit
Date of revised RSPO certificate & validity (if applicable) :	-
CPO tonnages claimed (tonnes)** :	66,556.00
PK tonnages claimed (tonnes)** :	13,907.00

Note :

*) First RSPO certificate (date & validity) is date on 6 June 2011 and valid until 5 June 2016 by other CB. During audit that RSPO certificate has expired so that we are not state on table above

**). Based on projection of FFB process, CPO & PK production (include extraction rate) year 2017

1.4 Location and Maps

Table 2: GPS locations for all estates and mills included in certification assessment

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Cakra POM	Kelekat Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 15' 55.2" N	116° 15' 59.1" E
Lestari Estate	Long Beleh Modang Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 23' 17.8" N	116° 10' 55.1" E
Cakra Estate	Muai Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 17' 07.6" N	116° 15' 55.1" E
Damai Estate	Kelekat Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 14' 57.6" N	116° 10' 36.2" E
Berkat Estate	Kembang Janggut Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 13' 11.3" N	116° 22' 22.1" E

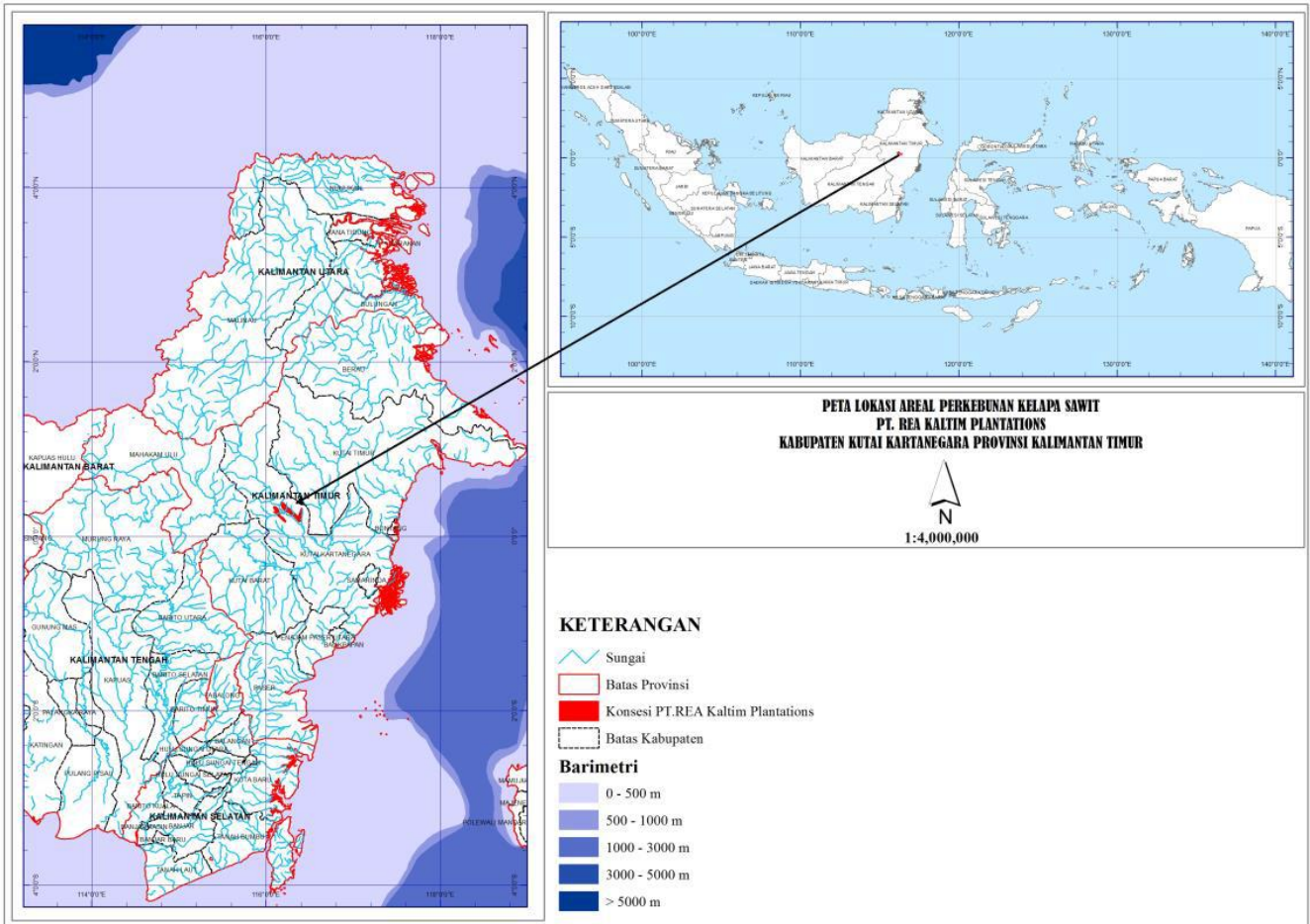


Figure 1 : Location Map of PT Rea Kaltim Plantations within East Kalimantan Province

Certification Audit Report
- PT Rea Kaltim Plantations_Cakra POM – East Kalimantan -

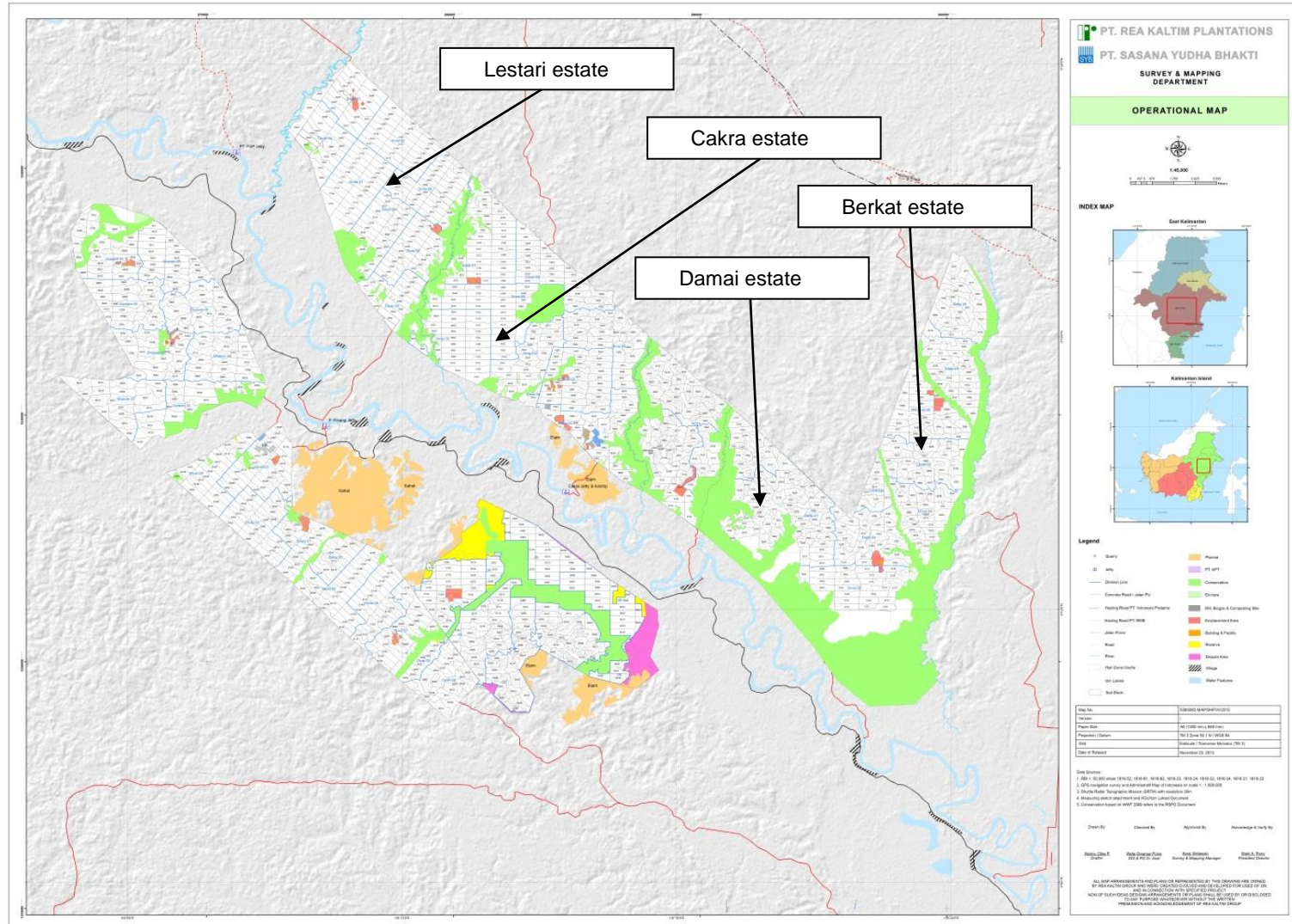


Figure 2 : Map of PT Rea Kaltim Plantations, Indonesia



1.5 Organisational Information / Contact Person

Contacts details of the company are as follows :

Company Name	PT REA KALTIM (Cakra 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

Cakra 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, Cakra POM received FFB supplies from 4 company-owned estates i.e.: Lestari, Cakra, Damai and Berkat estate, then also received FFB supplied from other's company owned estate i.e.: Kedoran Estate - PT Kutai Mitra Sejahtera. Then, Cakra POM also received FFB from village community empowerment program (PPMD) and independent smallholder & outgrowers.

The FFB supplies received from company-owned estates and other's company estate are as described below:

Table 3 : FFB Supply Information for Cakra POM in year 2015 (Jan to Dec) & 2016 (Jan to July)

FFB Contributors	FFB Received 2015 by POM		FFB Received 2016 by POM	
	Tonnes	%	Tonnes	%
Company owned estates :				
Lestari	1,052.77	0.40	1,029.36	0.81
Cakra	73,161.35	27.89	34,941.87	27.43
Damai	38,419.86	14.65	19,908.14	15.63
Berkat	116,997.03	44.60	49,347.75	38.74
Sub Total	229,631.01	87.54	105,227.12	82.61
Rea's group estate :				
Kedoran (PT Kutai Mitra Sejahtera)	5,024.53	1.93	5,764.56	4.52
Perdana (PT Rea Kaltim Plantations)*	257.08	0.10	0	0.00
Sub Total	5,281.61	2.03	5,764.56	4.52
Independent SHs & Outgrowers :				
Village community empowerment program (Program Pemberdayaan Masyarakat Desa)	25,520.49	9.73	15,843.01	12.44
Independent smallholders	1,846.75	0.70	545.20	0.43
Independent outgrowers	49.64	0.002	0.00	0.00
Sub Total	27,416.88	10.43	16,388.21	12.87
TOTAL	262,329.50	100.00	127,379.89	100.00

Note : *). Perdana estate is supply based from Perdana POM



1.7 Actual production volumes, tonnages and projected outputs.

Table 4 : Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from Cakra Palm Oil Mill.

	Amount	
	CPO	PK
Certified tonnages claimed (MT)*	54,696.00	9,747.00
Certified tonnages sold (MT)*	0.00	0.00
Certified tonnages purchased (MT)	0.00	0.00
Actual Production (MT)**	56,943.24	11,552.99
Extraction rate (%)**	21.71	4.40
Projection output for year 2016 (MT)***	73,884.00	14,173.00
Projection extraction rate (%)***	22.27	4.27
Projection output for year 2017 (MT)****	74,929.00	15,656.00
Projection extraction rate (%)****	22.90	4.79

Note :

* Based on previous license. There are not trading product (CPO & PK) year 2015 under RSPO and other scheme

** Data from January to December year 2015 (exclude lestari estate because it is not include from scope of audit)

*** Data from January to December year 2016

**** Data from January to December year 2017 (exclude of FFB from company owned estate (lestari estate) dispatch to other POMs under Rea group amount of 44,500 mt). Projection of FFB production year 2017 in Cakra POM is 331,871.00 MT (Certified FFB is 290,641 MT & Non-certified FFB is 41,230 MT) but processed is 327,204 MT (Certified FFB is 290,641 MT & Non-certified FFB is 36,563 MT).

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 : Age and year of plantings of company estate supplying to Cakra POM

Age & Year of Plantings	Oil palm planted area at each estate(ha)				
	Lestari	Cakra	Damai	Berkat	Total
5 yrs (2011)	0.00	0.00	123.00	0.00	123.00
9 yrs (2007)	0.00	0.00	0.00	2,143.00	2,143.00
10 yrs (2006)	0.00	0.00	716.00	2,347.00	3,063.00
11 yrs (2005)	0.00	0.00	1,290.00	0.00	1,290.00
12 yrs (2004)	0.00	3,190.00	0.00	0.00	3,190.00
16 yrs (2000)	0.00	874.00	0.00	0.00	874.00
17 yrs (1999)	0.00	0.00	0.00	0.00	0.00
18 yrs (1998)	638.00	612.00	0.00	0.00	1,250.00
19 yrs (1997)	1,097.00	0.00	0.00	0.00	1,097.00
20 yrs (1996)	1,016.00	0.00	0.00	0.00	1,016.00
21 yrs (1995)	874.00	0.00	0.00	0.00	874.00
22 yrs (1994)	193.00	0.00	0.00	0.00	193.00
TOTAL	3,818.00	4,676.00	2,129.00	4,490.00	15,113.00

There is oil palm replanting activities planned since year 2019 and 2020. Replanting plan has described on indicator 3.1 below

1.9 Area of Plantation (Total, Planted and Mature)

Table 6: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT Rea Kaltim Plantations – Cakra POM

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production* (tonnes)	Average yield/ ha
Lestari	4,520.00	3,818.00	3,818.00	0.00	78,605.00	20.59
Cakra	5,491.00	4,676.00	4,676.00	0.00	98,829.00	21.14
Damai	3,517.00	2,129.00	2,129.00	0.00	40,500.00	19.02
Berkat	7,472.00	4,490.00	4,490.00	0.00	115,933.00	25.82
TOTAL	21,000.00	15,113.00	15,113.00	0.00	333,867.00	22.09

Note :

* Periode January to December 2015

Table 7: Land use data for PT Rea Kaltim Plantations – Cakra POM

Estate Name	Total area (ha)	Oil Palm Planted Area (ha)	HCV / Potential HCV areas (ha)*	Land clearing area (ha)	Land used for other purposes (ha)			
					POM	Land occupation	Road, housing/ Drainage	To be developed
Lestari	4,520.00	3,818.00	515.00	0.00	0.00	0.00	187.00	0.00
Cakra	5,491.00	4,676.00	380.00	0.00	40.00	0.00	365.00	30.00
Damai	3,517.00	2,129.00	1,051.00	0.00	0.00	0.00	237.00	100.00
Berkat	7,472.00	4,490.00	2,568.00	0.00	0.00	0.00	414.00	0.00
TOTAL	21,000.00	15,113.00	4,514.00	0.00	40.00	0.00	1,203.00	130.00

Note : *) Conservation & reserves areas

1.10 Progress Against Time Bound Plan

Table 8 : 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.	2016	In progress
PT Kutai Mitra Sejahtera (KMS)	Senyur Village, Muara Ancalong subdistrict of Kutai Timur district. East Kalimantan Province	2017	
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	



Table 9: New Development Area under Rea Kaltim

Name of Holding	Location	Total area	NPP Status according to RSPO NPP procedure
-	-	-	-

1.11 Compliance to Rules for Partial Certification

Compliance of the uncertified management units of Wilmar Plantation Limited against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by submission self assessment report. A summary of findings is as stated below.

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.	Yes, PT REA KALTIM is member of 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 provided result of the self-assessment for all units entering estate and mill at the time bound.
(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified	PT REA KALTIM has a time-bound plan to achieve RSPO certification for all relevant entities.
(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure	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. REA immediately suspended land clearing in PT 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) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	There some land conflict area in ve 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 certification assessment (Perdana POM & their supply based) that this condition was raised as a nonconformity and was solved.
(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labour issues were found during this certification audit.
(h) Legal non-compliance, if any, are being resolved in accordance with the legal re-	Found legal non-compliance during the certification assessment process, was planted outside land used rights



Partial Certification Requirements	Audit Findings
quirements, with reference to RSPO criteria 2.1 and 2.2.	(HGU) in filed number 030B, 040E, 040F and 040G. This area was raised as a nonconformity and was solved.

1.12 Progress of associated smallholders or outgrowers towards RSPO compliance:

Cakra Palm Oil Mill has commitment to include the smallholder on behalf Etam Bersatu Smallholder (Koperasi Etam Bersatu) to get the RSPO certified within in 3 years after the Cakra 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 Etam Bersatu smallholder will plan to get certification on June 2019.

1.13 Approximate Tonnages Certified

Based on projection of the volume of FFB production year 2017 from company owned estate (Lestari, Cakra, Berkat & Damai estate) is **290,641.00 mt** (exclude of FFB from company owned estate (Lestari estate) dispatch to other POMs under Rea group) with extraction rate are 22.90% (OER) and 4.79% (KER). Approximate tonnages certified are as follows :

Crude Palm Oil (CPO) : **66,556.00 MT**
Palm Kernel (PK) : **13,907.00 MT**

1.14 Recommendation for RSPO Principles and Criteria and Supply Chain Certification

Cakra Palm Oil Mill and supply based has established and maintains 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 Generic 2013 and Supply Chain Certification System requirements (dated November 2014). TUV Rheinland Indoneisa recommends that Cakra POM to be approved to get certification of compliance RSPO Certified Sustainable Palm Oil.



