

RSPO Assessment Report

PUBLIC SUMMARY

PT Rea Kaltim

Eastern Kalimantan Province, Indonesia.

This public summary has been prepared in accordance with RSPO requirements and the information included is the result of a full RSPO assessment of the Mills and supply base as included in the scope of the certificate.

Report prepared by: David Ogg FICFor. (Lead assessor).
Certification decision made by: Gerben Stegeman.

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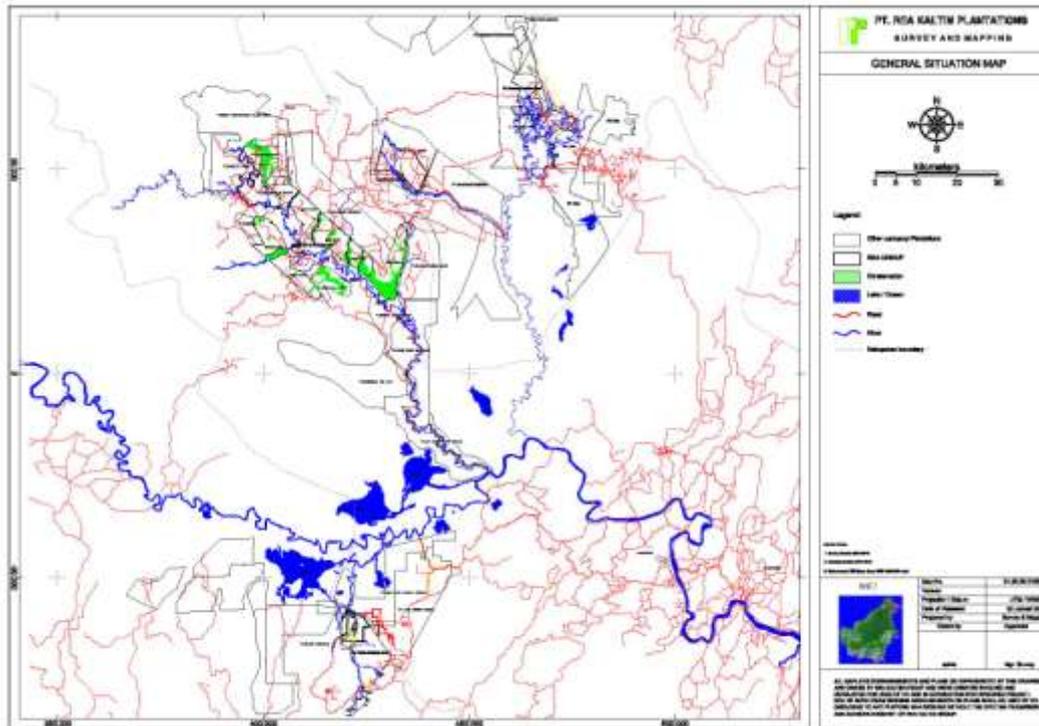