2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT 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 500 locations in 65 countries on all five continents. PT 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, RSPO (RSPO-ACC-013) and ISPO (LS-P&K-005-ISPO). PT TUV Rheinland Indonesia 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:

Name	Position	Qualifications / Experience
Hendra Fachruzozy	Lead Auditor	<p>Education: Bachelors Degree in Forestry - Bogor Agriculture Institute, Indonesia, (1995 to 2000).</p> <p>Trainings attended: ISO 9001 : 2008 lead auditor course - Neville Clark (2011), ISO 14001 : 2004 lead auditor course - TUV Rheinland Indonesia (2011), SMK3 auditor course – Department of manpower and transmigration of the Republic of Indonesia (2009), Sustainable Forest Management (SFM) – Forestry Education and Training Centre (2010), Timber Legality of Verification - Forestry Education and Training Centre (2010), RSPO Lead Auditor Course – Pro Forest & Wild Asia (2011), RSPO SCCS Lead Auditor Course – David Ogg and Partners (2012), ISPO Lead Auditor Course – Indonesian Sustainable Palm Oil Commission (2012), RSPO RED Lead Auditor Course – RSPO & Brinkman Consultant (2013).</p> <p>Working experience: Experienced as Junior Consultant at PT Surveyor Indonesia (2002 s/d 2010), assessor for SFM –mandatory (PHPL & PHTL), assessor for industry performance assessment (IPHHK)-mandatory, auditor for Timber Legality of Verification, auditor for SMK3, auditor for QMS and EMS and auditor for RSPO & ISPO at TUV Rheinland Indonesia.</p>
Ade Sudiana	Auditor	<p>Education: Bachelor of Forestry, Faculty of Forestry, Bogor Agricultural University</p> <p>Trainings attended: Lead Auditor course 2015 - Neville Clark; ISO 9001, Awareness training of ISO 9001, 14001 and 18001, inhouse training of ISO 19011 and ISPO, Training of Assessor for Sustainability Natural Forest Management (SFM) by The Indonesian Ecolabelling Institute (2008), Training of Auditor for Sustainability Forest Management By center for Educational and Training of Forestry, Department of Forestry (2010), Examination of competency for auditor of Sustainability Forest Management by Personal Certification Body-Rhino (2014), Training of Auditor For ISPO (2016) by ISPO Commission</p> <p>Working experience: Consultant and Trainer of : Quality Management System (ISO 9001), Environment Management System (ISO 14001), Safety Management System (SMK3/ OHSAS 18001), ISPO (Indonesian Sustainable Palm Oil), Consultant and trainer in PT FOCUS (2008-2016) ; Auditor of SFM in PT Forestcitra Sejahtera (2008-2016); Auditor of SFM, RSPO and ISPO , Auditor in PT TUV Rheinland Indonesia (2016-now)</p>
Budi Setiawan	Auditor	<p>Education: Bachelors Degree in Forestry - Bogor Agriculture University, Indonesia, (2004 to 2008).</p>

Name	Position	Qualifications / Experience
		<p>Trainings attended: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Course by Komisi ISPO, Quality Management System (QMS) Auditor/Lead Auditor by IRCA (ISO 9001:2008), Environmental Management Systems Auditor/Lead Auditor Conversion Training by IRCA (ISO 14001-2004), Calculation of Green House Gas at Palm Oil Plantation by Komisi ISPO, SVLK Auditor Training by Ministry of Forestry, CoC Auditor by LEI, PUB and Café training by ministry of tourism.</p> <p>Work experience: Staff RSPO in PT MAS (2008-2009), Staff Planning & Analysis in PT Bakti Sukses Mandiri (2009-2010), PT Mutu Hijau Indonesia, Jakarta as Technical Manager (2015-2016) and HR and finance manager (2014-2015), Auditor in PT Mutu Hijau Indonesia (2010-2016), and Auditor in PT TUV Rheinland Indonesia (2016-present)</p>
Dewi Akbari	Auditor	<p>Education:Bachelor of Agriculture, Departement of Social and Economic of Agriculture, Sriwijaya University, Palembang.</p> <p>Trainings attended: Training for Auditor RSPO Supply Chain Certification Standard and Systems from David Ogg and Partners Ltd, RSPO Lead Auditor Training, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Training, ISO 9001:2008/ RCA Lead Auditor, ISO 14000:2004, OHSAS 18001:2007 trainings , Training Specialist Health safety general (AK3U), Training auditors Management System Occupational health and safety.(Auditor SMK3)</p> <p>Working experience: Exprience 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>

2.3 Assessment Methodology & Agenda

The certification audit combined with supply chain certification assessment was conducted on **August 08-12, 2016** as per the assessment program below. The assessment was carried out in accordance with TUV Rheinland Indonesia’s 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.

All objects (4 estates and 1 mill) were visited and the assessment team carried out field and document assessments of compliance to selected 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 and documented evidence of closure of all major non-conformities to the certification body (CB) within 60 days from the last day of audit or the closing meeting. Whereas, minor non-conformities will be verified on the next surveillance audit. The certification audit agenda is as explained below.

Certification Audit Agenda

Date / Time (1)	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
Monday August 8, 2016				
05.00 – 08.15	Flight from CGK to BPN	All Audi-	-	GA560 (05.00 WIB – 08.15 WITA)

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
		tor		
10.00 – 10.30	Opening meeting in Samarinda Office	All Auditor	Top management and related PIC	
10.35 – 15.30	Public consultation to government official: - DISBUN - DISNAKERTRANS - BLH - BPN WILAYAH - DISHUT - BKSDA - DISTAMBEN - BAPPEDA/DINAS - TATARUANG	BS, AS	Government officer	
10.35 – 15.30	Document check: - Legal use rights - Land compensation - Related document if needed and available	HF, DA	Top management and related PIC	
15.40 -	Travelling to Estate location	All Auditor	-	
Tuesday August 9, 2016				
07.30 – 08.00	- Opening meeting - preparing public consultation	All Auditor	Top management and related PIC	
09.00 – 12.00	Stakeholder consultation - Local government - Local community - NGO's - Union Labour - Contractor/third party - Others stakeholder related	All Auditor	Related stakeholders	Please provide location for stakeholder consultation
12.00 – 14.00	Break & praying			
Etam Bersatu Smallholder 14.00 – 17.30 WITA	Verification of document about : • Group certification • Legal Land • Management plan • Best practices • IPM • Agrochemical • GHG • NPP • Continuous improvement	HF	Smallholder	Element 1 to 3 Principle 2 Criterion 2.2.1; 2.2.2 Principle 3 Criterion 3.1 Principle 4 Criterion 4.1.4, 4.2, 4.3, 4.5, 4.6 Principle 5 Criterion 5.6 Principle 7 Criterion 7.2, 7.4, 7.8 Principle 8 Criterion 8.1
	Verification of document about : • Transparency • SOP • Water management • Training • Efficiency of fossil fuel & optimise renewable energy • Zero burning • Fairly & transparency	AS	Smallholder	Principle 1 Criterion 1.2 Principle 4 Criterion 4.1 (exclude 4.1.4), 4.4, 4.8 Principle 5 Criterion 5.4, 5.5 Principle 6



Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
	<ul style="list-style-type: none"> • NPP • Continous improvement 			Criterion 6.10 Principle 7 Criterion 7.7 Principle 8 Criterion 8.1
	Verification of document about : <ul style="list-style-type: none"> • Code of ethical • Evaluation of laws & regulations • OHSAS • Environmental permit • HCV • Waste management • Union worker • NPP • Continous improvement 	BS	Smallholder	Principle 1 Criterion 1.3 Principle 2 Criterion 2.1 Principle 4 Criterion 4.7 Principle 5 Criterion 5.1, 5.2, 5.3 Principle 6 Criterion 6.6 Principle 7 Criterion 7.1, 7.3 Principle 8 Crietion 8.1
	Verification of document about : <ul style="list-style-type: none"> • Land conflict • Customary right • SIA • Communication & consultation • Complaint & grievance • Compensation • Contract worker • Minimum age requirement • Discrimination • Sexual harrasement • Contribute to local sustainable development • Trafficked labour • Human right • NPP • Continous improvement 	DA	Smallholder	Principle 2 Criterion 2.2.3, 2.3 Principle 6 Criterion 6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.8, 6.9, 6.11, 6.12, 6.13 Principle 7 Criterion 7.1, 7.5, 7.6 Principle 8 Criterion 8.1
17.30 -	End of audit 2nd day			
Wednesday August 10, 2016				
Cakra, Lestari, Damai & Berkat Estate 07.30 – 12.00	Verification of document about : <ul style="list-style-type: none"> • Time bound plan & partial certification • Legal Land • Management plan • Best practices • IPM • Agrochemical • GHG • NPP • Continous improvement 	HF	Estate	Certification system clause 4.2.4 Principle 2 Criterion 2.2.1; 2.2.2 Principle 3 Criterion 3.1 Principle 4 Criterion 4.1.4, 4.2, 4.3, 4.5, 4.6 Principle 5 Criterion 5.6 Principle 7 Criterion 7.2, 7.4, 7.8 Principle 8 Criterion 8.1

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
	Verification of document about : <ul style="list-style-type: none"> • Transparancy • SOP • Water management • Training • Efficiency of fossil fuel & optimise renewable energy • Zero burning • Fairly & transparancy • NPP • Continous improvement 	AS	Estate	Principle 1 Criteriion 1.2 Principle 4 Criterion 4.1 (exclude 4.1.4), 4.4, 4.8 Principle 5 Criterion 5.4, 5.5 Principle 6 Criterion 6.10 Principle 7 Criterion 7.7 Principle 8 Criterion 8.1
	Verification of document about : <ul style="list-style-type: none"> • Code of ethical • Evaluation of laws & regulations • OHSAS • Environmental permit • HCV • Waste management • Union worker • NPP • Continous improvement 	BS	Estate	Principle 1 Criterion 1.3 Principle 2 Criterion 2.1 Principle 4 Criterion 4.7 Principle 5 Criterion 5.1, 5.2, 5.3 Principle 6 Criterion 6.6 Principle 7 Criterion 7.1, 7.3 Principle 8 Crietriion 8.1
	Verification of document about : <ul style="list-style-type: none"> • Land conflict • Customary right • SIA • Communication & consultation • Complaint & grievance • Compensation • Contract worker • Minimum age requirement • Discrimination • Sexual harrasement • Contribute to local sustainable development • Trafficked labour • Human right • NPP • Continous improvement 	DA	Estate	Principle 2 Criterion 2.2.3, 2.3 Principle 6 Criterion 6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.8, 6.9, 6.11, 6.12, 6.13 Principle 7 Criterion 7.1, 7.5, 7.6 Principle 8 Criterion 8.1
12.00 – 14.00	Break and pray			
14.00 – 17.30	Continue previous agenda	All Auditor		
17.30 -	End of audit 3rd day			
Thursday, August 11, 2016				
	Field visit: <ul style="list-style-type: none"> - System certification - Legal Land - Management plan - Best practices 	HF	<ul style="list-style-type: none"> • Estate Manager and related PIC • Head of Klekat village & man- 	<ul style="list-style-type: none"> • Time bound plan & partial certification • Block 11D – Division 7 regarding pest and diseases in Cakra



Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
	<ul style="list-style-type: none"> - IPM - Agrochemical - GHG - NPP - Continous improvement 		agement of Etam Bersatu smallholder	estate <ul style="list-style-type: none"> • Block 41B (smallholder areas) • Land application areas in Cakra estate • Boundry stone no. BPN 005 - Block 52B in Cakra estate • Spraying activity in Cakra estate (block 64D) • Enclave areas (block 040 D) in Lestari estate • Ex-nursery areas (Long Seng) in Lestari estate (block 54e) • Block 001 E in Lestari estate • Composting areas • Chemical store at Cakra & Lestari estate • Block 14D at Cakra estate (near conservation areas)
	Field visit: <ul style="list-style-type: none"> - Transparancy - SOP - Water management - Training - Effeciency of fossil fuel & optimise renewable energy - Zero burning - Fairly & transparancy - NPP - Continous improvement 	AS	<ul style="list-style-type: none"> • Estate Manager and related PIC • Manuring & harvesting employees 	<ul style="list-style-type: none"> • Implementation of procedure at Berkat and Damai estate • Water management (water source/river)
	Field visit: <ul style="list-style-type: none"> - Code of ethical - Evaluation of laws & regulations - OHSAS - Environmental permit - HCV - Waste management - Union worker - NPP - Continous improvement 	BS	<ul style="list-style-type: none"> • Estate Manager and related PIC • Berkat & Damai employees 	<ul style="list-style-type: none"> • LB3 warehouse at Berkat & Damai estate • HCV areas Berkat & Damai estate • Sign of erosion Berkat & Damai estate • Handling domestic waste Berkat & Damai estate • Water sources Berkat & Damai estate • Clinic Berkat & Damai estate
	Field visit: <ul style="list-style-type: none"> - Land conflict - Customary right - SIA - Communication & consultation - Complaint & grievance - Compensation - Contract worker - Minimum age requirement - Discrimination - Sexual harrasement - Contribute to local sustainable development - Trafficked labour - Human right - NPP - Continous improvement 	DA	<ul style="list-style-type: none"> • Estate Manager and related PIC • Harvesting worker, spraying worker & officer nanny daycare child 	<ul style="list-style-type: none"> • Block 11D – Division 7 at Cakra estate • Block 41B at Cakra estate • Block 52B at Cakra estate • Emplasmnt at Cakra & Damai estate
12.00 – 14.00	Break and pray			
14.00 – 17.30	Continue previous agenda			
17.30 -	End of audit 4rd day			
Friday August 12, 2016				

Certification Audit Report

- PT Rea Kaltim Plantations_Cakra POM – East Kalimantan



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Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
Cakra POM 08.00 – 12.00	Document check & field visit : <ul style="list-style-type: none"> - Legal Land - Management plan - Agrochemical - GHG - Continous improvement - Supply Chain Certification System, (SCCS) 	HF	<ul style="list-style-type: none"> • Mill Manager and related PIC • WB officer & MR RSPO SCCS 	Principle 2 Criterion 2.2.1; 2.2.2 Principle 3 Criterion 3.1 Principle 4 Criterion 4.1.4, 4.6 Principle 5 Criterion 5.6 Principle 8 Criterion 8.1 Module E (MB) Field visit to WB room and loading ramp
	Document check & field visit : <ul style="list-style-type: none"> - Transparancy - SOP - Water management - Training - Effeciency of fossil fuel & optimise renewable energy - Zero burning - Fairly & transparancy - Continous improvement 	AS	<ul style="list-style-type: none"> • Mill Manager and related PIC 	Principle 1 Criteriion 1.2 Principle 4 Criterion 4.1 (exclude 4.1.4), 4.4, 4.8 Principle 5 Criterion 5.4, 5.5 Principle 6 Criterion 6.10 Principle 8 Criterion 8.1 Field visit to processing areas and water treatment plant (WTP)
	Document check & field visit : <ul style="list-style-type: none"> - Code of ethical - Evaluation of laws & regulations - OHSAS - Environmental permit - HCV - Waste management - Union worker - Continous improvement 	BS	<ul style="list-style-type: none"> • Mill Manager and related PIC • Enviroment & mill staff 	Principle 1 Criterion 1.3 Principle 2 Criterion 2.1 Principle 4 Criterion 4.7 Principle 5 Criterion 5.1, 5.2, 5.3 Principle 6 Criterion 6.6 Principle 8 Crietriion 8.1 Field visit to processing areas, LB3 warehouse, hydrant, first aid, evacuation areas, to check impelementation of OSH & emergency response
	Document check & field visit : <ul style="list-style-type: none"> - SIA - Communication & consultation - Complaint & grievance - Compensation - Contract worker - Minimum age requirement - Discrimination - Sexual harrasement - Contribute to local sustainable development - Trafficked labour - Human right - Continous improvement 	DA	<ul style="list-style-type: none"> • Mill Manager and related PIC • Sortation worker 	Principle 6 Criterion 6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.8, 6.9, 6.11, 6.12, 6.13 Principle 8 Criterion 8.1 Fiel visit to sortation station & HR room
12.00 – 14.00	Break and pray	All Auditor		
14.00 – 16.00	Continue of previous agenda	All Auditor		
16.00 – 17.00	Internal meeting prepare	All Audi-		

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure – RSPO P&C, RSPO SCCS Requirement and Smallholder P&C
	closing meeting	tor		
17.00 – 18.00	Closing meeting	All Auditor	Estate & mill manager & related PIC	
18.00 -	End of audit 5th day			

2.4 Stakeholder consultation and stakeholder 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, outgrowers, 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 **August 9, 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 Cakra Palm Oil mill and its supply estates.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive. 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**.

2.5 Date of next surveillance visit

The next surveillance visit will planned in year 2017.



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 Generic 2013 and RSPO Supply Chain Certification System November 2014.

During the certification assessment, found **21 nonconformity**, consist of 12 non-conformities were assigned against Major Compliance indicators and 9 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**.

- **RSPO P&C**

Principle 1: Commitment to transparency

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 has a list of stakeholders, ie Agencies provinces (Office, District, Sub-district Police (Polda, Polres, Polsek), Army (Kodam, Korem, Koramil), Village (Damai, Cakra, Berkat), KUD Plasma, Educational institutions, NGOs, Health Services, Financial Institutions- BANK, contractors, suppliers, Gender committees, Employees' cooperative, SP KAHUTINDO (Labour Union).

Sustainability Department is responsible for providing and updating stake holder once every year. To Handling the information request, The company will refer to "Communication Procedure" No. REA.EP.002 date on 22 July 2005, revisi 1 : 16-01-2008.

However, there is no evidence of dissemination to relevant stakeholders related the RSPO principles and criteria and grievance and communication mechanism so that this is condition was raised as Non conformity (**NCR no. RSPO00422**).

The company maintain record of requests for information and responses regarding "Communication Procedure". each requests for information and responses is recorded on the form "Daftar Komunikasi dari pihak eksternal dan internal".

Compliance status : Non Compliance

See NCR No. RSPO00422 (Minor)

Criteria 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:

- Land titles / user rights (HGU)
- Safety and health plan
- Plans and impact assessments relating to environmental and social impacts
- Pollution prevention plans
- Details of complaints and grievances
- Negotiation procedures
- Continuous improvement plan

These documents are classified as: Publicly available, confidential and Publicly available on request. All these documents were sighted in the Cakra 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 shared to or viewed by the person requesting the information or document.



Compliance status : Full Compliance

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

Findings :

The company has policies related commitment to code of integrity and ethical conduct is written in the Board of Directors Decree No. 001 / BOD_REA / P / II / 2015 on business ethics policy on behalf of the company REAK group valid dated 1 March 2015. The contents of this policy include information about :

- a. Compliance: the REAK group will uphold all domestic and international laws and regulations which are relevant to its operations, including the UK Bribery Act 2010.
- b. Transparency: the REAK group will provide shareholders and other relevant stakeholders with all non-confidential information deemed necessary by senior management to enable informed and objective decision-making
- c. Record keeping: all financial transactions, as well as documentation to evidence the business reason for any payment, will be documented and maintained for internal scrutiny and as required by the prevailing regulations
- d. No political donations: the REAK groups will not make donations to political parties or causes
- e. No bribery: it is not acceptable to give or accept a bribe is a reward or inducement in any form which is offered, promised or provided with the intention of gaining any commercial, contractual, regulatory or personal advantage. This includes, but is not limited to money, goods, entertainment and food.
- f. No facilitation payment: the REAK group actively works to avoid the payment or receipt of facilitation fees or kickbacks. Facilitation payment are typically small, unofficial payment made to secure or expedite a routine government action by a government official. Kickbacks are typically payment made in return for a business favour, such as selecting a particular provider or contractor
- g. Gift: gifts may only be given to business partners with prior approval from senior management and where deemed to be culturally appropriate and non-material in value. Receipt of gifts should be avoided. Where unavoidable, the nature and value of the gift received must be declared to senior management, documented and retained by the company.
- h. Personal business: the REAK group management and employees are prohibited from using the group facilities or working hours to conduct personal business and form engaging in business activities which conflict with the REAK groups interests.

This policy applies to all individuals who are employed at any level by any company within the REAK group, either on a permanent, fixed-term or temporary basis. This policy also applies to third parties engaged by the REAK group, including consultants and contractors however have not been dissemination or socialized to third parties associated with the operations of the company. It was raised as **Nonconformities (NCR No RSPO00423)**

Compliance status : Non Compliance

See NCR No.RSPO00423 (Minor)

Principle 2: Compliance with applicable laws and regulations

Criteria 2.1 There is compliance with all applicable local, national and ratified international laws and regulations

Findings :

There is evidence of company's efforts taken to comply with legal requirements and records that the company has submitted required report to local institutions as required. Examples found are as follows:

- a. Land use right
 - National Land Agency decree No. 47/HGU/BPN/1995, dated 27 July 1995 (land use right certificate no.01 for lestari estate, no.02 & 03 for other estates (perdana & sentekan estate))



- National Land Agency decree No. 154/HGU/BPN/1997, dated 30 December 1997 (land use right certificate no.01 for cakra, damai & berkat estate)
- National Land Agency decree No. 48/HGU/BPN/1999, dated 3 Juni 1999 (land use right certificate no.02 for cakra estate)
- b. Forest areas release decree
 - Cakra estate : Ministry of Forestry decree no.182/Kpts-II/1998 dated on 27 February 1998 regarding forest areas release on forest group of S.Belayan – S.Heran is ± **3,320 ha**.
 - Cakra, Berkat & Damai estate : Ministry of Forestry decree no.500/Kpts-II/1997 dated on 7 August 1997 regarding forest areas release on forest group of S.Belayan – S.Heran is ± **12,622 ha**.
- c. Plantation Business License No. 50/T/Pertanian/Industri/2004 dated 19 February 2004
- d. Clinical License No 445.9/002/Klinik/BP2T/V/2012
- e. Nurses license of PT. REA KALTIM
 - Viktorius La Diydi / 220121114-0819290
 - Norabina Manurung / 220152114-0819270
 - Isai Seli / 220151114-0819261
 - Yulintina Ida Royani / 220122114-0819296
 - Risma Bakara / 220152114-0819278
 - Sukma Erwin Sinaga / 220151114-0819285
 - Karolus La Madura / 220151114-0819263
 - Jufriani Kamasi Herman / 220121114-0819262
 - Lusiana Baan / 220122114-0819267
- f. Work license Nurses of PT. REA KALTIM
 - Yuni Firmina / 20.11.11.21506.D.3
 - Suman / P2T/11393/03.02/01/XII/2011
- g. Operational license / business license POM Number 503/21/SK-DISBUN KUKAR/IV/2006 about POM processing business license
- h. Permit for temporary storage of B3 waste issued by the Regional Environmental Agency, among others:
 - Number 660.1/SK-201/B.I.2/BLHD/VI/2014 about Permit for temporary storage of B3 waste of Cakra POM
 - Number 660.1/15/BLHD/III/2015 about Permit for temporary storage of B3 waste of Lestari Estate (Main Location)
 - Number 660.1/16/BLHD/III/2015 about Permit for temporary storage of B3 waste of Lestari Estate (Sub Location)
 - Number 660.1/17/BLHD/III/2015 about Permit for temporary storage of B3 waste of Cakra Estate (Main Location)
 - Number 660.1/18/BLHD/III/2015 about Permit for temporary storage of B3 waste of Cakra Estate (Sub Location)
 - Number 660.1/19/BLHD/III/2015 about Permit for temporary storage of B3 waste of Damai Estate
 - Number 660.1/20/BLHD/III/2015 about Permit for temporary storage of B3 waste of Berkat Estate (Main Location)

but there are still several conditions not compliances with regulation where were found during audit as follows :

1. The company has handled some hazardous & tosic wastes (B3) but it was not covered all type of hazardous & toxic waste in Cakra & Lestari estate.
2. Hazardous & toxic waste balance sheet can not be shown in Lestari estate so that it was raised as non-conformity (**NCR No. RSPO00424**).

Assistant Environment has implement the identification, controlling and maintain environmental regulations will be referred to the company and ensure updates and communicate to the relevant sections to evaluate



and implement. The list of law and regulation not covering some laws and regulations such as Ministry of Agriculture regulation no.11 year 2015 and Ministry of man power & transmigration regulation no. PER.01/MEN/1982. It was raised as non-conformity (**NCR No. RSPO00424**).

Copies of all documents environmental regulations or requirements were referred to, is distributed to each unit to a company associated with regulatory / environmental requirements referenced. BLH managers ensure that all copies of documents regulatory / environmental requirements that are distributed in accordance with the material parts of the unit of work to get it.

Management representative establishes the rules / environment requirements referenced company and establish changes of regulatory are considered to have no effect on the company.

Each leaders was identified, proposed, understood and implemented the requirements and regulations relevant to the activities of each unit.

Implementation of information and dissemination of the regulations concern all workers / environmental requirements are in accordance with the procedure referred to training, awareness and competence as well as communication procedures.

Each manager performs the monitoring of compliance of all workers against regulatory / environmental requirements referred to in order to ensure care workers against regulation / requirement applies. Further basis for evaluation of compliance of regulations referred to it in accordance with the procedures of monitoring and measurement of environmental quality.

Assistant environment is responsible for constantly evaluating compliance with all regulations and requirements of relevant environmental periodically (at least once every 6 months), especially after activity monitoring and measurement.

Toward all the rules that have not been appropriate based on the evaluation, then immediately categorized as an important aspect that is followed in accordance with the procedure aims, objectives and programs. Priority follow up based on the ability of management (availability of financial resources, technology etc.)

The evaluation results have been documented in the evaluation form and compliance with regulations and other requirements

Assistant environment always maintain compatibility between the condition of the environmental aspects of companies with the regulations referred to and the new environmental requirements from the government and related institutions or from the working partner.

To ensure access to information referenced regulatory developments, the assistant environment relationship institutions / agencies are issuing regulations / requirements concerning the environment in a way to record and collate the relevant institutions.

To guarantee the present regulatory / environmental requirements were referred to, any regulatory / environmental requirements are always updated legal validity, which carried at least 1 time a year prior to the management review is known to occur or when the relevant changes.

For terms and conditions that expired can be removed from the list or identification expiration status. For every regulatory / environmental requirements that have been deemed no longer suitable, manager BLH declare and enforce the rules no longer referenced and identified or destroyed in accordance with document control procedures.

Assistant Copies environment attract all the rules / requirements of the environment that are otherwise not referenced again from all spheres of work units that have received document distribution and replace with the rules / the latest environmental requirements.

Compliance status : Non Compliance

See NCR No.RSPO00424 (Major)

Criteria 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 :

The Cakra POM and their supply based have demonstrated legal ownership of their land by having legal land titles to the land in form of land use right (Hak Guna Usaha). Some land use rights was covered Cakra POM and their supply based i.e :

- Land use right (HGU) certificate **No.01** dated 10 January 1998 with basic of registration is decision letter from head of National Land Agency No.154/HGU/BPN/97 dated 30 December 1997 valid for 30 years (until 9 January 2028) for areas of **12,924 ha** located in Kelekat village, Kembang Janggut Sub District, Kutai District. Measurement letter No. 18/98 come from cadastral map No.019/1997 dated on 16 June 1997. Decision letter from the head of National Land Agency (BPN) No.154/HGU/BPN/97 has been available.
- Land use right (HGU) certificate **No.02** dated 26 August 1999 with basic of registration is decision letter from head of National Land Agency No.48/HGU/BPN/99 dated 3 June 1999 valid for 30 years (until 24 August 2029) for areas of **3,408 ha** located in Long Beleh Halok village, Kembang Janggut Sub District, Kutai District. Measurement letter No. 01/99 (NIB : 16.03.18.07.00002) come from cadastral map No.31/1997 dated December 1997. Decision letter from the head of National Land Agency (BPN) No.48/HGU/BPN/99 has been available.
- Land use right (HGU) certificate **No.03** dated 6 September 1995 with basic of registration is decision letter from head of National Land Agency No.47/HGU/BPN/95 dated 27 July 1995 valid for 30 years (until 31 December 2025) for areas of **4,552 ha** located in Long Beleh village, Kembang Janggut Sub District, Kutai District. Measurement letter No. 2640/95 come from cadastral map No.30/1994 dated 19 October 1994. Decision letter from the head of National Land Agency (BPN) No.47/HGU/BPN/95 has been available.

All land titles demonstrate the right to use the land and clearly mentions the fact that the land is to be used for palm oil cultivation only. Moreover, evidence of annual payment of land tax to the state government is available in the form of receipts. The land titles are kept in the estate office and were sighted during the audit.

Both of four estates has map of boundary pillars location based on map of land use rights certificate or map of cadastral (special situation map). Estate has work instruction for boundary pillars maintenance document number WI.BPO.SUS.01 issue date on January 01, 2015. This document mentioned the boundary pillars maintenance will carry out in 6 month periodically with radius cleaning process between 1.5 – 2 m from the boundary pillars, then the record of maintenance will put in form.

Cakra estate has been carried out the boundary pillars inventarization & monitoring with object sample is 12 pcs and 4 pcs was found. Whereas, total of boundary stone in Cakra estate is 39 pcs. Lestari estate has been carried out the boundary pillars inventarization & monitoring too with object sample is 13 pcs and 5 pcs was found. Whereas, total of boundary stone in Cakra estate is 44 pcs. Based on condition it that some boundary pillar has demarcated by company at Cakra & Lestari estate but it not sufficient if compared to total of boundary pillar on special situation map. It was raised as non-conformity (**NCR No. RSPO00425**). Cakra and lestari estate have boundary stone monitoring & maintenance schedule/plan.

During map verification, field verification and interview with stakeholder that no found the indication of land dispute between company and communities on cakra, lestari, berkat and damai estate areas. The company has mechanism for conflict resolution with document number REA.BPO.DVA.PKE issue date on July 01, 2015 about external grievance handling. This procedure has covered for conflict resolution, with flowchart mechanism was available.

The Cakra POM and their supply base have demonstrated legal ownership of their land by having legal land titles to the land. All land titles demonstrate the right to use the land and clearly mentions the fact that the land is to be used for palm oil cultivation only. The land titles are kept in the estate office and were sighted during the audit. Whereas, proof recapitulation compensation or compensation for plant growing (GRIT) record on personal right were acquired can not show by PT REA Kaltim. It was raised as non-conformity (**NCR no.RSPO00426**).

Evidence of annual payment of land tax to the state government is available in the form of receipts. The estate boundary is well demarcated with boundary stones surrounding the land. The boundary stone clearly states the GPS coordinate of that particular point. Maps clearly showing the estate boundary were also sighted in the estate office.

The lands were leased by the REA Group from the East Kalimantan Province Government with the right to develop it for oil palm plantations use. This was verified from the land documents issued by the Indonesian provincial government.

If there is a conflict of land / soil is the case, then finalized based on SOP Land Acquisition Oil Palm Planta-



tions date on July 1st, 2009. The processes of conflict resolution can be accepted and implemented by the parties involved. Before the land acquisition plan / land under conflict, first performed socialization land acquisition plan to the affected parties.

It has been available documentation of demands compensation, process and outcome of any negotiated agreements with evidence of the involvement of the affected party through the FPIC process. Records of land disputes and settlement processes as follows: Identity cultivators, land area under cultivation, a notice that the land acquisition team PT REA Kaltim plantation will do the acquisition cultivated land. Statement from tenants that really have worked the land and corroborated by two witnesses. Certificate of Work. Report the results of ground measurements along with a map of land acquisition. The Minutes of land measurement. Inventory of land. Affidavit waiver was working on the ground. The Minutes of the payment waiver was working the land and growing crops. A receipt for payment of compensation. The Minutes of the meeting. Meeting Attendance List.

The company have a policy to circumvent instigated violence to maintain peace and order in current and planned operations contained in the Human Rights Policy : PT REAK Group point 9. Free, Prior & Informed Consent (FPIC) : The REAK Group will endeavour to ensure that everyone with legal, customary or user rights to the land is identified and fully understands the positive and negative implications of the proposed oil palm development. The REAK 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.

Point 10. Respect for land use rights : where Free, Prior and informed Consent (FPIC) to oil palm development is granted, the REAK Group will provide fair compensation to those with legitimate legal, customary or user rights to the land.

During the surveillance audit there was no evidence that the company's use of confrontation and intimidation and the use of para-military and mercenaries in plantation to maintain peace and order in current and planned operations.

Compliance status : Non Compliance

See NCR No. RSPO00425 (Minor), NCR No. RSPO00426 (Minor)

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 :

Company has SOP of Land Acquisition showing flow chart to make a negotiation to resolve any land conflict. The purpose of the SOP :

1. Providing basic instructions as a guide for public land acquisition in the region of PT REA Kaltim Plantation
2. The Company's interests in obtaining land to meet the legal validity and accountable

Scope of SOP is compiled from the process of socialization, identification of land ownership, land inventory, land measurement, land mapping, creation of land administration, land payment and archiving of documents of land acquisition.

Procedure on land compensation is in place and it details the 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.

A map of land acquisition of land measurement report has available but some maps showing the location of stakeholder areas inside company areas, the broad legal rights, customary right or the right to use the recognized parties which have been paid compensation are not available. It was raised as non-conformity (**NCR No. RSPO00427**).

FPIC process has been executed in accordance with the SOP companies, where there is evidence of record: Identity cultivators, land area under cultivation, a notice that the land acquisition team PT REA Kaltim plantation will do the acquisition cultivated land. Statement from tenants that really have worked the land and witnessed by two witnesses.



Certificate of Work. Report the results of ground measurements along with a map of land acquisition. The Minutes of land measurement. Inventory of land. Affidavit waiver was working on the ground. The Minutes of the payment waiver was working the land and growing crops. A receipt for payment of compensation. The Minutes of the meeting. Meeting Attendance List.

All the evidence or record information (maps, letters of agreement, profit sharing and legal arrangements) are available in the appropriate language and can be understood by the affected parties. Copy of the information are owned by the affected parties.

In the negotiation process of land acquisition, the company is represented by Team liberation Land, DCA (Director Corporate Affairs) and CAM (Corporate Affairs Manager), which prior to its already socialized land acquisition plan to the affected party.

Compliance status : Non Compliance

See NCR No. RSPO00427 (Major)

Principle 3: Commitment to long-term economic and financial viability

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

Findings:

During the audit, Cakra POM and supply based showed the budget for three years 2016 – 2019. This document was include the FFB incoming plan, FFB receiving plan, OER and KER plan for oil and kernel production, operational budget, FFB/kg cost production, cost/palm product, financial indicators, projection cost per palm product, and others.

For four estate (Lestari, Cakra, Damai and Berkati), the budget was covered about harvesting FFB estimation for 2016, budget production, cost per production per YoP, road maintenance, and others.

The company (Cakra POM & their supply based) has developed replanting programs for the next 5 years. Replanting programs will be start in year 2019 with 193 ha replanted in those areas previously planted in the year 1994 and 152 ha in year 2020 for previously planted areas year 1995. The plan can be changed according to the productivity of FFB from estate it.

Compliance status: Full Compliance

Principle 4: Use of appropriate best practices by growers and millers

Criterion 4.1 Operating procedures are appropriately documented, consistently implemented and monitored

Findings :

The company has SOPs estate including land clearing and block design, nursery practice, planting density, pattern and technique of planting, soil erosion, terrain, conservation & terrace making, weeding: weed control, manuring, leaf sampling, pest and disease, pruning of fronds, harvesting, administration, Upkeep, health and sanitation standard in estate villages, replanting.

These SOPs are available as seen in agronomy manual for oil palm and issued date, March 19, 2009. However, the company is not incorporate SOP of soil analysis in agronomy manual and Work instruction injection to palm oil plant in order the controlling caterpillar pest is not can approve by authorize party so that it was raised as Non-conformity (**NCR No. RSPO00428**).

SOPs for Cakra mill is also available for all operations including reception and sorting FFB, Sterilizing Process, threshing dan pressing processing, Clarification processing, Nut Processing, kernel processing, Energy steam, and electricity processing, SCCS, mill effluent treatment and maintenance.



During field visit, there is evidence that Implementation of SOP have been conducted well. Example : at Berkat Estate, workers understood SOP harvesting FFB, including mechanism of harvest FFB, FFB mature criteria and use of PPE

The company has mechanism to checking consistency of SOP implementation through internal audit. Internal audit carried out once a year. During audit, the company could not be showing the last evidence of implementation of internal audit so that it was raised as non-conformity (**NCR No.RSPO00429**).

All Estate maintain record of SOPs implementation e.i record of harvesting rotation, Daily report of harvesting, manuring activities, Record of sensuu pest. Example : Manuring activities report monthly on July 2016.

Cakra mill maintain record of implementation of SOP, e.i. record keeping for FFB incoming records, boiler smoke density records, sterilizer parameters, temperature and time records, water usage records, chemical test records, process control & production report, CPO stock inventory, spare parts inventory records and other relevant records

The Company already conduct maintenance of record activity both in the Estate and in the mill through quality control and monitoring example is Berkat Estate, Monitoring and quality control activities conduct on August 27-29, 2015 and September 26 to October 10, 2015 for harvest quality by Operation Research and Analysis Department.

For Cakra Mill, Monitoring and quality control activities conduct on February, 8-14, 2016 for average of oil losses by Operation Research and Analysis Department.

Cakra 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 Cakra mill also has on going process record of third party FFB sourcing. Third party FFB supplied record for 2015 and 2016 (until July) also available in place. Until December 2015, total third party supplied FFB to Cakra POM was about 18 suppliers (third party) such as Village Community Empowerment Program (PPMD), independent smallholder and other company so the total FFB supplied to Cakra Mill was about 27,416.88 mt (as seen on table 3 above). While in 2016 (until July), there are 14 suppliers (third party) such as Village Community Empowerment Program (PPMD) and independent smallholder so the total FFB supplied to Cakra Mill was about 16,388.21 mt.

During the certification, the company still ongoing process carried out the legality evaluation of third party FFB sourcing, this is an observation to see the process result of third party FFB source in the next audit.

Compliance status : Non Compliance

See NCR No.RSPO00428 (Major) and No.RSPO00429 (Minor)

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 four 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 Cakra and Lestari estate, record of fertilizer application available in place. This application accordance to fertilizer dosage recommendation in 2014 for fertilizer application 2015 and dosage recommendation in 2015 for fertilizer application 2016. Based on fertilizer application record year 2015 that Cakra and Lestari estate has organic and inorganic fertilizers. Inaorganic fertilizer has applied such as urea, rock phosphate (RP), MoP, dolomite.and Za (in Damai estate only). Whereas organic fertilizer has applied such as compost application, land application (in Cakra estate only) and Palm Kernel Cake (in Lestari and Cakra estate). Volume of inorganic fertilizer was applied year 2015 in Cakra estate is 193.00 tonnes for urea, 159.05 tonnes for RP, 617.80 tonnes for MOP and 5.75 tonnes for Dolomite. There are an allocation of fertilizer activities year 2015 which continued in year 2016. Budget of fertilizer year 2016 for each estate is :

- Lestari estate : 471.30 tonnes (urea), 704.40 tonnes (RP), 1,156.10 tonnes (MOP) and 192.70 tonnes (dolomite)
- Cakra estate : 444.90 tonnes (urea), 745.20 tonnes (RP), 867.90 tonnes (MOP) and 108.40 tonnes (dolo-



mite)

- Berkat estate : 142.50 tonnes (urea), 932.40 tonnes (RP), 771.60 tonnes (MOP) and 96.10 tonnes (dolomite)
- Damai estate : 90.00 tonnes (urea), 199.30 tonnes (RP), 358.20 tonnes (MOP), 47.70 tonnes (dolomite) and 2.60 tonnes (ZA)

During audit, volume of fertilizer has applied is 139.40 tonnes (urea), 181.80 tonnes (RP), 220.50 tonnes (MOP) and 1.00 tonnes (Dolomite). It is include carry forward 2015 for urea, RP and MOP.

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. Whereas, 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.

Leaf analysis for fertilizer recommendation 2016, carried out in 2015 by CIRAD (Agriculture Research for Development) Franch. The leaf analysis covered for four (4) estates (Lestari, Cakra, Berkat & Damai estate), but no covered for Etam Bersatu Smallholder. The latest leaf analysis for smallholder was carried out in year 2013.