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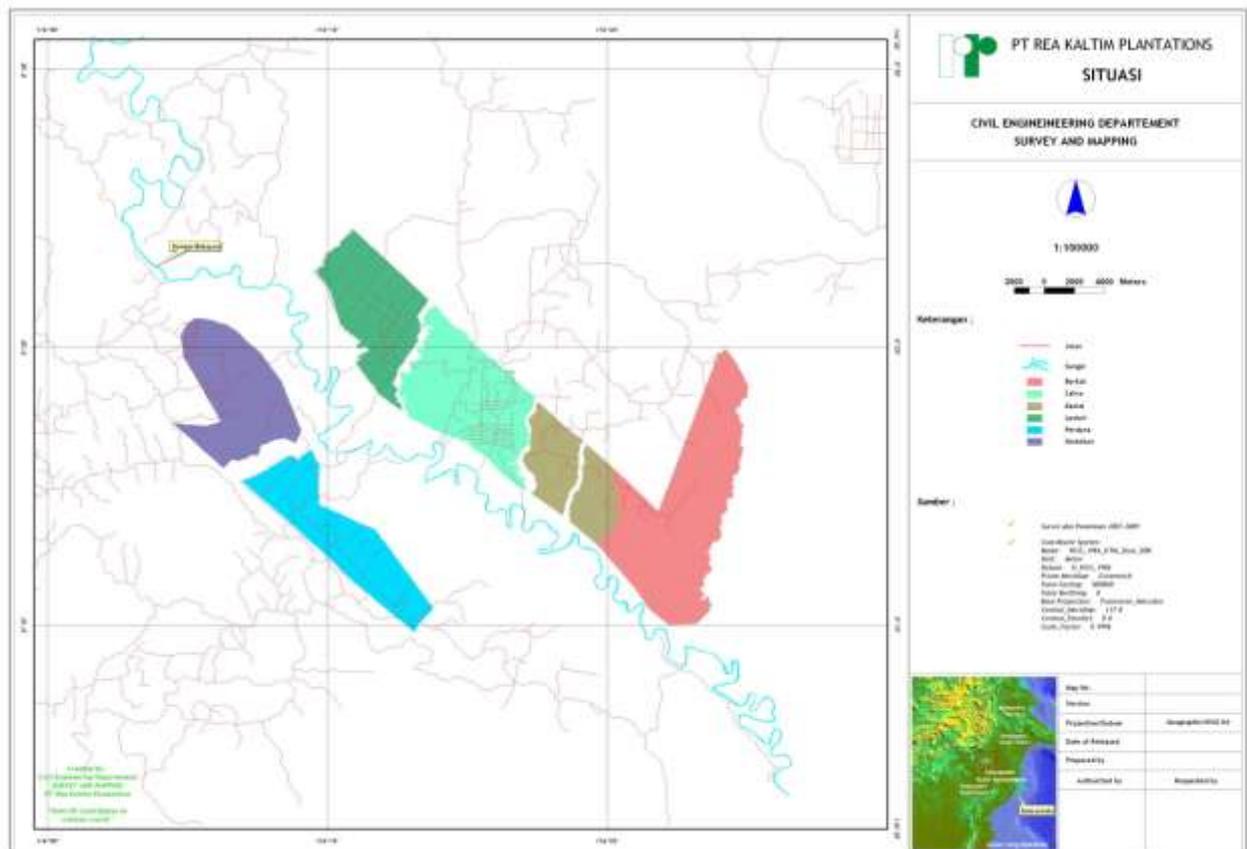
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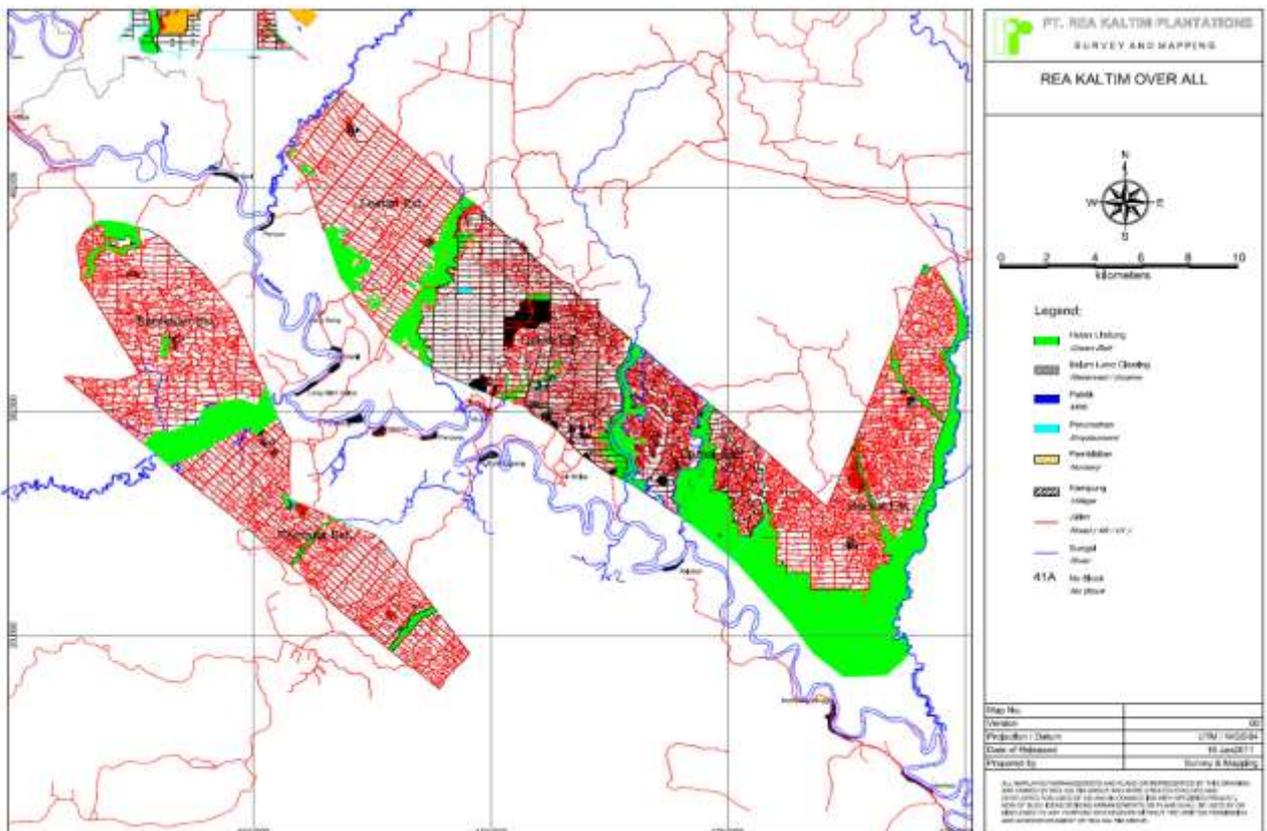
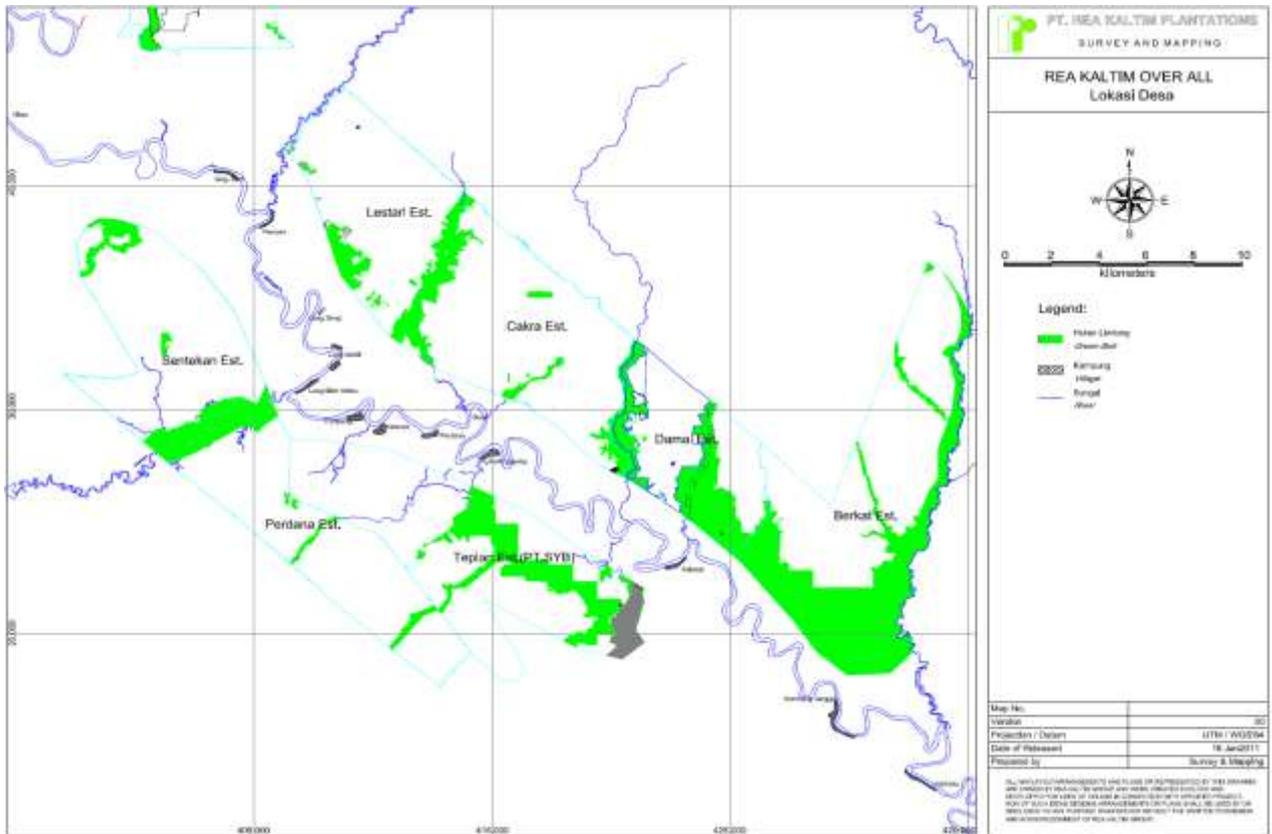
1.3.2 Maps to show location of the supply base.





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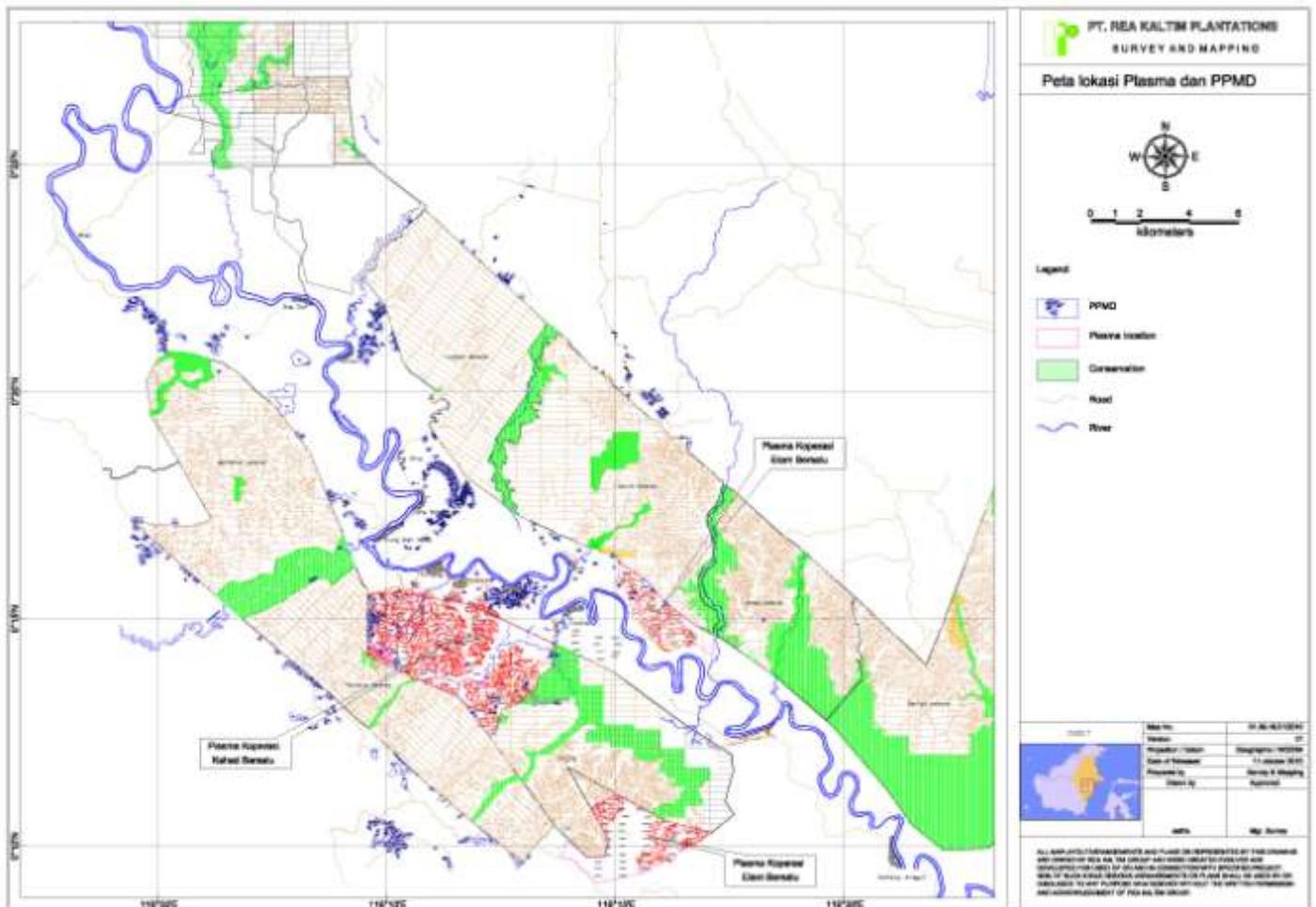
1.3.3 Maps to show the villages and conservation areas.