The Cakra and Lestari estate has been carried out the nutrient recycling strategy to maintain the soil fertility through the compost from EFB application, Palm Kernel Cake (PKC) and land application. The Cakra estate has applied composting from EFB year 2015 amount of 17,825 tonnes with area composted is 1,774.10 ha. Location of EFB application is year of planting 1998, 2000 and 2004. During audit, realization of EFB application in Cakra & Lestari estate is 6,697.43 tonnes with area composted is 605.70 ha (Cakra estate) and 3,564.69 tonnes with area composted is 292.90 ha (Lestari estate). Whereas, volume of PKC year 2016 was applied is 2,688.18 tonnes (Year of Planting 1994 to 1997 in Lestari estate) and land application areas in Cakra estate are 58A, 58C, 58D, 67D, 67C, 68A, 68A, 68B and 68C. February to May 2016, effluent has flowed to block 68B and 68C. Field visit to block 40D as one of composting areas in Cakra estate and block 68B (coordinate : 00° 15' 01.4" N; 116° 16' 51.5" E) as one of land application areas where it has been fletbelt's serviced/maintained.

Budget of organic fertilizer year 2016 is :

- Lestari estate : 11,875 tonnes (composting from EFB) and 9,968 tonnes (PKC) with area applied is 1,424 ha.
- Cakra estate : 16,648 tonnes (composting from EFB) and 10,425.70 tonnes (PKC) with area applied is 1,489.40 ha.
- Damai estate : 14,218 tonnes (composting from EFB)
- Berkat estate : 15,135 tonnes (composting from EFB)

Cakra Estate has record of land application implementation based on record of land application year 2015 & 2016 (until July), and filed number application was compliance to the land application license.

Compliance status : Full Compliance

Criterion 4.3 Practices minimise and control erosion and degradation of soils

Findings :

Based on soil analysis report of Cakra, Lestari, Berkat and Damai estate and the result of spasioal analysis from data of Digital Elevation Model (DEM)-Shuttle Radar Topography Mission (SRTM) 30 M (issued by USGS-NASA) that the four estates has land with slopes of level to hilly to somewhat steep (0-25% or 0-25°) and elevation is 10 to 83 meter upon sea level. Whereas, soil type in four estates is Podsol Humik, Nitosol Haplik, Podsolik Haplik, Podsolik Gleiiik, Humic Gleysol, Organosol Hemik and Gleisol Humik.

Soil erosion and degradation of soils is minimized and controlled by the following methods :

- The planting of cover crops such as *Mucuna bracteata* and *Pueraria javanica*. The areas being planted with



these cover crops are recorded in the monthly record books and marked on maps.

- The presence of road maintenance programme. These road maintenance programme details the type of road maintenance works to be carried out in each estate block and the cost involved in doing so. Budgets and actual expenditure for road maintenance works were sighted.
- The application of EFB and frond stacking on slopes. This not only minimizes erosion but also enhances soil fertility. Limit of planting at slope > 21.8 degrees was well implemented in Rea Group. Maximum planting slopes area at category 20 – 21.8 degrees (Steep area). Strategy implemented includes terracing, stacking sand bags and planting of cover crop at high risk area.
- Control of soil erosion is in accordance with the guidance stipulated in the SOPs. Soil maps and topography maps that clearly state the elevation and types of soil are also available in the estate offices. No fragile and peat soil in Cakra, Lestari, Berkat and Damai estates.

Compliance status : Full Compliance

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

Findings :

The Company has a water management plan includes identification of water sources, irrigation use of water and avoidance of surface and ground water contamination and implemented.

Base on identification of water source, there are several source water such as Klupah river and Bribit river. These water sources used for several activities in the estate, Mill and emplacement. For Processing water in the mill and estate, the company has water management Plant (WTP).

At the time of the audit, there is found a springs at Damai Estate (Block 10), but these water source is not included in the implementation of water management. For that condition, auditor was raised non.conformity **(NCR No. RSPO00430)**.

The company maintained and protected river riparian for all estate base on environmental monitoring and management Report. All Estate creates zoning which should not be used as fertilizer application and pesticide near river. However, during field visit on Damai Estate, there is not found evidence signboard/ not use of chimest in the oil palm plantation areas around river riparian (Klupah and Bribit river). For that condition, auditor was raised non-conformity **(NCR No. RSPO00431)**.

The company conduct to monitoring effluent quality in the mill every month, especially Biochemical Oxygen Demand (BOD). Result of monitoring should be compliance with national regulations (Ministry of Enviroment decree (Keputusan Menteri Lingkungan Hidup) No 29 tahun 2003 about guideline requirements and licensing procedures for the utilization of industrial waste water Palm oil on the ground in oil palm plantations). The result is water condition still under standard.

Data of mill effluent testing :

- January, 2016, pH = 8.26, BOD = 1,326 mg/l
- February, 2016, pH = 6.15 BOD = 208 mg/l
- March, 2016, pH = 7.41, BOD = 192 mg/l
- April 2016, pH =7.85, BOD = 24 mg/l

Testing of water quality was conducted by BINA lab, Bandung, then the report was given to environmental agency.

Cakra Mill has maintained the records of water use in mill inform of per tonne of Fresh Fruit Bunches (FFB) once a month. Data of water usage :

- January to December 2015, number of average about 1,034 M³ per ton FFB.
- January to July 2016, number of average about 1,006 M³ per ton FFB

Compliance status : Non Compliance

NCR No.RSPO00430 (Minor) & No.RSPO00431 (Major)



Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques

Findings :

The company has IPM plan that has been stated on monthly program. The IPM programmed including monitoring and census of pest and controlling of pest. Some procedures and or working instruction to address the IPM such as OPC VI/01 (pest and disease manual), OPC VII.a (pest and diseases (rat inspection and control)), procedure of pest and disease control (planting the beneficial plant and breeding and raising tyto alba, cat and snake), working instruction of monitoring of pest and disease population and working instruction of cartepillar sensus.

The company has a programmed to develop the beneficial plant, such as *Turnera sp*, *Antigonon sp* dan *Casia sp*. to prevent and implementation for pest and disease control. Chemical products such as herbicides are used by company too. During audit that realization of planting beneficial plant in Cakra estate such as *Tunera subulata* and *Antigonon leptosus* (block 3D – Division of CA-07 : 350 trees & 25 trees, block 11D – Division of CA-07 : 350 trees & 25 trees and block 39D – Division of CA-02 : 300 trees & 25 trees). Whereas, in Lestari estate such as *Tunera subulata* and *Antigonon leptosus* (block 6C – Division of LES-04 : 0 trees & 80 trees, block 5A – Division of LES-04 : 250 trees & 200 trees and block 27A – Division of LES-05 : 600 trees & 0 trees).

The document that prove the IPM mechanism is implemented are :

1. Pest and Disease Oil Palm Monitoring Form, Estate : Cakra estate, Lestari estate and Berkat estate
2. Bagworms and Nettle caterpillar census Form for Cakra estate (block : 47D, division : CA-02, year of planting : 1998, sensus date : 09 May 2016, result : low)
3. Report of Handling Bagworms, Tepian Estate, Period : April-May 2016.

Cakra Estate has a record of pest & disease census on March to June 2016 and Lestari estate on May 2016 where pest and disease on both estates is fire caterpillar and rat.

Recapitulation of nettle cartepillar sensus result in Cakra and Berkat estate was available. Based on recapitulation it that pest type of caterpillar has attacked other block too example block 4, 11, 12 & 20 in Cakra estate but beneficial plant not available so that preventive/corrective plan and their implement/realize for type of pest and disease is caterpillar in other block (cakra & lestari estate) not available. It was raised as non-conformity (NCR No. RSPO00432).

Compliance status : Non Compliance

NCR No.RSPO00432 (Major)

Criterion 4.6 Pesticides are used in ways that do not endanger health or the environment

Findings :

The company is committed that pesticide use does not endanger health or the environment. Example of commitment not used any harmful chemical or prohibited chemical that consist of active ingredient paraquat is reflected on Internal Memo No. 001/Pjs. Mgr OR-IM/XI/2015 dated on November 4, 2015, From: Pjs. Mgr. Operation Research. Other example of using chemical/pesticide properly is In OPC V. Weeding: Weed Control (Manual Weeding/Chemical Weeding) No Indeks: V/06. Based on Appendix of Recommendation for Using of Herbicide, there are categories and classification of herbicide, dose, and kind of activities e.g Methyl metsulfuron is used for mix fern and wild seedling.

Based on document of the recapitulation of chemical use year 2015 & 2016 on Cakra & Lestari Estate is glyphosate, amunium gluphosinate and methyl metsulfuron so that the estates not using pesticides that are categorised as WHO class 1A or 1B or that are listed by the Stockholm or Rotterdam conventions. Volume of pesticides has used by Lestari estate year 2015 is 4,943.50 liter (glyphosate), 15.00 liter (amunium



gluphosinate) and 29.78 liter (methyl metsulfuron) & year 2016 is 1,650.50 liter (glyphosate) and 8.36 liter (methyl metsulfuron). Whereas, Cakra estate year 2015 is 8,253.10 liter (glyphosate), 378.00 liter (amunium gluphosinate) and 66.22 liter (methyl metsulfuron) & year 2016 is 2,024.50 liter (glyphosate), 153.00 liter (amunium gluphosinate) and 19.49 liter (methyl metsulfuron). Cakra estate has carried injection with pesticide of manthene 75SP (active ingredient is asefat 75%) to oil palm tree as one of effort to minimum of impact from caterpillar attack. Auditor has checked implement of injection in block 11D & 12A – Division 7. Recapitulation of chemical use year 2015 & 2016 on Cakra & Lestari Estate has informed active ingredient used, total of area treated and number of applications but it was not covered information of the total of active ingredient which has used. It was raised as non-conformity (**NCR No. RSPO00433**). Whereas, information of LD50 from pesticides used has stated on MSDS (Material Safety Data Sheet).

Based on interviewed to worker/sprayer in the field (block 64D - Cakra Estate), they know the procedure to handle the chemical herbicide and use the appropriately PPE. Most of sprayer to be interviewed at the time are women, they explained about the procedure of pregnant woman and nursing mother concerning about contaminating of chemical. The procedure is implemented to not to give assignment to pregnant woman and nursing mother to conduct handling chemical spraying.

Handling of pesticides in the Field, all the SOPs that there are use of chemical activity on the field, the SOP covering aspects of the K3 and Environment. For example, Internal Memo No Ref : 001/Pjs. Mgr OR-IM/XI/2015 dated on November 4, 2015, From : Pjs. Mgr. Operation Research, Regarding : Spreading. This memo was emphasizes the implementation of using herbicide so as to properly used and based on the WI. It is covered of environmental aspect, such as avoiding of leaking of the chemical content to environment. Prohibited of use chemical/herbicide consist of active ingredient Paraquat diclorida.

Annual Medical checkup consistently done, especially for pesticide operators. One of that checked is Cholinesterase (poisoning by organic material / pesticides) and recording of implementation of annual medical checkup has been maintained and documented. Last medical checkup regarding cholinestrace test for 20 sprayers is 5 December 2015. The result of test is 17 sprayers is normal and 3 sprayer is low contamination.

Compliance status : Non Compliance

NCR No. RSPO00433 (Major)

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

Findings :

PT Rea kaltim has a documented occupational safety and health (OSH) policy. PT Rea Kaltim OSH policy dated 1 March 2015 which is signed by the Mark Parry (President Director). The policy of using two languages, namely Indonesian and English language.

On the policy, there are several key components include of :

- a. Establishing OHS objectives, targets and a programme for achieving these, which will be reviewed periodically
- b. Conducting routine Hazard Identification, Risk Assesment and Control (HIRAC)
- c. Reviewing the relevant regulations on a regular basis
- d. Conducting internal and external audits
- e. Providing staff training, based on gap analysis

In an effort to achieve OHS, the company maes the following commitments: compliance, integration, preventing and recording accidents, training and awareness, no drugs or alcohol, personal protective equipment, emergency preparedness and response.

The company has identified and documented hazard identification, risk assesment and control for Lestari Estate, Cakra Estate, Damai Estate, Berkat Estate and Cakra POM, dated 1 April 2016 and socialized to the workers and operators, dated April 2016. The risk assessments cover the organization's processes and activities such as spraying, fertilizing, weeding, road maintenance, harvesting, transportation, warehouse, workshop, infrastructure, polyclinic, office etc. Related risk assessments were reviewed if any accident has occurred but risk assessments for harvesting near power lines and bridges weights was not available. It was raised as non-conformity (**NCR No RSPO00434**).

Several procedures related to issues raised have been documented such as procedure for emergency response, reporting and investigation of accidents, lock out tag out, first aid, personal protective equipment, etc.

All precautions attached to products been properly observed and applied to the workers. Several controls such as providing PPE and administration control were applied to workers in some activities such as: mill maintenance process, spraying activities, handling of pesticides etc.

Risk assessment and Work Instruction socializations have been performed for mill and estates year 2016. Samples were taken such as: harvesting, spraying and chemical warehouse workers. The socializations were conducted by OHS personel who has been qualified as Safety Officer by the government.

The PPE for each activity has been provided, e.g. working at Mill, working at laboratory, harvester, sprayer, fertilizer storage, chemical storage, etc. Observation during this audit generally concluded that PPE has been well provided and implemented. Workers were interview during this audit and generally they were understood the risk of their work and the purpose of using PPE.

Types of PPE provided to workers, among others: ear plug, helmet, ear muff, safety shoes, gloves, goggles, mask, gas mask, apron etc. Company had a record distribution of PPE in Cakra POM on 7 April 2016 for workers in POM. It was observed that workers were wearing appropriate PPE such as gloves, googles, shoes and helmet for harvester.

The responsible person was identified as Chief of P2K3 (President director is Mark A Parry) and P2K3 secretary (Alfons Lepa). The safety committee (P2K3) structure was evident and been approved by local authority Pemkab Kutai Karta Negara with number KEP.568/1929/1.6.2/XI/2014, dated 18 November 2014.

There is evidence report P2K3 Meeting Notes (mill and estate) with a worker who reviewed regularly for January-April, 2016. The meeting was planned once in a month as required by Permenaker 04/1987. Several concerns were discussed such as: evacuation route, incident investigation, health, OSH and request for PPE. The actions were monitored for realisation and reported to management and local authority.

The companies have emergency response procedures (RI.SP.004) dated March 1, 2013. The procedure aims to: 1. identify the occurrence of accidents and potential emergency situations and responding to them as well as to prevent and reduce the impact of OSH that might be associated with it; 2. Determine control system, impact mitigation and disaster recovery from impacts or risks that arise as a result of emergency incident; 3. Prevent and reduce the occurrence of accidents and incidents during the ongoing operational activities; 4. Establish an emergency response plan to ensure their proper system in the handle accidents and unwanted incidents.

Emergency respond procedure has been socialized to workers during simulation of emergency situation and attended by all workers. The list of attendance was available. From workers interview in the field it was observed that the workers were clearly understood of what is required in the procedure. The last accident has been investigated and reported to the local authority. All the records were available and sighted.

Companies have personnel who have been trained in first aid organized by the local authority. The personnel is Naja Muhammad Abduh on 17 September 2015.

Trained First Aid operators were provided in the field area. The First Aid equipment carried by foreman were available at worksites such as harvesting area, spraying area etc. and were checked in accordance with local regulation Permenaker 15/2008.

All workers were covered by accident and medical care insurance (BPJS Kesehatan and Tenaga Kerja). Slip payment dated July 2016 for the insurance were available for June 2016. There were 313 workers covered by medical and accident insurance for Damai Estate and the slip payment was available on June 2016.

The company has occupational injuries recorded by using Lost Time Accident (LTA) metrics, example the data of accidents and injuries June 2016 as below :

Locations	Times of accident	Days losses
<i>Lestari Estate</i>	8	10
<i>Cakra Estate</i>	3	6
<i>Berkat Estate</i>	2	2
<i>Damai Estate</i>	8	16
<i>COM</i>	0	0



Compliance status : Non Compliance

NCR No.RSPO00434 (Major)

Criterion 4.8 All staff, workers, smallholders and contract workers are appropriately trained

Findings :

The Company has some training programs designed for staff and workers in 2016, but it is not available training program for contractor (contractor for FFB and EFB transportation). This is raised as non conformity (**NCR No. RSPO00435**).

The company produced training program as documented in "Training Plan / Rencana Pelatihan", there are 19 items training is programmed in 2016 and it was defined by Human Resources (HR) Department.

However, In during audit, there is no record of training need analysis (TNA) for each departmen as base on making training program in 2016. This is raised as non conformity (**NCR No.RSPO00435**).

There are several trainings has programmed for staff and workers, e.g. best practice management on spraying, first aid, conservation, HRD, RSPO, SCCS and safety.

In year 2016 the company has conducted some training for employee such as:

- a. Sosialization of training for implementation of sustainability certification system (RSPO, SCCS) on February 18-20, 2016
- b. Fire Training on March 24, 2016
- c. Integrated Pest Management Training on April 12, 2016

The company maintain all documentation of training as well by Human Resources Departement include of certificate, list of participant and assessment after training. Example there is 15 participant for sosialization of training for implementation of sustainability certification system (RSPO, SCCS) on February 18, 2016.

Compliance status : Non Compliance

NCR No.RSPO00435 (Minor)

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

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 continual improvement

Findings :

Revision of Environmental Impact Assessment documents (RKL and RPL) which were approved by head of the Environment Board Number 660.1/289/B.I.1/BLHD/VI/2011 dated 13 June 2011 for Mill and Estate.

The scope of RKL and RPL documents include: Processing mills or other infrastructure; Putting in drainage or irrigation systems; Replanting and/or expansion of planting areas; Management of mill effluents; Clearing of remaining natural vegetation; Management of pests and diseases palms; Road management.

The company implemented procedure for identifying environmental aspect and evaluating its impact based on Environmental Management System ISO 14001:2004. As required by the procedure, the information of environmental is reviewed and evaluated regularly. Last review and evaluated of environmental aspect and impact register Mill and Estate was performed on January 2016. No changes of identification of impacts since last audit.

The company has ensured that all activities with significant environmental impacts were managed (Reviewed January 2016). Control measure were defined and implemented for ensuring that negative environmental impact were prevented or mitigated. There were several types of control measures defined: engine maintenance, administrative control and PPE. The implementation of those control measures are monitored during



monthly environmental inspection and also internal audits.

Monitoring protocol was conducted by environmental aspect and evaluation of its impact document, as required by the procedure and RKL - RPL. The information of environmental aspect and impact was reviewed and updated at least once a year. It was also planned to be reviewed when there was an operational changes that may have environmental impact. Last review and update of environmental aspect and impact register was performed in January 2016 for Mill and Estate. No changes to the Mill capacity.

Compliance status : Full Compliance

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 :

HCV Delineation has been conducted by independent assessors from Forestry Department, Bogor Agriculture University in Desember 2015. Delineation has been conducted and cover the following: environmental changes in the area of PT REA KALTIM; provide management advice and monitoring of HCV has been determined.

HCV delineation performed by a qualified HCV assessor. All assessors were approved in RSPO as HCV assessor - Discipline Specialist, coordinated by an RSPO approved HCV assessor - Team Leader.

HCV delineation performed in consultation with relevant stakeholders around plantation. Public consultation conducted on December 2015 with the community leaders and figures around the estate and government agencies (Village Head/Kepala Desa, his officials and community leaders in the village). The results delineation of HCV is still in draft form so that it was raised as **Nonconformity (NCR No RSPO00436)**.