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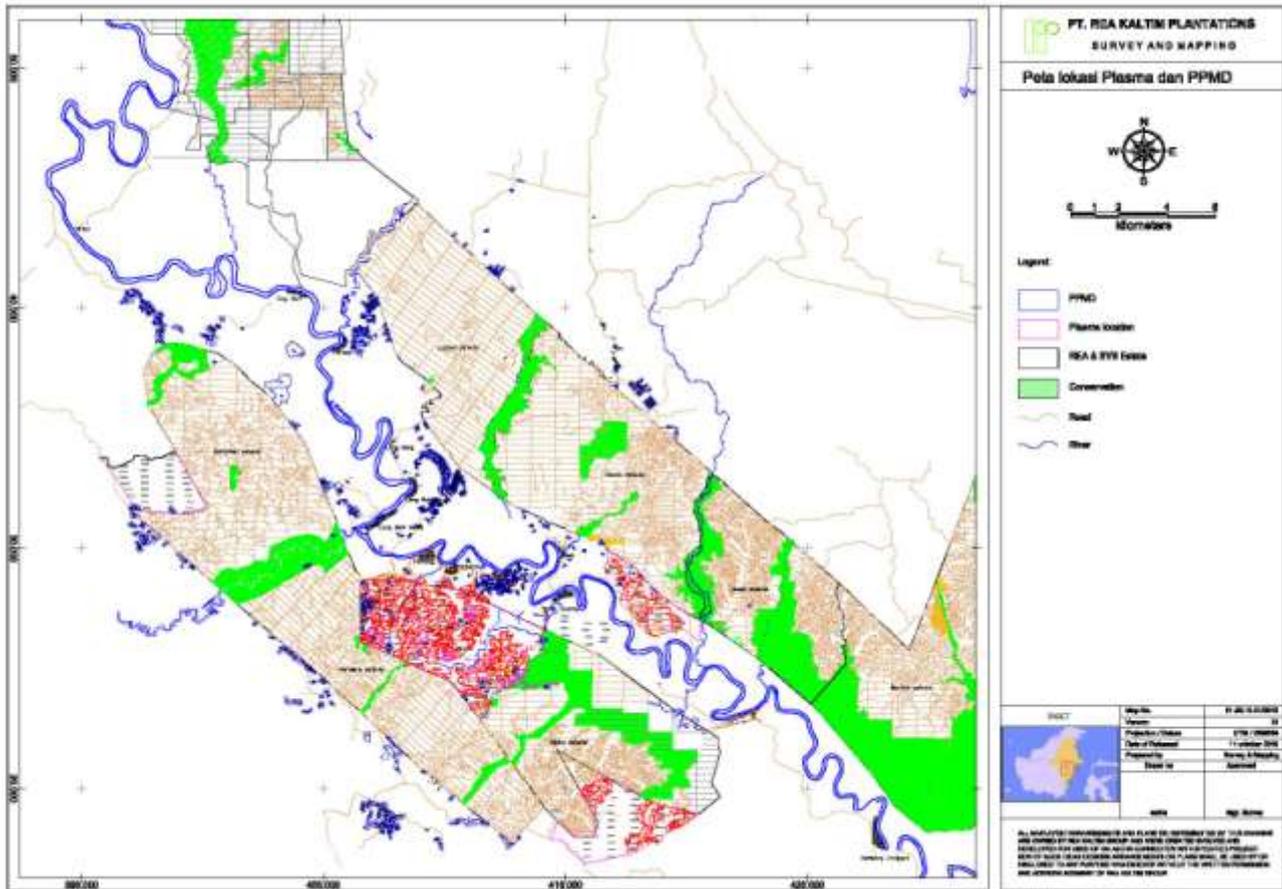
1.3.4 Map to show location of PLASMA.





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1.3.5 Map to show location of PPMD.



1.4 Location of mills and approximate tonnages certified.						
The 12 month output is the average over any 12 month period and the actual production for the 12 months from the date of certification will be included in the first annual summary.						
CSPO: Certified Sustainable Palm Oil.						
CSPK: Certified Sustainable Palm Kernel.						
CSPKO: Certified Sustainable Palm Kernel Oil.						
Name of Mill	Location	GPS reference		Annual output (tones)		
		Longitude (East)	Latitude (North)	CSPO	CSPK	CSPKO
Perdana POM	Desa Pulau Pinang, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 9' 0.5"	0° 15' 27, 0"	55840	11520	-
Cakra POM	Desa Kelekat, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116°15'59,1"	0° 15' 55,2"	71416	13094	9745
The FFB production figures from the estates were checked and the following Oil Extraction Rates (OER), PK recovery percentage from 1 tonne of FFB and the PK to PKO ratio were used to confirm that the production figures above are realistic: Cakra POM crushes the PK from both mills to recover 9,745 tonnes PKO per year.				OER for Cakra: 23.79%. OER for Perdana POM: 23.4% PK recovery: 4.83%. PK to PKO: 40% recovery.		

1.5 Description of supply base.
1.5.1 General description.
PT REA Kaltim Plantations is a company carrying out oil palm cultivation and processing based in East Kalimantan province. The operations were established in February 1993. The Company is producing Crude Palm Oil (CPO), Palm Kernel (PK) and Palm Kernel Oil (PKO) from 2 mills with a supply base of 6 estates, a Plasma scheme and a PPMD scheme.

1.5.2 Introduction to the PLASMA and to PPMD.
<p>Pt Rea Kaltim has appointed a management team called the "PLASMA team" to manage and to further develop the area of plasma. The team is also involved with the day to day management of the PPMD farmers. The PPMD was set up by the company and the land development and planting stock were supplied free of charge. The company fully appreciates that they now has a moral and invested interest in ensuring that the PPMD plantations are both well managed and produce good quality FFB and , even though the PPMD are now independent growers and suppliers of FFB to the Pt Rea Kaltim POMs, the PLASMA team is able to assert considerable influence and have a direct management input on a daily basis.</p> <p>Pt Rea Kaltim has undergone a full RSPO audit against the RSPO Principles and Criteria and managers at all levels have been included in the process. The PLASMA team was fully included in this process and they all demonstrated sound knowledge of the RSPO principles and criteria.</p> <p>Whilst the PLASMA is effectively fully managed in the same way that the main Pt Rea Kaltim plantations are managed, the PPMD plantations are over seen by the same managers and all herbicide and fertilisers are stored in the Pt Rea Kaltim stores and distribution is carefully regulated and controlled. The PPMD areas tend to be more widespread than the PLASMA and there is a greater variety of tree and fruit species which add to their conservation value.</p> <p>The auditor included both PLASMA and PPMD growers in the pre-assessment in December 2010 and the main assessment in March 2011 comprised an opening meeting with the PLASMA team and then site visits to the growers. The risk assessment of the internal control systems indicated that at least 40 farmers should be included. In reality many more were visited as the PLASMA areas comprise many hundreds of hectares in each block and are managed as single contiguous units. Individual PPMD farmers were also included in the audit and a meeting was held with PPMD co-operatives. The full implications of RSPO were discussed. It was clear that there is a strong desire to ensure management in accordance with RSPO P&Cs and, as many farmers have both PPMD and PLASMA plantations and may also be employed by the company in the main plantations, management is already in strong compliance with the RSPO. The farmers already have valuable and on-going input from the PLASMA team and it is also clear that farmers wish to convert from PPMD to PLASMA as they realise that the quality of their crops will be enhanced.</p>

1.5.3 Summary of the PLASMA and PPMD structure and internal control system.

PLASMA:

The first PLASMA areas were planted in 2009 and will come into production in 2012.