HCV delineation results showed that in the plantation area of PT REA KALTIM were identified several areas of HCV, i.e : HCV 1 is 4,853.95 ha, HCV 4 is 4,741.32 ha, HCV 5 is 3.14 ha and HCV 6 is 17.48 ha.

The company has established the management plan to maintain and/or enhance High conservation value area. HCV management and monitoring plan described measures taken for each HCV and its monitoring. Relevant laws were taken into account for determining appropriate measure including UU #5/1990 about Natural resources conservation, PP#7/1999 about List of protected plant and wildlife, Kepres #32/1990, and PP26/2008 Management plan consist of :

Management plan was available containing appropriate measures that are expected to maintain and/or enhance them, includes :

- Maintenance of HCV marking
- Placement of warning sign/sign board
- Monitoring of riparian area
- Monitoring the presence of wildlife (Protected animal)
- Monitoring of illegal hunting and HCV Patrol

Management and monitoring plans of HCV was documented in "Conservation Management Plan 2016" . The measures contained in the management plan were actively implemented to maintain and/or enhance HCV values.

Field observation to HCV area and document verification of "Result of Flora & Fauna Identification" (Hasil Identifikasi Flora dan Fauna) of PT REA KALTIM 2016 was available and demonstrate that the measures contained in the management plan been actively implemented.

Decree of the Board of Directors No 003/BOD_REA/P/II/2015 about The Environment and Biodiversity Conservation Policy, dated 1 March 2015. The Company makes the following commitments: protect rare, threatened and endangered species with it is strictly prohibited to capture, transport, trade, keep in captivity, injure or kill any rare, threatened or endangered species.

The company has conducted monitoring of HCV once every 6 months. There is evidence of HCV monitoring report. The Company also made an evaluation of the results of the monitoring of HCV. The results of these evaluations are used to create a HCV management plan for the next. The company has identified HCV area and have been mapped but the company can not show evidence that HCV areas not occupied by the local community. It was raised as Nonconformities (**NCR No RSPO00437**).

Compliance status : Non Compliance



NCR No.RSPO00436 (Major) & RSPO00437 (Minor)

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

Findings :

The company have a list identifying sources of waste in year 2016 for the estate and mill. More results for the identification of sources of waste are presented below :

- Estate are organic wastes such as kitchen waste, oil palm trunks, paper packaging, anorganic waste such as used tires, egrek former, sacks of fertilizer, pesticide packaging discarded packaging and hazardous & toxic waste (Bahan Berhaya & Beracun) waste such as used oil, light bulbs used, replaced filters, battery former, cotton waste cloth and a bottle of pesticide.
- Mill are organic waste such as empty bunch and fiber, shells, anorganic waste such as liquid wastes, sludge, scrap tires, plastic, bottles drinks and hazardous & toxic (B3) waste such as used oil, used lamp bulb, Battery former, cotton waste cloth, chemical packing, empty paint cans.

The company storing disposal pesticide containers and chemicals including hazardous & toxic waste (LB3) at temporary storage for hazardous & toxic waste (TPS LB3) and then transported by contractors of collector for hazardous & toxic waste (LB3) who have official permission from the Ministry of the Environment is CV Sumber Agung. Based on verification documents that the company has got officially authorized temporary storage for hazardous & toxic waste (TPS LB3). There is evidence of manifest number 0001642 dated December 19, 2015 for transportation of hazardous & toxic (B3) waste.

Verification documents of hazardous & toxic waste (LB3) balance suppose the period January-March 2016 showed that hazardous & toxic waste (LB3) was stored no exceeds the permitted storage period (> 180 days). All hazardous & toxic waste (LB3) management activities have been reported to the relevant agencies.

Based on verification document that CV Sumber Agung as the collector hazardous & toxic waste (LB3) from PT Rea Kaltim where it have collection permit of hazardous & toxic waste (LB3) from the Environment Ministry.

The company has the identification documents of waste source and has been implemented. The resulting waste is managed and monitored. Implementation of waste management such as solid waste (shells and fiber) that is used for boiler; empty bunch used for fertilization; wastewater used for land application.

Whereas, domestic waste has been handled by POM and estates and a schedule has been prepared and implemented for disposal of domestic waste.

Compliance status : Full Compliance

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

Findings :

Cakra mill utilizes shell and fiber to fuel the boiler as a source of renewable energy. Boiler will produce heat as energy resource to operating mill machines as required. The mill maintains records number of shell and fiber usage. Example : Data of Shell and fiber usage :

- From January until December 2015, number of shell and fiber usage is 48,076.93 tonnes
- Form January until July 2016, number of shell and fiber usage is 19,603.43 tonnes

The fossil fuel used is diesel oil, the company maintain record of fossil fuel usage for several activities in estate. Year 2015 in Berkat estate was used amount of 341,527 litres, and year 2016 (until July) is 102,596 litres. Whereas, year 2015 in Damai estate was used amount of 24.448 litres and year 2016 (until July) is 8,104 litres. All estates has been used fossil fuel for genset operational and other operational activities.



Compliance status : Full Compliance

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 responsible development policy' which includes a commitment to zero burning. No 005/BOD_REA/P/II/2015. This was signed by Mr Mark Parry, the President Director of REA Kaltim Plantations on 1 March 2015. In the policy has wrote about zero burning for development new palm plantation or harvesting.

The company has SOP for land clearing covering zero burning. In during recertification audit, no re-planting activities at the site.

During certification audit that no replanting activities on the site.

Compliance status : Full Compliance

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

Findings :

An assessment of all polluting activities has been conducted, including gaseous emissions, particulate/soot emissions and effluent, following SOP identification of emission source and greenhouse gasses mitigation year 2016. Whereas, Pollution sources on Cakra POM have been identified at each operating station and documented such as fibre, shell, scrap iron, EFB, waste water effluent, hazardous waste, organic inorganic waste, waste oil from diesel tank and emission from generator set and boiler operations.

The assessment was conducted once a year as a basic for GHG emission calculation. According to the assessment result, sources and activities generate of pollution are:

- Preparation and estate activity activities i.e. nursery, land clearing, upkeep and harvesting
- Energy usage i.e. transportation of FFB from estate to mill, dispatch CPO and Kernel from mill to port, estate operational, FFB processing and waste management

Significant pollutants and greenhouse gas (GHG) emissions has been identified, and plans to reduce or minimize the significant emission. The plans have been include objectives, targets and timeline for reduction an emission. The company has been conducted treatment for POME and recorded the treatment activity every day. Based on field visit result that auditor was found burning domestic waste near emplasment of Cakra POM and burning empty fruit bunch (EFB) on FFB collect location (TPH) of block 39A at Cakra estate so that it is inconsistency to plan. It was raised as non-conformity (**NCR No. RSPO00438**).

GHG emission for year 2015 was calculated using Palm GHG calculator. Total field emission from owned crop is 2.01 tCO₂e and total mill emission is 2.87 tCO₂e. Information about GHG emission for year 2015 was submitted to RSPO secretariat on April 20, 2016.

Compliance status : Non Compliance

See NCR No. RSPO00438 (Major)

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills



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 Cakra POM and their estates as supply based have conducted their SEIA that was included in :

- ANDAL (Analisis Dampak Lingkungan) that was assessed by certified third party, RKL (Rencana Pengelolaan Lingkungan) and RPL (Rencana Pemantauan Lingkungan document no: RKL no.660.1/289/B.I.1/BLHD/VI/2011 & RPL no. 660.1/289/B.I.1/BLHD/VI/2011 dated : 13 June 2011
- Environmental Impact Management and monitoring Report (RKL), 2nd Semester 2015.
- Naskah Laporan Awal “ Pelingkupan Program CSR dan Audit Persepsi” PT REA Kaltim Plantation, Juli 2013 by Daemeter Consulting.

SEIA document above still general so that it has not covered replanting and do not identifying by participatory manner and plans to reduce negative impact and enhance the positive impact has been made, implemented and monitored, to demonstrate improvement not available. It was raised as non-conformity (**NCR no.RSPO00439**).

The Social Impact Assessment (SIA) management plan has developed by considering stakeholder participations. Records of stakeholder participations during SIA management plan development has showed during audit such as minute of meeting of evaluation of SIA management plan document, minute of meeting of the SIA management plan development. The entire Minutes of meetings are completed with attendants list that shows the attended strategic stakeholders such as attendant list on meeting on June 4th, 2013 (Focus Group Discussion (FGD) about SIA & Management Plan of Community Development for External).

Scoping report CSR Program and Audit Perception July 2013 conducted by Daemeter Consulting, conducted the data collection in 8 villages visited in this survey are Kembang Beard, Kelekat Village and Village Muai in District Flower Beard; Ritan village, village Kelinjau Hulu, Senyur Village; Muara Gusik and villages in the district of Muara Kedang Bonggan, Kutai Barat.

Community Development (CD) Program has been created as part of social impacts management Plan. According to this program, the company has records such as:

- a. CD/CSR plan 2015
- b. CD/CSR progress report 2015
- c. CD/CSR plan 2016

The management plan available that time was SIA management plan 2014-2015. The SEIA details the impact of operations and new activities to the social well-being of the workers and the community and steps that need to be taken to reduce any negative impacts should there be any. The updated reports are submitted every semester by the Sustainability Department of Cakra POM to related government institutions such as local environment agency and Ministry of Agriculture Indonesia.

The management plan of year 2016 has been suitably followed up and implemented by the sustainability department. Records to show the result of the impact assessment were checked. Regular monitoring and management of social impact, with the participation of local communities was carried out for 2015 by using questionnaires for the local community to feedback on the impact of the company's daily operation, conducted twice a year.

Scoping report CSR Program and Audit Perception July 2013 conducted by Daemeter. This report describes the results of two initial activities that are part of a series of activities facilitating CSR Program Formulation first is scoping CSR activities intended to obtain a general description of the current REA CSR activities. While the second activity, namely Audit Perception is meant to provide useful input and information to understand the views of local communities on the company results can be used as baseline data to develop community programs in the future or revise programs that are currently being implemented. In the report did not specifically discuss the impact of smallholder/outgrower schemes. It was raised as non-conformity (**NCR No. RSPO00440**).

Compliance status : Non Compliance

See NCR No. RSPO00439 (Major) & RSPO00440 (Minor)



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 :

The Cakra mill and estates have established a communication and consultation procedure, REA. OP. 03 date 23 January 2009 and this was sighted in their respective offices. The procedure for communication and consultation is as follows :

1. Receipt of communication from the stakeholder by the nominated plantation management official.
2. Communication will be recorded and will be attended to and resolved within 30 days.
3. If the matter cannot be resolved within 30 days, all the related document will be send to the company secretary for further action.
4. The matter will be forwarded to the Grievances Executive Committee who will decide on the action to be taken.
5. Action that has been decided by the Executive Committee will be carried out and outcome of the resolution will be documented and stakeholder will be informed accordingly.
6. Should the outcome be not resolved to the mutual satisfaction of the stakeholder and the company, it will then be dealt with under the relevant provisions of the law.

The Cakra mill and estates have established a communication and consultation procedure, REA. EP. 02 date on 22 Juli 2005 and this was sighted in their respective offices. The procedure for communication and consultation is Objective Procedure as Establish and improve understanding, cooperation and active participation of all employees and the company's environmental management system implementation and to receive, consider and give a response that is timely, accurate and useful to the communications received from interest external parties on environmental aspects and environmental management system of the company. We are recommendation to company that communication procedure not only discuss about the environment but to discuss about quality, social and OSH also. It was noted as **observation**.

The scope of SOP are 1). all employees of the company regardless of its level, 2). the contractor that operates on company premises, 3). all the parties concerned.

Methods of delivery information through such as management meetings, communication management through formal channels, through the noticeboard and training.

The company has designated to be responsible personnal for communication and consultation with the parties affected, ie. :

1. Manager General Affair : accept for all external communications (questions and comments) but regarding environment issues transfer to the Management Representative
2. Manager : ensure understanding of cooperation and active participation of the entire employee in each department / section
3. Asisten Enviromental : responsible for internal communication

The Cakra mill and estates have established a list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.

A list of stakeholders PT REA Kaltim Group as follow :

1. All agency or local government in Province (Dinas/Instansi tingkat Provinsi)
2. All agency or local government in District (Dinas/Instansi tingkat Kabupaten)
3. Local government in Sub District (Dinas/Instansi tingkat Kecamatan)
4. Police (Kepolisian)
5. Army (TNI)
6. Local government in village (Pemerintahan Desa (Kecamatan dan Desa))
7. Scheme smallholder (KUD Binaan (Plasma))
8. University and school (Perguruan Tinggi/SLTA/SLTP/SD)
9. NGO (LSM)
10. Healthly Service Centre (Tempat pelayanan kesehatan)
11. Bank
12. Thirrd party or sun contractor (Kontraktor dan supplier)

Available recording of actions taken in response to input from stakeholders, but has been no response to the letter from the external No. 011 / LA-LBM / HA / IX / 2015 dated October 1, 2015 as demands for restitution



of land and crops in institutions of Indigenous Village Long Beleh Modang. It was raised as non-conformity (NCR No. RSPO00441).

Compliance status : Non Compliance

See NCR No. RSPO00441 (Minor)

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 Cakra mill and estates have a complaints and grievances procedure, REA.EP.002 that serves as the SOP for handling of complaints and grievances from both internal and external stakeholders.

Responsible for handling complaints :

- VAD (Village Affairs Department), which became the coordinator of the team in facilitating the process of resolving a problem or complaint.
- Estate / Mill, Support Department Head, Managers: receiving complaints, making a report (the minutes).

Stage of handling complaint on procedure such as :

1. Acceptance of Complaints
2. Recording of complaints
3. Further Analysis / Follow up
4. Settlement of complaints

There is an established policy to protect the anonymity of whistle blower or complainants is stated in the human rights policy document that had been distributed to all mill and estates. It is included also in company regulations about whistle blower anonymity. To send any grievance to the management, suggestion boxes are available in every estate. The letter inside the box will be submitted to HR Department. HR Department will guarantee the confidentiality of the suggested persons or complainants

Compliance status : Full Compliance

Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user 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 :

Procedure of negotiating includes land valuation, company set values, and negotiation protocol between two parties. The responsible party is the HR Department. When the negotiation is agreed by both parties then negotiation is sent for approval by General Manager of HR department who will follow-up on these matters according to legal requirements as well as taking into consideration of local socio-economic conditions.

The land requirement that can be compensated by company are :

- a. Land which has ownership (growing plant, managed land, empty land)
- b. Land without ownership (good will payment)
- c. Land compensation for conservation area

The land compensation mechanism will involve related stakeholder such as Village Head, indigenous people leader (Ketua Adat), police among others. Negotiation for loss of legal, customary or user rights compensation process are dealt with not only for completed ones but also for on-going negotiations. The negotiation involves Village Head, Indigenous Head (Ketua Adat), local police, local community representatives and local government officers.

Procedure on land compensation dated 01 July 2009, Point 3. Basis for Calculation of land acquisition as follow :

- 3.1. Land or land valuation approach as the basis for calculation is: - The market value approach, - Non-market value approach including economic assessment of natural resources and the environment.



- 3.2. Basis of calculation of damages based on: - Taxable value, -Value Selling building, -Value Selling plants
- 3.3. In order to establish the basis for calculating the compensation, agency / assessment team land prices set by the Regent / Mayor or Governor

The Cakra mill and estates have established documentation of demands compensation, process and outcome of any negotiated agreements with evidence of the involvement of the affected party is Identity cultivators, land area under cultivation, a notice that the land acquisition team PT REA Kaltim plantation will do the acquisition cultivated land.

Statement from tenants that really have worked the land and corroborated by two witnesses. Certificate of Work. Report the results of ground measurements along with a map of land acquisition. The Minutes of land measurement. Inventory of land. Affidavit waiver was working on the ground. The Minutes of the payment waiver was working the land and growing crops. A receipt for payment of compensation. The Minutes of the meeting. Meeting Attendance List

Compliance status : Full Compliance

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 maintains documentation of employees' pay and wages paid are in compliance with the minimum wages defined in both local and national government regulation. On the standard minimum wage, the company complies with the regional minimum wage as per the decree from the Governor of Kalimantan Timur province minimum wage standard for Kutai Kertanegara (based on Keputusan Gubernur Kaltim no. 561/K.803/2015.). It has stated that the minimum wage payment for Kalimantan Timur year 2016 is IDR 2,305,000 per month.

In order to complying with this regulation, PT REA Kaltim Plantatiaon was issued a director letter decree (Surat Keputusan Direksi) No. REA/085/DIR-SK/II/2016 dated on 16 February 2016 which was stated that Daily minimum wage for Permanent Employee (KHT) and freelance employees (KHL) is Rp. 2,305,000 per month. For the calculation of employee salaries Daily Equipment (KHT) specified wage per day is Rp.76,833 and freelance employees per day is Rp.92,200.

During re-certification audit, evidences has shown to proof the consistency of company's policy regarding minimum payments, such as :

- Pay Slip of Harvester, Maintenance Daily Rate Permanent worker,
- Pay Slip of Harvester, Maintenance Daily Rate un-Permanent worker,
- Pay Slip of lowest level worker of Mill,
- Overtime recapitulation of each sample worker.

Union agreements or direct contracts of work already detailing payments and conditions of employment (e.g, working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for termination, the notice period).

The example in the employment contract KHT (Employee Daily Fixed) on behalf of Light Suseno as harvest workers in the employment contract is composed of clauses include Article 3 of working hours, Article 4 Placement, Pas another al 5 Cuti, Article 6 Medical and Maintenance, Article 7 termination of employment, Article 8 Rules of Conduct working and punishment, Article 9 holiday allowance.

The employment contract has been made with the appropriate language and understood by the workers, signed by both parties. Wages / salaries for workers are in accordance with labor laws, union agreements.

The company still consistently provides adequate housing, medical, educational and other facilities free of charge to employees. All workers were also provided with adequate housing that exceeds the requirements of the law. All quarters are provided with free electricity and treated water supply. Repairs to any damage in the quarters are done without any cost to the workers. Interview with workers have confirmed that they are indeed satisfied and comfortable with the quarters provided.

Growers and millers made demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food is to provide facilities Open Air Market. Interviews with workers have confirmed that



they can access to get decent food sufficient and affordable.

Compliance status : Full Compliance

Criterion 6.6 The employer respects the rights 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 :

PT REA Kaltim has a Human Rights Policy; Point 5 : PT Real Group respects the right of employees and contract workers to form and join trade unions and bargain collectively, in accordance with national and international regulations.

Cakra Grouping mill and estate workers are free to bargain collectively by forming groupings on their own to collectively bargain with the management of the mill or estates.

Based on the Decree of the head of the Department of Labor and Transmigration East Kalimantan Province number: KEP.560 / 2129 / B.PHI & Social Security / 2014 on the Ratification of the Company Regulations PT REA Kaltim Plantation. The Company Regulations valid from July 22, 2014 until July 21, 2016.

Documented minutes of meetings with the labour union is available at SPSI's estate office, and the worker union holds meeting as required especially if there is a labor issue. There is also a Bipartite Cooperation Institute (Lembaga Kerja Bersama - LKS - Bipartit) between SPSI and management of PT REA Kaltim as seen on meeting records as follow :

- Meeting Records, May 07th 2016, attended by 8 attendants. The meeting agenda are discussing the ; Socialization employee grievance and the grievance of the respective still work sites
- Minutes of Meeting bipartite dated April 26th 2016 at the officeLestari Estate, to discuss the dispute over termination of employment of workers Idrusianto by reason miscalculations in FFB

Compliance status : Full Compliance

Criterion 6.7 Children are not employed or exploited

Findings :

During the audit, company shows their online system regarding employee information. They also show their printed record known as "employee master list" period April year 2016. By both checking found that there is no workers under the age of 18 were found to be working on company either as permanent or temporary worker. Field check on working area such as estate and mills found that there is no worker under 18 participated in the whole company's working/production process

Compliance status : Full Compliance

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 :

A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented, Human Rights Policy point 6 equal opportunities.: REA Kaltim Group actively promote diversity in the workplace and do not tolerate discrimination based on differences of religion, disability, gender, sexual orientation, political persuasion, race, marital status, race, or age in hiring, firing or promotions.

No workers interviewed on-site complained about any form of discrimination from the management of the estates or mill. Company has shown evidence that worker has recruited from varies areas. The evidence is Record of Worker Recapitulation 2015 that consist information regarding gender, religion, ethnic's origin. No



such gang or small social group or exclusive community base on religion and ethnicities found in the field. Every worker has the same rights as parts of the company.

Companies already keep and maintain records of their employees work and medical history, for example: Records employee as : Putrayana Sibarani Employee Daily Fixed (KHT) administration RKPMS: -SPK (Letter Employment Agreement), - Master Data employee, -The Madical check up, - Health-card BPJS, - Employment BPJS.

Human Rights Policy and Corporate Regulation Section III Article 5, paragraph 3, states that there is no discrimination during recruitment selection, appointment and promotion process. Policy Regulation The company regularly reviewed every 2 years.

The company's employees are recruited and promoted on the basis of expertise, capability, quality, and medical health are required for the job, the record as evidence is Recording Promotion Employees of KHT became Non Staff; SPK no. 067 / RKP / SPK / HR / SMD / V / 2013 a.n Abdul Aziz Position Plumber in unit Chakra Estate. Employment status: Employee Time Not specified (Permanent).

Compliance status : Full Compliance

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

Findings :

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. Gender Committee has been formed as a means for workers to facilitate the fulfillment of basic rights of women, but it is still necessary to hold training and socialization. It was raised as observation.

Human Rights Policy, Point 7. Protection of reproductive rights: REA Kalitim Group will follow all applicable regulations relating to reproductive rights, including the right to maternity leave, and will provide pregnant and lactating women with tasks that do not menimbulka health risk to themselves or their children.

Companies have a mechanism to deal with complaints of work, that respects and protects the anonymity of the complaint with Directors' Decree No. 002 / BOD-REA / P / II / 2015 on Human Rights Policy, point 12. Anonymity (anonymity): reak Group will protect the anonymity of the complainant, whistle blower and individuals who choose to help companies enforce policies.

The mechanism that provides a way for workers to file a complaint against a supervisor for anyone other than the supervisor contained in Company Regulation the period 2014 - 2016, Chapter XV Settlement of complaints and. Article 45 Settlement of complaints.

Compliance status : Full Compliance

Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses

Findings :

Current FFB prices and previous day FFB prices are clearly published on the notification board in front of Cakra mill at the security office, and near weighbridge, e.g. FFB price for July 2016 was seen on site.

There is Cooperation Agreement between PT REA Kaltim Plantations Plantation cooperatives "Plasma Etam Bersatu" on Partnership in Development of Oil Palm Plantation Nomor.001 / REAKAP-Kopbun-PEB / PK / I / 2009. FFB prices farmers a purchase price of FFB crop production farmers participating in plasma were determined by the authorized institutions

At Cakra Mill, FFB prices are controlled by "Authority of Kalimantan Timur Province" which will revise every month. Prices will communicated to Plasma Scheme Smallholders and other farmers monthly. Activity report for FFB prices from Kalimantan Timur Province for period January, February, March, April, May, June, July



2016 are available. The price is based on circular from SK Gubernur Kaltim no.525/K.688/2013 where the pricing mechanism agreed upon in accordance with the decision of the team determine the price at it is monthly meeting on Plantation Agency – East Kalimantan Province.

Work agreement is agreed both parties with term and condition is included into a contract. All the payment is made by Finance Department based in Central office. The payment amount is verified in POM's Annual Budget.

Berkat Estate has provided contract agreement record example Lease Agreement for FFB Transports no.007 / SPK / TRANS-FFB / BKT / III / 2014 and Addendum I, between PT Rea Kaltim Plantation - Berkat Estate and PT Sasana Yudha Bhakti with Mrs Dadi as the owner of the vehicle, dated January 29, 2016, job details :

- FFB transport
- Employee transport
- Transport of materials, goods sheds and bins

Contract above valid until March 25, 2016 and it has signed by both parties too (Mr Mark Alan Parry as representative from REA Kaltim and Mrs Dadi as vehicle owner).

Payment according to the agreement of article 7 (2) that the amount of payment is determined based on the work and daily activity report. Whereas, article 7 (3) Payment will be carried out on a monthly basis. Payment record such as receipt/invoice dated on 9 April 2016 amount of IDR 35,185,891 and transfer slip dated on 4 May 2016.

Year 2015 & 2016 (during audit) that Cakra mill has not received FFB from scheme smallholder (Etan Bersatu Smallholder).

Compliance status : Full Compliance

Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate

Findings :

In the surveillance audit, Cakra group still shows their commitment to contribute to local development. Cakra group shows their commitment into external CSR activities such as supporting local community's traditional ceremonial, road maintenance, building and construction, Water Installation and donation. The social activities regarding contribution to local development has been agreed by local communities. During the audit, Cakra Group shows evidences such as payment receipt, pictures and event records.

Based on Chronology record "Plasma Koperasi Bersatu Etam Kelakat Village", about the problems of Plasma Koperasi Bersatu Etam : Commencing on May 8, 2014 in the field of operational activities halted by the cooperative plasma Etam Union and the taking of all of the plasma contained by members of the United Etam smallholders.

Compliance status : Full Compliance

Criterion 6.12 No forms of forced or trafficked labour are used

Findings :

The policy about no forms or forced or trafficked labors is available in REA Group's 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 1st March 2015. It stipulates that all employees and contractors are provided with clear terms of engagement, which include a defined notice period for termination, and will not be required to deposit passports, identity cards, insurance cards or money.

Interviewing the workers and stakeholders revealed that there is no forced or labor trafficking include in the Cakra mill and their supply based. Migran worker from other provinces in Indonesia available and migrant employee's contract were sampled and reviewed and verified that no contract substitution has taken place.

There are no Company's operations related to trafficked and forced labour. All of plantation workers are Indo-



nesian Local workers.

Compliance status : Full Compliance

Criterion 6.13 Growers and millers respect human rights

Findings:

The company has established a Human Rights Policy, No: 002/BOD_REA/P/II/2015 to respect human rights which has been approved by Mark Parry, President Director, REA Group dated 01 March 2015 This policy has been adequately documented and communicated to all levels of the workforce and operations. 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

Compliance status : Full Compliance

Principle 7: Responsible development of new plantings

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 audit, there is no new planting activity already done by company because last year of planting is year 2011. Based on tabel 5 above that found year of planting since November 2005, this is will explained in criteria 7.3.

During audit that the company couldn't showed the SIA document. Then this is raised as NC under criteria 6.1

Compliance status : Not Applicable

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 audit, there is no new planting activity already done by company because last year of planting is year 2011. Based on tabel 5 above that found year of planting since November 2005, this is will explained in criteria 7.3.

Based on indicator 4.3 and HCV & EIA document, both of this document already explained clearly the soil and topography information. The soil condition in four estates under Cakra mill categorized medium erosion



potential with flat condition in generally

Compliance status : Not Applicable

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:

The company have carried out HCV identification year 2006 by Tropenbos International Indonesia and year 2009 by WWF Indonesia. Both of identifications has not covered HCV delineation map so that the company has been carried delineation of HCV areas.

Based on table 5 above that Damai and Berkat estate has a planting activities since November 2005. The company has showed spatial image in the form of landsat 5 TM accusion date May 12, 2005; October 6, 2006; February 11, 2007; September 25, 2008 and August 11, 2009 on draft of LUCA report.

Land use change period of May 2005 to October 2006, October 2006 to February 2007 and September 2008 to August 2009 has explained on LUCA report.

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). Based on explanation on indicator 2.1 above that Berkat and Damai estate has got permit from government (Ministry of Forestry) regarding release of forest areas.

Compliance status : Full Compliance

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

Findings:

Based on field visit and document on planting area since November 2005, there is no sloping condition. But, the company already maintain the cover crop to minimize the soil erosion.

Compliance status : Not Applicable

Criterion 7.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions

Findings:

Planting since November 2005 in Berkat and Damai estate came from land bank inside the land use rights (HGU) of the company. During stakeholder consultation, there is no issue riased 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 shrub, secondary forest and scrub inside the land use rights.

Compliance status : Not Applicable

Criterion 7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements

Findings:

Based on statement from company that they has paid land compensation but their evidence can not showed



and map of land compensation & map of other party land inside company areas not available so that it was issued as non-conformity on indicator 2.2.3 and 2.3.1.

During audit that new planting activities not available so that there were no new land acquisitions and negotiation process.

Compliance status : Not Applicable

Criterion 7.7 No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice

Findings:

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

During audit that new planting activity not available so that there is not evidence that company use or no use of fire in the preparation of new planting areas.

Compliance status : Not Applicable

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 Berkhat and Damai estate not came from primary forest, this is from company land bank (inside the land use rights)..

Compliance status: Not Applicable

Principle 8: Commitment to continuous improvement in key areas of activity

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

Findings:

Year 2015/2016, the SEIA details the impact of operations and new activities to the social well-being of the workers and the community and steps that need to be taken to reduce any negative impacts should there be any. The updated reports are submitted every semester by the Sustainability Department of Cakra POM Grouping to related government institutions such as local environment agency and Agricultural Ministry Indonesia.

The company has not been ensured about the effectiveness of the implementation of socialization activities, i.e :

- Communication and consultation procedure with the some affected parties have socialized with local communities and other parties affected,
- The company's policy regarding the protection of reproductive right should be documented, implemented and communicated to all workers has not been effectively implemented and socialized to workers at all levels of operation because there are women's workers as spraying in block 64 – Cakra estate that they has not been understood their reproductive rights.
- Socialization of policy of business ethical or code of conduct to workers

The condition above was raised as non-conformity (NCR No.RSPO00442).

Compliance status : Non Compliance



See NCR No. RSPO00442 (Major)

• **RSPO SCCS**

Cakra Palm Oil Mill (Cakra POM) is located in East Kalimantan – Indonesia with a processing capacity of **80 tonnes FFB/hours**. The company implements SCC-RSPO with “**Mass Balance (MB)**” model according to the nature of mill FBB supply condition. The following is a description of the company’s supply chain management system according to the RSPO SCCS requirements (it was assessed/audited against Module E), including status of compliance of the company and their outsourced third parties to RSPO SCCS requirements. Results of audit/assessment as describe on the explanation belows :

Module E – CPO Mills: Mass Balance

E.1. Definition

Findings:

Cakra 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 informatipn production records for 2015 and 2016 (until July), the Cakra mill has record of FFB certified and uncertified received, whereas the certified source came from company owned estate (Lestari, Cakra, Damai & Berkat estate) and Perdana estate (other supply base), while uncertified source came from Rea’s group estate (Kedoran estate – PT Kutai Mitra Sejahtera), village community empowerment program (PPMD), independent smallholders and independent outgrowers.

Description of certified and non-certified for raw materal & product in Cakra POM below :

Year	Description	Status (MT)		Extraction Rate (%)	
		Certified	Non-Certified	OER	KER
2015	FFB received (MT)	229,888.09*	32,441.41		
	CPO (MT)	49,901.26	7,041.98	21.71	
	PK (MT)	10,124.27	1,428.72		4.40
2016 (till July)	FFB received (MT)	105,227.12	16,388.21		
	CPO (MT)	23,171.01	4,878.04	22.02	
	PK (MT)	4,598.43	968.08		4.37

Note : Include of FFB from Perdana estate amount of 257.08 MT

During audit process, Cakra POM didn’t claimed any certified product sold under RSPO IT platform (E-trace).

Compliance status : Full Compliance

E.2. Explanation

Findings:

Cakra POM has record of estimated certified products production (CPO and PK) that could potentially be produced from owned estate under Cakra supply based/audit scope i.e.: Lestari, Cakra, Damai and Berkat estate. Also, this estimation was include in long term production budget. The estimated certified production will presented on the public summary in **Table 4** above.

During audit that Cakra POM has already registered in RSPO IT Platform (e-Trace) system with registered number : **RSPO_P0100000512** but Cakra POM couldn’t access the RSPO it platform (e-Trace), then palm



oil mill could not showed transaction information (quota, sold and stock) because the last CB does miss input expired date so that status of etarce is denied.

Compliance status : Full Compliance

E.3. Documented procedures

Findings:

Cakra POM has established the procedure for RSPO SCCS MB implementation, with document number RE.BPO.SUST.PMB issue date on April 1, 2016, effective dated on May 1, 2016. This procsedure already explained about how the RSPO SCCS implementation in Cakra Palm Oil Mill, i.e.:

- The objective, scope, definition of RSPO SCCS MB, book and claim, mass balance report and recording.
- Person in charge and responsible for RSPO SCCS MB implementation from the mill manager, asst mill manager, weighing operator, transport department, dispatch operator, production clerk, sales marketing and others related.
- Handling process for receiving certified and uncertified raw material, were from weighing slip has been identified through the mill computer system, were the computer system has been set and data registered from owned estate (Lestari, Cakra, Damai and Berkate estate). And if the FFB come from this four estates, the system will outomatically identified as a certified FFB. Example in weighing slip on January 02, 2016 with ticket number 561443 from Cakra estate (FFB delivery order no. SPBCAK 005529) and April 27, 2015 with ticket number 518166 from Berkate estate (FFB delivery order no. SPBBER 031331), already showed information wrote on the weighing slip "FFB ISCC and RSPO". This categorized as certified FFB. While for uncertified FFB, on the weighing slip will write "FFB non Certified". Example in weighing slip on January 02, 2016 with ticket number 561460 from Koperasi Pinang Berjaya. Generally Cakra Palm Oil Mill has established properly the system and ensure the handling for certified and uncertified raw material and product implemented well.
- For sales activity especially for certified product CPO and PK, the sales should use the RSPO IT Platform (e-Trace) and/or green palm mechanism, the group Sustainability Manager should deliver/send the purchase invoice (PI) to the sales marketing department and this department should record the quantity or ammount of green palm certified sold, as a mentioned/showed in purchase invoice.
- Procedure also mentioned that the sales marketing department should carry out the three month evaluation to ensure the certified stock condition.

Cakra Palm Oil Mill already established the procedure for receiving and processing fo certified and uncertified raw material through the document number RE.BPO.SUST.PMB issued date on April 1, 2016, effectice date on May 1, 2016. Moreover, the company have procedure for recording and controlling the production and sale of ISCC and RSPO certified CPO & CPKO (No. REA.RSPO.001 rev.1 dated May 8, 2014) but it is still refer to old standard (RSPO SCCS, Nov 2011) and has not been provided shipping information that certified product to buyers comes from Cakra POM or other POM. It was raised as **non-conformity (NCR No.RSPO00443)**.

The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements has been assigned at the audit time. The organization SCCS (consist of mill manager, asst mill manager, weighing operator, transport department, dispatch operator, production clerk, sales marketing and others related). Based on interview to mill manager and weightbridge operator has not been knowledge sufficient relate of new standard (RSPO SCCS, 2014). It was raised as **non-conformity (NCR No.RSPO00444)**.

Compliance status: Non Compliance

NCR No.RSPO00443 and NCR No.RSPO00444

E.4. Purchasing and goods in

Findings :



Cakra POM has record of FFB incoming and FFB process in 2015 and 2016. Based production record, Cakra mill has separately in mass balance record between FFB owned estate and independent smallholders and out-growers. Cakra mill will implement RSPO SCCS with supply chain model is **Mass Balance (MB)** so the mill not necessary separately in mill process between certified and uncertified raw material and product but mill shall control in mass balance record. Cakra mill uncontrol relate of the verify and identify FFB category or status because based on mass balance report and weighbridge ticket that FFB come from Long Seng areas has categorized as certified FFB. It was raised as **non-conformity (NCR No. RSPO00445)**.

Certified FFB source is FFB come from Lestari, Cakra, Damai and Berkat estate where it is under Cakra mill audit scope. And for this, Cakra mill has verify and identify also record the FFB produced and incoming from owned estate.

Cakra palm oil mill has mechanised to inform the CB if any over production projected through the email. But during audit, Cakra mill not produced above the limit.

Compliance status : Non Compliance

NCR No. RSPO00445

E.5. Record keeping

Findings:

Based on mass balance record for 2015 and 2016, showed in 2015, Cakra palm oil mill delivered certified CPO to the company bulking in Samarinda about 49,616 mt, and uncertified CPO about 6,986 mt. Then until July 2016, Cakra palm oil mill delivered the certified CPO to the Bulking in Samarinda about 13,854 mt and uncertified CPO about 3,034 mt.

Cakra palm oil mill not carried out sales activity. The sales activity carried out by Marketing Departement. Cakra palm oil mill under Marketing department in 2015 no sold the certified product (CPO) under greenplam mechanism but there was sold certified CPO under ISCC year 2016 (till July) amount of 13,580.66 MT.

All volumes of palm oil that are delivered are deducted from the material accounting system according to actual daily conversion ratios. The company have bulking in Samarinda where it owned by REA group and all instruction about receive and delivery product from Marketing Department so that there is no outsourced supply chain processes in Cakara Palm Oil mill.

Compliance status : Full Complainece

3.2 Status of Previously Identified Non-conformities

We have not obligation to verify the previously identified non-conformities because RSPO certificate's company has expired but we have concern for it so that we are confident the issue has been handled with good/fulfill by company.

A total of 3 nonconformances were identified during the 4rd surveillance assessment. These consisted of 2 major non-conformities and 1 minor non-conformities for RSPO P&C and zero nonconformities for RSPO SCCS. During this is assessment, it was found that there was sufficient evidence for closure of all non-conformities. 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.

- **RSPO P&C**

Criterion 4.7 (Indicator Major 2) : All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers



NCR No.01/2015

1. Insufficient evidence that MSDS sampled was the latest current version at estates sample e.g : NALCO23273 – MSDS dated 2002 and NALCO@3273 – MSDS dated 2003.
2. Fire extinguishers sampled in the mill were either not tagged or expired

Verification results :

- Latest version of MSDS for specified chemicals (NALCO23273 dated 2002 and 2003) have been placed at chemical handling and storage operations at Cakra POM and fourth estate.
- Fire extinguishers have been suitably tagged, labelled and in good condition and monitoring checklist has been established at Cakra POM.

Auditor Conclusions : Closed

Criterion 6.6 (Indicator Major 2) : Minutes of meetings with trade unions or workers representatives shall be documented

NCR No. 02/2015

However at audit time, there is no adequate evidence that minutes of meetings between worker representative and management were available for estates sampled. Noted : This NC has been upgraded to a major NC because this nonconformance was also evident during the previous audit (ASA3).

Verification results :

Meeting between worker representatives and management was carried out on 20 April 2015 at Cakra POM.