The first step was socialisation with the peoples in the local villages (DESAs) and to explain the implications and benefits of plasma. The meetings were then followed by the identification of land suitable for development and an MOU (memory of understanding) was agreed between the farmers and Pt Rea Kaltim. The farmers were formed into co-operatives with individuals to head up each co-operative and to represent the members.

The farmers then released their land to be developed by the company PLASMA team and accurate measurements of each plot were made. Photographs were taken of the individual farmers on their sites and these were recorded with maps. From this the parcels were made into blocks to conform to the collection road and main road layout. The land was surveyed by the company's conservation department (ReaKon) and any conservation areas identified have been retained. This system is on-going and more areas are being opened up for PLASMA.

Once a credit agreement has been made between Pt Rea Kaltim, the Co-Operative and the Finance Bank, the agronomy department of the Plasma team can start the land clearing (with zero burning). The planting of the oil palms is an important event with many members of the co-operative wanting to be involved. There are 6 assistants for the plasma area. (Normally there would be one assistant per 500 ha but due to the location and spread of the plantations, a greater number of assistants are required). Training is carried out for all co-operatives to explain the management systems, oil palm cultivation and agronomy. The plasma team has prepared an oil palm cultivation manual given to all co-operative members. (This is a simplified version of the main Pt Rea Kaltim agronomy manual and SOPs).

There is a detailed 25 year programme which includes projection of repayment of the loans. There is also a clear strategy to develop community responsibility for the plasma and all co-operative members are trained in all aspects of management. Over this 25 year period, regular training for both groups and individuals will take place and responsibility for day to day management will be progressively passed over to the co-operatives.

There is more land to develop and other villages are now convinced that plasma is a good opportunity and wish to develop their own co-operatives. The target is to develop an area of 4,700 ha which is equivalent to 20% of the HGU area. The PLASMA will be developed within the Izin Lokasi but outside the HGU boundary.

The team comprises 15 Pt Rea Kaltim staff from different disciplines to ensure good development and management of the 4 plasma areas. The Agronomy team and partnership development sections have a work programme to deliver the PLASMA program. The management of the PLASMA areas is on a similar basis the main plantations but using a dedicated team of workers. Farmers may also be employed by the company to work on both PLASMA and / or estate plantations. Crop from each farmer is identified and accounted for.

PPMD:

The concept was introduced in 2002 and was closed to new members in 2008 when PLASMA was introduced. PPMD farmers are progressively moving from PPMD to become PLASMA members. There are clear advantages in terms of increased crop yields and socialisation is on-going. Organisation is through a village co-operative and the land is owned by individuals. Individual farmers submit their fruits to the POM and they are paid directly by the POM but the co-operative keeps full records of deliveries and payments. The PLASMA team also gives advice and management input to the farmers and all farmers have signed an agreement to be under the guidance and control of the PLASMA team. There are 17 co-operatives with full details of all the individual members and location maps of each site.



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COMMITMENT TO RSPO:

Each co-operative has signed a declaration of intent to manage their plantations in accordance with the RSPO principles and criteria.



KOPERASI PERKEBUNAN GOTONG ROYONG

Desa Perdana, Kecamatan Kembang Janggut Kabupaten Kutai Kartanegara
Badan Hukum Nomor : 518/60/01/11/2002. Tanggal: 04 Februari 2002

FARMERS DECLARATION OF INTENT

SURAT PERNYATAAN KOPERASI ATAS NAMA PETANI-PETANI PPMO

I, being the head of the co-operative shown below, and as the representative of all the co-operative members, declare that I understand the need to ensure that all FFB delivered to the PT. REA KALTIM PLANTATIONS Mills must come from an RSPO certified supply base.