Documented minutes of meetings with the labour union is available at SPSI's estate office, and the worker union holds meeting as required especially if there is a labor issue. There is also a Bipartite Cooperation Institute (Lembaga Kerja Bersama - LKS - Bipartit) between SPSI and management of PT REA Kaltim as seen on meeting records. Detail information can see on indicator 6.6.2 above.

Auditor Conclusions : Closed

Criterion 5.3 (Indicator Minor 3) : A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented

NCR No.03/2015

However, domestic waste at Cakra POM was not adequately disposed. Although disposal bins were available, there were wastes/rubbish found outside the bins in several locations.

Verification results :

Domestic waste at Cakra POM has been suitably tidied up and a schedule has been prepared for disposal of domestic waste..

Auditor Conclusions : Closed

- **RSPO SCCS**

There is not non-conformance in previous audit (ASA4) for RSPO SCCS,



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

• **RSPO P&C**

Indicator 1.1.1 There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making

NCR No.RSPO00422 (Minor non-conformity)

There is no evidence of dissemination to relevant stakeholders related the RSPO principles and criteria and grievance and communication mechanism

Correction :

The company will do dissemination to relevant stakeholders relate of the RSPO P&C, grievance and communication mechanism for all stakeholders (supplier, contractor, community and smallholder)

Corrective Action :

To ensure stakeholders have known RSPO implementation mechanism and on-going updates of the company

Auditor Conclusions : Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations

NCR No.RSPO00423 (Minor non-conformity)

Code of ethical conduct policy also applies to third parties engaged by the REAK group, including consultants and contractors however it have not been dissemination or socialized to third parties associated with the operations of the company

Correction :

The company will create of the circular letter to all operation units regarding conducting dissemination of code of ethical conduct policy to all contractors in company

Corrective Action :

- The company will ensuring to each contractor has participated on dissemination of code of ethical conduct policy
- The company will ensuring that code of ethical conduct policy has included in contract

Auditor Conclusions : Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available

NCR No.RSPO00424 (Major non-conformity)

There are still several conditions not compliances with regulation where were found during audit as follows :

- The company has handled some hazardous & tosic wastes (B3) but it was not covered all type of hazardous & toxic waste in Cakra & Lestari estate.
- Hazardous & toxic waste balance sheet can not be shown in Lestari estate



Whereas, the list of law and regulation not covering some laws and regulations such as Ministry of Agriculture regulation no.11 year 2015 and Ministry of man power & transmigration regulation no. PER.01/MEN/1982.

Correction :

- The company carry out identify of hazardous and toxic waste each unit.
- Create and upadate balance of hazardous and toxic waste every month.
- Updating all new regulations.

Corrective Action :

The company will carry out and ensure that updating all regulations by periodically according time schedule ,

Auditor Conclusions : Closed

Date of closure : September 22, 2016

Verification results :

The auditee has provided some evidences i.e :

- List of identification of waste sources and their management in Lestari and Cakra estate year 2016 with information of waste source, waste name, type of waste, waste classification, etc. Waste source in estate are clinic, workshop, chemical store, spraying activities, office and emplasment.
- Balance of hazardous and toxic waste in Lestari estate period of February to July 2016 with type of waste is used oil, used filter, used cloth & gloves, container ex-chemical, etc
- Balance of hazardous and toxic waste in Cakra estate period of August 2016 with type of waste is used oil, used filter, used cloth & gloves, container ex-chemical, etc
- Internal memo from head of sustainability, conservation and HSE to head of mature estate and head of mill biogas regarding hazardous and toxic waste management.
- Revision of the recapitulation of regulation identification and evaluation so that Ministry of Agriculture regulation no.11 year 2015 and Ministry of man power & transmigration regulation no. PER.01/MEN/1982 was available.

Indicator 2.2.2 Legal boundaries shall be clearly demarcated and visibly maintained

NCR No.RSPO00425 (Minor non-conformity)

Some boundary pillar has demarcated by company at Cakra & Lestari estate but it not sufficient if compared to total of boundary pillar on special situation map.

Correction :

- Cakra and Lestari estate will carry out re-verification and re-identification of boundary stone accordance coordinate from cadastral map
- Create of program and propose of proposal/budget of boundary stone demarcation to top management
- Provide and Instal of boundary stone on location/field accordance coordinate from cadastral map

Corrective Action :

To ensure boundary stone monitoring schedule and maintenance program will implement appropriate with plan

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available,



and that these have been accepted with free, prior and informed consent (FPIC)

NCR No.RSPO00426 (Minor non-conformity)

The land titles are kept in the estate office and were sighted during the audit. Whereas, proof recapitulation compensation or compensation for plant growing (GRTT) record on personal right were acquired can not show by PT REA Kaltim.

Correction :

The company will provide recapitulation of compensation for plant growing (GRTT) record was done

Corrective Action :

- To ensure updating and documentation of plant growing (GRTT) will implement
- Recapitulation of land compensation was available

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities)

NCR No.RSPO00427 (Major non-conformity)

A map of land acquisition of land measurement report has available but some maps showing the location of stakeholder areas inside company areas, the broad legal rights, customary right or the right to use the recognized parties which have been paid compensation are not available.

Correction :

Create map of location of stakeholder areas inside company areas, the broad legal rights, customary right or the right to use the recognized parties which have been paid compensation appropriate requirement/standar map

Corrective Action :

- To ensure that all maps has appropriated with requirement/standard map
- To ensure create of map has got approval from top management

Auditor Conclusions : Closed

Date of closure : November 15, 2016

Verification results :

The auditee has provided a map of acupation with scale 1 : 30,000,000 which has informed land compensation or land acquired with using pink color and enclave areas with blue color.

Indicator 4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented

NCR No.RSPO00428 (Major non-conformity)

the company is not incorporate SOP of soil analysis in agronomy manual and Work instruction injection to palm oil plant in order the controlling caterpillar pest is not can approve by authorize party.



Correction :

- Revisiion of agronomy manual with adding soil analysis procedure
- Apply to authorize parties for approval of working instruction injection to oil palm tree in order the control of fire caterpillar

Corrective Action :

To ensure every activity and best practice operational process refurbished in standards relevant documents

Auditor Conclusions : Closed

Date of closure : September 22, 2016

Verification results :

Auditee has provided some evidences as follows :

- Soil sampling procedure has included on agronomy manual with index number is VI/12 and sub bab no. OPC VI.b.
- Working instruction no. WI.REA.BPO.EST.PHU regarding controlling fire caterpillar by steam injection has signed by outhority parties i.e head of mature estate as preparing, document control as verifying and management representative es approving..

Indicator 4.1.2 A mechanism to check consistent implementation of procedure shall be in place

NCR No.RSPO00429 (Minor non-conformity)

During audit that the evidence has not been provided regarding the result of checking consistency between implementation and procedure or the last evidence of implementation of internal audit.

Correction :

- Checking consistency between implementation and procedure in next internal audit
- Provide evidence of checking and measuring activities for operational, financial and implement of system activities in estate and mill

Corrective Action :

All result of checking activities shall be documented and create of progress analyst

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 4.4.1 An implemented water management plan shall be in place

NCR No.RSPO00430 (Minor non-conformity)

There is found a springs at Damai Estate (Block 10), but these water source is not included in the implementation of water management

Correction :

- The company already install signboard that water usage prohibited in the area
- Create of internal memorandum regarding using spring at Damai estate
- Dissemination to employee regarding water usage prohibited for consumption

Corrective Action :



To ensure that employees understand the appeal not use the water through dissemination to all employees

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated

NCR No. RSPO00431 (Major non-conformity)

During field visit on Damai Estate, there is not found evidence signboard/ not use of chimest in the oil palm plantation areas around river riparian (Klupah and Bribit river)

Correction :

Instaling signboard of chemical application prohibite on riparian Klupah and Bribit river

Corrective Action :

To ensure that procedure or working instruction of spraying was updated relate of the mechanism of chemical application prohibite on riparian

Auditor Conclusions : Closed

Date of closure : September 22, 2016

Verification results :

The auditee has provided a photograph of the signboard of fertilizer and chemical application prohibite which has installed on riparian Klupah and Bribit river.

Indicator 4.5.1 Implementation of IPM plans shall be monitored

NCR No.RSPO00432 (Major non-conformity)

Preventive/corrective plan and their implement/realize for type of pest and disease is caterpillar in other block (cakra & lestari estate) not available.

Correction :

- Re-dissemination or re-training to employee in estate regarding preventive and handling pest and disease
- Create of preventive/corrective plan and provide evidence of implementation it in other block
- Distribute preventive/corrective plan to estate

Corrective Action :

- To ensure implementation in field has appropriated with plan
- Review of preventive plan has effective or not

Auditor Conclusions : Closed

Date of closure : September 27, 2016

Verification results :

The company has provided some evidences as follows :



- The company has carried out re-dissemination and re-training regarding IPM program and EWS to employees in four estate. Progress activity, photograph and attendant list was documented
- Working instruction no. WI.REA.BPO.EST.PBP regarding planting beneficial plant as guidance
- Schedule of planting beneficial plant in Cakra & Lestari estate is until March 2017 for several blocks i.e block 31A (Division CA-04), 53C (Division CA-03), 64B (Division CA-03), 56A (Division CA-02), 49C (Division CA-01), 67B (Division CA-01), 40A (Division CA-02), 47B (Division CA-02), 48D (Division CA-02), 65D (Division CA-01), 30A (Division CA-04), 38A (Division CA-04), 54C (Division CA-02), 63B (Division CA-03), 07B to 07 D (Division LES-01), 06A, 06B & 06D (Division LES-04), 12A (Division LES-03), 15A (Division LES-03), 22A (Division LES-05), 27B to 27D (Division LES-05), 34A, 41A to 41C, 40A, 40B & 40D (Division LES-07).

Indicator 4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided

NCR No.RSPO00433 (Major non-conformity)

The use of pesticides document was not covered information of the total of active ingredient which has used in cakra & lestari estate.

Correction :

- Revision of the recapitulation of herbicides and insecticides usage
- Dissemination of calculating amount of active ingredient applied per ha to clerk administration in Cakra and Lestari estate

Corrective Action :

- The company will make sure revision of recapitulation table has received by estate
- Clerk administration shall be make sure information of the amount of active ingredient applied per ha was available

Auditor Conclusions : Closed

Date of closure : September 22, 2016

Verification results :

The company has provided evidence of the recapitulation of chemical usage (herbicide and insecticide) year 2016 where it has included amount of active ingredient applied per ha.

Indicator 4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers

NCR No. RSPO00434 (Major non-conformity)

Related risk assessments were reviewed if any accident has occurred but risk assessments for harvesting near power lines and weighbridge was not available.

Correction :

- Review of risk assessment for activity of harvesting in near power/electric lines and weighbridge.
- Create of HIRADC for activity of harvesting in near power/electric lines and weighbridge, distribution of HIRADC to estate and mill and dissemination of HIRADC to estate and mill by periodic and

Corrective Action :

Monitoring effectiveness of HIRADC implementation and refresh awareness of risk of activity it by periodically

Auditor Conclusions : Closed



Date of closure : October 11, 2016

Verification results :

The company has provided evidence of HIRADC for activity of harvesting in near power/electric lines and weighbridge. Moreover, dissemination of HIRADC for activity of harvesting in near power/electric lines and weighbridge to employees was carried out (include photograph and attendant list). Photograph and attendant list for activities it was available.

Indicator 4.8.2 Records of training for each employee shall be maintained

NCR No.RSPO00435 (Minor non-conformity)

- The record of training for contractor (FFB & EFB transportation) not available
- There is no record of training need analysis (TNA) for each department as base on making training program in 2016.

Correction :

- The company provided and establish training program for contractor
- The company creating training need analyst (TNA) for each department

Corrective Action :

- Ensuring each employee in department have training need analyst (TNA) and it has used as baseline to making training program
- To ensure each training documentation shall be keep

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 5.2.1 Information shall be collated in a HCV assessment that includes both the planted area it-self and relevant wider landscape-level consideration (such as wildlife corridors)

NCR No. RSPO00436 (Major non-conformity)

The results delineation of HCV is still in draft form.

Correction :

Finalize of HCV deliniastion by consultant

Corrective Action :

To ensure dissemination and distribution of map and management plan.to all estates

Auditor Conclusions : Closed

Date of closure : July 05, 2017

Verification results :

The auditee has provided evidence of final delianition HCV report which developed by HCV consultant (Forest Faculty – Bogor Agriculture University). Type of HCV establish in Cakra, Lestari, Berkat and Damai estate is HCV1 and HCV4. Recommendation of HCV management and monitoring was available on report too.

Indicator 5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidences of a negotiated agreement that optimally safeguards both the HCVs and these rights

NCR No.RSPO00437 (Minor non-conformity)

The company has identified HCV area and have been mapped but the company can not show evidence that HCV areas not occupied by the local community.

Correction :

- Dissemination and discuss of HCV management and guard to local community near HCV areas
- Create of commitment/agreement both parties (company and local community) regarding maintain and manage of HCV areas it

Corrective Action :

To ensure local community has understood their responsible relate of HCV areas

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 5.6.2 Significant pollutants and GHG emissions shall be identified and plans to reduce or minimize them implemented

NCR No. RSPO00438 (Major non-conformity)

Auditor was found burning domestic waste near emplasment of Cakra POM and burning empty fruit bunch (EFB) on FFB collect location (TPH) of block 39A at Cakra estate

Correction :

- Create internal memo regarding prohibit of burn domestic waste, lose fruit and EFB
- Dissemination of morning meeting to employee in Cakra estate & mill regarding waste management and prohibit of burn domestic waste, lose fruit and EFB

Corrective Action :

The management will monitoring/patrol and ensure that no burn activity in field and emplacement.

Auditor Conclusions : Closed

Date of closure : September 22, 2016

Verification results :

The company has provided evidence of internal memo from Cakra estate manager to all employees and their family in Cakra estate regarding prohibit of domestic waste, loss fruit and EFB in estate and emplacement. Moreover, dissemination has carried out to mill and estate employees. Minute of meeting, photograph and attendant list was available.

Indicator 6.1.1 A SIA including records of meeting shall be documented

NCR No. RSPO00439 (Major non-conformity)

SEIA document above still general so that it has not covered replanting and do not identifying by participatory manner and plans to reduce negative impact and enhance the positive impact has been made, implemented and monitored, to demonstrate improvement not available.



Correction :

- Re-create of SIA document by internal team with involving internal & external stakeholder. It is switching previous SIA document.
- Implementation management and monitoring from the result of SIA

Corrective Action :

To ensure all documents has fulfill to requirement or standard

Auditor Conclusions : Closed

Date of closure : November 01, 2016

Verification results :

Company has provided evidence revision of SIA report where social issues establish is employment opportunity, increase of capital income, lose agriculture areas, distribution of donation from company no balance between village, prostitution, gambling and scheme smallholder crisis. Social impact assessment has involved external and internal stakeholder include of public consultation of social management plan.

Indicator 6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme)

NCR No.RSPO00440 (Minor non-conformity)

In the SIA report did not specifically discuss the impact of smallholder/outgrower schemes.

Correction :

One of content on revision of SIA report is impact of smallholder/outgrower schemes

Corrective Action :

To ensure revision of SIA report was covered impact of smallholder/outgrower scheme and social management plan shall be implemented

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit

Indicator 6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties and records of actions taken in response to input from stakeholders, shall be maintained

NCR No.RSPO00441 (Minor non-conformity)

Record of actions taken in response to input from stakeholders was available, but has been no response to the letter from the external No. 011 / LA-LBM / HA / IX / 2015 dated October 1, 2015 as demands for restitution of land and crops in institutions of Indigenous Village Long Beleh Modang.

Correction :

Respon fo the letter it by top management

Corrective Action :

- To ensure all inputs from stakeholder shall be response.
- Appoint a employee as officer which checking input from stakeholder has responded or not

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next surveillance audit



Indicator 8.1.1 *The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of indicators covered by these P&C.*

As a minimum, these shall include, but are not necessarily be limited to :

- **Reduction in use of pesticides (Criterion 4.6)**
- **Environmental impacts (Criterion 4.3, 5.1 and 5.2)**
- **Waste reduction (Criterion 5.3)**
- **Pollution and GHG emissions (Criterion 5.6 and 7.8)**
- **Social impacts (Criterion 6.1)**
- **Optimising the yield of the supply base**

NCR No. RSPO00442 (Major non-conformity)

The company has not been ensured about the effectiveness of the implementation of socialization activities, i.e :

- Communication and consultation procedure with the some affected parties have socialized with local communities and other parties affected,
- The company's policy regarding the protection of reproductive right should be documented, implemented and communicated to all workers has not been effectively implemented and socialized to workers at all levels of operation because there are women's workers as spraying in block 64 – Cakra estate that they has not been understood their reproductive rights.
- Socialization of policy of business ethical or code of conduct to workers

Correction :

- Re-dissemination of communication and consultation procedure to all stakeholders
- Re-dissemination and discuss regarding reproductive right policy to all employees
- Re-dissemination or discuss of bussiness ethical or code of cunduct policy to worker

Corrective Action :

Evaluation/review of the effectiveness for dissemination has carried out and re-design socialization method

Auditor Conclusions : Closed

Date of closure : September 28, 2016

Verification results :

Company has provide some evidences as follows :

- a. Notulen or minute of meeting regarding dissemination of complaint & grievance procedure, sanction and layoff procedure, protection of reproductive right policy, code of conduct or ethical conduct policy and implementation of mandatory health insurance (BPJS kesehatan) program.
- b. Attentand list each estate & mill (Lestari, Cakra, Damai and Berkat estate and Cakra mill)
- c. Training evaluation for training above and per participant/employee
- d. Statement letter from each community regarding community has understood and agreed about consultation and communication procedure

• **RSPO SCCS**

E.3 Documented procedures

NCR No. RSPO00443

Procedure for recording and controlling the production and sale of ISCC and RSPO certified CPO & CPKO (No. REA.RSPO.001 rev.1 dated on 8 May 2014) still refer to old RSPO SCCS standard (November 2011).



Correction :

Revision of procedure for recording and controlling the production and sale of ISCC and RSPO certified CPO & CPKO referring to new standard

Corrective Action :

To ensure all procedures relate of RSPO SCCS compliance with update standard

Auditor Conclusions : Closed.

Date of closure : September 22, 2016

Verification result :

The company has provided revision of procedure for recording and controlling the production and sale of ISCC and RSPO certified CPO & CPKO be procedure of supply chain mechanism and traceability of sustainable product (no.REA.BPO.SUS.MRP) where one of reference is RSPO SCCS, Nov 2014.

E.3 Documented procedures

NCR No. RSPO00444

PiC of RSPO SCCS implementation not able to demonstrate awareness of the site procedures for implementation of new RSPO SCCS standad (November 2014)

Correction :

Dissemination or discuss of new RSPO SCC standard to relate of employee

Corrective Action :

There is change standard so continue to dissemination to relevant employee and revision of document/procedure

Auditor Conclusions : Closed.

Date of closure : September 22, 2016

Verification result :

The auditee has provide progress activity report with topic is dissemination of procedure of supply chain mechanism and traceability of sustainable product (no.REA.BPO.SUS.MRP), attendant list for mill and attendant list for marketing/sale. RSPO SCCS team has participated on dissemination it.

E.4 Purchasing and goods in

NCR No. RSPO004445

FFB from Long Seng areas has stated as certified FFB categorized although it is exclude from scope of audit

Correction :

- Create especialy ID for FFB from Long Seng so that it has not claimed as certified FFB
- Announce to estate and mill employee that FFB from Long Seng is non-certified FFB
- Input Long Seng ID to database/system so that FFB status as non-certified FFB

Corrective Action :

PiC or mill manager shall be verify and check periodicly who FFB supplier in Cakra POM and separate FFB based on supplier name on paper.



Auditor Conclusions : Closed.

Date of closure : September 22, 2016

Verification result :

The auditee has provide some evidences as follows :

- Internal letter from Estate Contrller-North to T.A CDC regarding propose of ID for FFB come from Long Seng as non-certified FFB.
- The result of the verification of Long Seng location is Long Seng areas outside from boundary of land use right (HGU) on behalf PT REA Kaltim Plantations as far as 1.8 KM and geografis location is 116° 10' 20" E; 0° 18' 42" N. Total of Long Seng areas is 3.48 ha (planted areas is 3.03 ha).

3.4 RSPO Group Certification Requirement and Smallholder Principle and Criterion against to the RSPO P&C (Generic), 2013

During assessment process, found that the Etam Bersatu smallholder was include in last certification assessment under different certification body but based on assessment n process, there is no activity, documentation and others production activity record maintained and kept properly by smallholder manager and by smallholder members. Then, this condition was raised as nonconformity against to the RSPO Group Certification Requirement and Smallholder Principle and Criteria 2013 on August 12, 2016. To close this nonconformity, the company submitted letter No. 008/EXT/REA/SUST/X/2016 dated on October 21, 2016. This letter explained about Management commitment that the Etam Bersatu Smallholder excluded during assessment process, and will include on next surveillance certification process in timebond plan (will carry out on June 2019).

3.5 Noteworthy Positive Components

The company has allocated conservation or HCV areas more than sufficient

3.6 Issues Raised by Stakeholders and Findings Pertaining to Issues

a) Issues raised during stakeholder consulting 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 has been entranced.</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 of the official government authority (Local Government & Disbunhut) on settlement process and proposal to the related ministries.</p>	It is other estate under Rea Kaltim (exclude scope of audit)
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>a. PT Rea Kaltim has developed the Smallholder plantations (Kahad & Etam), PPMD programly for accomodate the independent farmers and</p>	During the assessment, Etam Bersatu Smallholder was exclude from the audit scope, because they doesn't have any record/document activity, and the group certification



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<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 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>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 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/cooperative 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</p>	<p>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 assessment 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 assessment process, there is no evidenced can proved by company about this activity, because there is no any record could not proved.</p> <p>During the assessment process, there is evidence of RSPO socialization where one of participant from Kelekat Village.</p> <p>During the assessment process, audit team has checking and verification to POME pond (Cakra POM) and field belt or land application areas that there is not pipe from POME pond to river and there are not evidences overflow on POME pond and land application areas at rain condition.</p>



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>f. Whether the river water that has been mixed with the liquid waste that has discarded back to the Sei Belayan from COM are safe for being used 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 an overlapping program.</p>	<p>corrective and preventive actions in order to resolve those matters. Those issues have been verified 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 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 continues the water supply program, but in their regular management are expected that the villagers can do it by self-managed.</p> <p>h. Basically, Comdev programs were arranged based 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 stakeholder participants are adapted with the needs and conditions of the company.</p>	<p>During the assessment process, audit team has checked and verified to POME pond (Cakra POM) and field belt or land application areas that there is no pipe from POME pond to river and there are no evidences of overflow on POME pond and land application areas at rain condition.</p> <p>During assessment the management did not stop this program, but the company has a side program to develop the community to maintain their water supplies.</p> <p>This already confirmed related to this case, this is a 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 FFB 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 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 village.</p>	<p>a. Labor recruitment, especially local labor have been done by PT Rea Kaltim. Based on the data, until June 2016 that the labor who works on Cakra Oil Mill from Kelekat village are 22 people or 11.6% from the total labor, not included those who work on the estate.</p> <p>b. The background of workers termination can be explained as follows, related to the efficiency that has been done by</p>	<p>During assessment that vacancy plan has not been available on COM because no need new employee. Whereas, existing condition that total of employees from Klakat village is 22 persons</p> <p>The COM has changed from three shifts to two shifts so that it was impacted to reduce employees. Mechanism to</p>



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<p>c. The liquid waste that has been dumped has contaminates 3 rivers.</p> <p>d. The comoany has been providing clean water facilities for Kelekat Village. Those aid are really helpful the villager.</p> <p>e. As the information 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>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, thats 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 wasted 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 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 coorddination 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</p>	<p>choosing employee which will transferred to PM (other POM under REA Kaltim) has accordanced so that no discrimination.</p> <p>Based on verification to POME pond in COM and land application areas that there is not evidence that effluent from POME pond and or land application has contaminated river</p> <p>The company already has program to do this, but financial reason, the company hold this program for several time.</p> <p>During asseesement 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
			socialization of FFB grading mechanism. And this thing will be done transparency, periodically and involving the relevant agencies.	
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 FFB pricing by the government.</p>	<p>a. Grading personel has been given the training of a way to sorting FFB 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 FFB 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> <p>During field visit that the no queue significant because no pick season. Based on interview that queue mechanism for third party truck is FIFO (First In First Out) and propotional with estate's truck because mill have one weighbridge only. Moreover, COM will inventory projection total of volume FFB receipt from internal and external suppliers so that COM management will communication with other POM under Rea Kaltim relate of the FFB distribution if over capacity</p> <p>-</p> <p>Existing FFB pricing has refered to government regulation</p>
5.	Perdana Head Village	Related to PPMD problems on Perdana Village around 1000, but there's only around 161 Ha.	PPMD land area, 1.561 ha is for the whole cooperative participant PPMD & independent smallholders.	The company developed PPMD (smallholder) by the company for communities.
6.	Kepala Desa Long Ble modang	Related to FFB criteria Where will the result of grading and FFB that has been grading discarded?	FFB unexpected sorting result with standard are still be treated, this things has already been agreed between the cooperative/ farmers and the company in agreement of buy and sell of FFB. However, socialization and communication will be improved.	<ul style="list-style-type: none"> • Cakra POM have grading mechanism and based on interview & field visit that grading officer has able demonstrated grading process accordance company procedure. • There are evidences relate of grader has qualified • Based on agreement of



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
				buy and sell of FFB between the cooperative/farmers and company that FFB unexpected sorting result with standard are treated or processed by POM
7.	-	<p>a. Biogas problem</p> <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>f. How about the transparency related to the existing conservation area on REA Kaltim?</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>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 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</p>	<p>The company developed elctricity for communities by the Biogas development.</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. Beacause the company used land application for POME management, and did not disposal to the environmental.</p> <p>There is evidenced that the company planted inside the river bank but the company has not done activities and it is exclude from scope of audit</p> <p>Auditor do not have suficient evidence relate of swamp location so that auditor can not continue verification</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>



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<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 estate)</p> <p>i. Please, PT REA made a complaint box. How will the mechanism related to the complaint.</p>	<p>(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. It will be follow up in accordance with the HCV developing program.</p> <p>h. It will be follow up by the HRD for the next process.</p> <p>i. 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>During the assessment process, the company showed the evidence of the HCV communication to related stakeholders.</p> <p>List of employee in each estate and mill was available but it is not inform to village office.</p> <p>Complaint mechanism was available and it has informed to employee and key persons in village. The company has not been ensured regarding community has knownd mechanism it</p>
8.	Sypatoni, 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 relations with the stakeholders.	During assessment process that the company already maintained good relationship with communities but the company has not been done dissemination of RSPO mechanism regarding stakeholder engage or involve in process. It has was raised as NCR (no. RSPO00422)
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.	During assessment process that clean water has been supplied to communities and evidence of submission genset to community was available. CSR program year 2016 was available
10.	Sirajuddin, public figure of Kelakat Village	<p>a. For recorded the communities FFB source</p> <p>b. Local wokers priority</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 absorbtion data untill June 2016, with a percentage of 20%. Will be follow up by an announcements reception of local workers tailored</p>	The company already recorded the FFB third party (communities FFB supplied) to the Cakra palm oil mill, and the company also has effort to fulfill the regulation related local workers.



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<ul style="list-style-type: none"> c. Helping of palm oil seeds that has ready for planting whether personal or in group d. Optimizing the communities lands e. Increasing the participation of companies on education program f. More care to the environment and citizens healthy 	<p>to the needs and skill levels.</p> <ul style="list-style-type: none"> c. The company already had a seed aid program to the local farmers through the PPMD program. d. The company has developing PPMD program and also a TBS sell and buy cooperation based on the applicable provision. 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. f. The company has 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 assessment, the company still under process to solved this.
12.	Masun, PJ.Tuana Tuha head of customs	<ul style="list-style-type: none"> a. The lack of road maintenance that has been used by PT REA KALTIM for hauling CPO operation, while they still used the PU/ public road. b. The aid for village road maintenance on 2015. c. The aid for traditional event on 2015. d. The aid carts for women empowerment, there are 10 pieces on 2014 and 4 pieces on 2015. e. The scholarship for poor family as much as Rp 5.400.000,00 each year started from 2015. 	<ul style="list-style-type: none"> a. The road maintenance program has actually been done by PT Rea Kaltim, such as the heavy equipment allocation 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. b. It will be evaluated periodically. c. It will be evaluated periodically. d. It will be evaluated periodically. e. It will be evaluated periodically. 	<p>Based on verification document and field visit that all roads inside estate has done road maintenance periodically. Whereas, document of road maintenance plan & realization which used for hauling CPO operation difficult to get it. So that auditor can not verifying issue it.</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>
13.	Bakhtiar, Muai Village	<ul style="list-style-type: none"> a. PT REA KALTIM are no longer doing the "sunatan masal (khitan)" for the communities. b. Slow responds for donation 	<ul style="list-style-type: none"> a. Comdev program will be prioritized on developing and empowerment program. b. The mechanism of delivery an information responds and/ or complaint that has been assigned by 	During assessment program, this problem already confirmed to the company, this is because financial reason, but if the financial condition properly, the company will continue all CSR program.



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>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>	
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 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>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 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>	During the assessment process, the company already procedure for transparency process to the community, and the company also has CSR program for communities.
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 assessment 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> <p>- There are several cases of work terminations on 2015</p>	For the worker termination problem, Mr. Abdurrahman Ingan and friends, are the work termination caused by	During the assessment process, the company already paid all of workers accordance to the



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		<ul style="list-style-type: none"> - 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 suggestion related to that case.</p>	<p>the expiration 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 Tenggarong and now it has already done with Mr. Abdurahman and friends rights were being paid in accordance with the recommendation of DISNAKERTRANS Tenggarong.</p>	<p>regulation.</p>
18.	BLHD Kab. Kutai Kartanegara	<ul style="list-style-type: none"> a. PT REA KALTIM obey the administration b. PT REA KALTIM always accepted the socialization from BLHD c. There has been a good communication between BLHD and PT REA KALTIM d. PT REA KALTIM has done the reporting related to the environment routinely. e. On 2015-2016 periods, there are no reports about PT REA KALTIM related to the environment problems. <p>Environmental issued that has been occurred on 2013, such as:</p> <ul style="list-style-type: none"> 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. b. PT REA KALTIM has been late for making a manifest LB3 sheet report on 2013. 	<ul style="list-style-type: none"> a. It will be maintained and improved b. The cooperation will be improved c. It will be improved d. it will be maintained and improved e. The active communication will be improved and maintained. <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>	<p>The company already good communication and good relationship to the official government.</p>
19.	Aidil Adha, Kepala adat LBM, Long Mahli RT 1, Desa Long Bleh Modong	<ul style="list-style-type: none"> a. Tanah Ulayat demand, has not finished since 2012-2014 b. The streams of the river are closed and has been channeled directly to the communities land c. There is no electricity in our village 	<ul style="list-style-type: none"> a. It has been followed up and confirmed to the related communities. 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 village, this maximum installment</p>



No.	Stakeholders	Issue Raised	Management Response	Audit Verification
		d. There is no clean water	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. d. It will be reviewed further according with the needs.	based on biogas production.

b) Issues raised during stakeholder interviews on-site
 No issue raised during stakeholder interview on site

4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance audit is planned year 2017

4.2 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 : July 21, 2017

Hendra Fachrurozy
 Lead Auditor
 Date : July 21, 2017



APPENDICES

Appendix 1: Details of certificate

Certificate

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No. : **824 502 17062**

PT TUV Rheinland Indonesia certifies :

Certificate Holder : **PT Rea Kaltim Plantations – Cakra Palm Oil Mill**
Kelekat Village, Kembang Janggut Sub District, 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. CA_82450217062. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013, and RSPO Supply Chain Certification System November 2014 are fulfilled.

The due date for all future surveillance audits is 31.07 (dd.mm).

Validity:

The certificate is valid from 31-07-2017 until 30-07-2022.


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 : -

Indonesia, 31-07-2017


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.





Annex to certificate

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No.: 824 502 17062

Location: **PT Rea Kaltim Plantations – Cakra Palm Oil Mill**
Address : Kelekat Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province, Indonesia

The palm oil mill and supply base covered in certification scope are :

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Cakra POM	Kelekat Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 15' 55.2" N	116° 15' 59.1" E
Lestari Estate	Long Beleh Modang Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 23' 17.8" N	116° 10' 55.1" E
Cakra Estate	Muai Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 17' 07.6" N	116° 15' 55.1" E
Damai Estate	Kelekat Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 14' 57.6" N	116° 10' 36.2" E
Berkat Estate	Kembang Janggut Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province	0° 13' 11.3" N	116° 22' 22.1" E

CPO Tonnage Total Production: 74,929.00 tonnes
 PK Tonnage Total Production: 15,656.00 tonnes
 Company Estates FFB Tonnages: 290,641.00 tonnes
 FFB Tonnages from other sources: 36,563.00 tonnes
 CPO Tonnage claimed for certification: 66,556.00 tonnes
 PK Tonnage claimed for certification: 13,907.00 tonnes

Scope of SCCS & supply chain model assessed : FFB receipt, produce and delivery of CPO & PK with implementation of the following SCCS :
 Identity Preserved
 Mass Balance

Indonesia, 31-07-2017

PT TUV Rheinland Indonesia
Director

Issued by PT TUV Rheinland Indonesia





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 Stakeholders	Institution - Address	Remark
Stakeholders Interviewed On-Site :			
1.	Erwin Yunoto	Head Site Office /ORA Officer	
2.	EM Juriansyah	Damai Estate / Estate Manager	
3.	Adimansyah	Berkat Estate/Estate Manager	
4.	Salamun Sembiring	Cakra Mill/Mill Manager	
5.	Dorkas	Berkat Estate/Administration Officer	
6.	Rivat	Damai Estate/Harvest Foreman	
7.	Abdul	Damai Estate/Harvestor	
8.	Edi Junaedi	Damai Estate/ Chemist Foreman	
9.	Nurhayati	Damai Estate/Chemist Operator	
10.	Sri Yani	Damai Estate/Chemist Operator	
11.	Lusmianto	Damai Estate/ Administration Officer	
12.	Ahmad Yani	Head site Office/ HRD Officer	
13.	Sirajudin	Tokoh Masyarakat Desa Kelekat	
14.	Johanes	Askep Plasma Bidang Sosial	Administration of cooperative
15.	Suharyadi	DVA	Recap land compensation
16.	Catur	HRD	Mechanism Career, the salary structure
17.	Dewi Pahrani	Staff Personalia Cakra Estate	Mechanism Career, the salary structure
18.	Cahyo Suseno	Pemanen Cakra Estate/ Harvester	Good harvesting, PPE's, harvesting rotation, safety and health
19.	Siti Rahma	Spraying Cakra Estate Sprayer in Block 64 Div 7	Chemical handling, first aid knowledge, medical chekup, riparian protection, PPE's, best management practice for chemical application
20.	Sulaiman	Mandor Spraying in Block 64 Div 7	Chemical handling, first aid knowledge, medical chekup, riparian protection, PPE's, best management practice for chemical application
21.	Fransisca	workers fertilizer	first aid knowledge, medical chekup, riparian protection, PPE's, best management practice to fertilizer
22.	Syahrum	Office Administration Lestari estate	Contract worker, Minimum age requirement Discrimination
23.	Marice	Penjaga TPA	first aid k, nowledge, salary, working hours,
24.	Sabarudin	Grading Cakra Mill	first aid knowledge, medical chekup, , PPE's, best management practice for grading



Appendix 4: Observations and Opportunities for Improvement

No.	Observations / Opportunities for Improvement	Criteria
1.	Communication procedure not limited to environmental issues only but quality, social, OHS, etc as topics of communication too	RSPO P&C 6.2.1
2.	Gender committee has been established but training and dissemination are still needed	RSPO P&C 6.9.1
3.	One of the employees in Cakra POM should be a general OSH expert because the total number of employees is 193 in Cakra POM	RSPO P&C 4.7.3



Appendix 5 : Attendend list of stakeholder consultation meeting

List of participants				TÜVRheinland® Genau. Richtig.	
Client	Standard(s)	Certification Number(s)	Audit Type		
Date	Location(s) / Production facility (ies)	Auditor	page/of		
Name:	Function: within the company (audit leader / auditor / environmental expert / trainee/ ...)	Participation Opening meeting	Participation Closing meeting	Signature:	
UDHAR LIMBANG	Ket. LPMK/BA	08525072000			
Aspat. J	Ketua CPM	0821486168			
Najmuddin	Pj. Kades pda	08222582508			
Arjani	KRUCU pda/pda	085245770575			
RUDI.	RADAT REKREASI	08215905111			
Jihan	Kepala adat Kelabat	01257572494			
Syafiq	Anggota Pda	Pendama	08524772945		
MASRUH	Pj. Kepala Dca	T. TUHA	0823588431		
SIRAJUDDIN	TOMAS	Ket. LPMK	08130415881		
Ari	TKH	DS.	MURI		
			0823.5054.1743		
ARHANUDDIN	KEUTA ADAT	DS MURI	082156857305		
RABUDDIN	Pj. Kades	Bukit Layang	082255999516		
ARLANSYAH	Ket. Pda	T. TUHA	085250204455		

Revision 0.6 (2006-05-08)
LBM : LONG BLEH HALOB

Certification Audit Report

- PT Rea Kaltim Plantations_Cakra POM – East Kalimantan



TÜVRheinland®
Genau. Richtig.

List of participants



TÜVRheinland®
Genau. Richtig.

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

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

Name:	Function: within the company (audit leader / auditor / environmental expert / trainee/ ...)	Participation Opening meeting	Participation Closing meeting	Signature:
ANSAR B.S	KADES LPM	002353250333		
MUKADI	LPM CSM	082148074158		
AIDIL ADHA	LPM Kepala-acad.	081222412185		
Ahmad Dani	Ketua L. Mahg	085390834045		
HARIDWI	KATA SPDLBM	082156613280		
H.N. Zulkipri	Operator TB. punggul	082166701333		
SAILI	Kades Muani	08347600200		
Sultaini	TORAH masyarakat	081247726146		
ABD MUIS	TOKOLAH			
Bakhtiar	Masy. ITA/KA	085246302325		
M. AGI Yulni	Pj. KADES	0853254110		
ARJOCANESYAH	KETUM EPD	085250290842		
IRAWAN SUHANTRA	KT. LPM	085347914876		
Mastani	Pj. Kades - LOMBLEH MALDA	08122685335		

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