Saya, sebagai Ketua Koperasi tercantum dibawah ini dan sebagai perwakilan dari seluruh anggota PPMO, menyatakan bahwa saya menyadari dengan seksama seluruh pengiriman TBS yang akan dikirim ke Pabrik PT. REA KALTIM PLANTATIONS harus berasal dari pemasok dasar bersertifikasi RSPO.

I confirm that all members intend to ensure that the oil palm plantations of this co-operative are the managed in accordance with the RSPO principles and criteria as adapted for Indonesia.

Saya menegaskan bahwa seluruh anggota berniat untuk memastikan Koperasi Perkebunan Kelapa Sawit di kelola berdasarkan prinsip dan kriteria RSPO yang diterapkan di Indonesia.

All members will continue to co-operate with the PT. REA KALTIM PLANTAIONS PLASMA management team in the long term (25 years) and to undergo all necessary training and to ensure continual improvement as required under RSPO Principle 8.

Seluruh anggota akan mentaati serta melaksanakan kerjasama dengan tim manajemen PLASMA PT. REA KALTIM PLANTATIONS secara berkesinambungan selama 25 (dua puluh lima) tahun dan untuk menjalani semua pelatihan yang diperlukan serta memastikan perbaikan secara terus menerus dalam memenuhi ketentuan Prinsip 8 RSPO.

Name of co-operative:	Koperasi Perkebunan "Gotong Royong" Desa Perdana.	
Nama Koperasi:		
Registration number:	518/60/01/11/2002	
Badan Hukum:		
Name of the co-operative head:	Abdul Samad	
Nama Ketua Koperasi		
Signed:		
Tanda tangan:		
Date:	3 rd March 2011	
Tanggal:		

<p>1.5.4 Summary of sales procedure of FFB to the company palm oil mills from PLASMA and PPMD.</p> <p>FFB is sold directly to the Pt Rea Kaltim POMs and accounted for by the co-operatives. The price paid for the FFB is in accordance with the prices published by the government and records confirm that this is the case. There are no middle men and no crops from outside sources and so there is no opportunity for mixing certified FFB with non-certified FFB at any stage.</p>

1.5.5 Location of the supply base.				
Plantation		Location address	GPS reference. (Dg. Mins. Secs.)	
CU Code	Name		Longitude (East)	Latitude (North)
PO1	Perdana	Desa Pulau Pinang, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 9' 50,1"	0° 13' 47, 1"
PO2	Lestari	Desa Long Beleh Modang, Kecamatan Kembang Janggut, Kabupaten Kutai kartanegara, Kalimantan Timur	116° 10' 55,1"	0° 23' 17, 8"
PO3	Sentaka	Desa Long Beleh Haloq, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 7' 0,8"	0° 18' 7, 0"
PO4	Cakra	Desa Muai, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 15' 55,1"	0° 17' 7, 6"
PO5	Damai	Desa Kelekat, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 10' 36,2"	0° 14' 57, 6"
PO6	Berkat	Desa Kembang Janggut, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 22' 22,1"	0° 13' 11, 3"
PO7	Plasma	Desa Pulau Pinang, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 10' 00"	0° 15' 00"
PO8	*PPMD	Desa Perdana, Kecamatan Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur	116° 12' 46,5"	0° 15' 36,4"
*PPMD: Program Pemberdayaan Masyarakat Desa or PPMD.				

1.5.6 Statistics of the supply base and estimated production of FFB per year.						
CU Code	Name	Area of oil palm (ha)		Est. Tonnes FFB/year	Planting years	Cycle (years)
		Oil Palm	* Mature			
PO1	Perdana	3,946	3,946	103,223	1994 - 1998	25
PO2	Lestari	3,849	3,849	103,439	1994 - 1998	25
PO3	Sentakan	4,008	4,008	98,299	1997 - 1999	25
PO4	Cakra	4,675	4,675	119,018	1998 - 2004	25
PO5	Damai	2,005	1,973	31,702	2005 - 2006	25
PO6	Berkat	4,460	4,460	39,971	2006 - 2007	25
PO7	Plasma	1,920	-	-	2009 - 2010	25
PO8	PPMD	1,561	1,026	20,089	2001 - 2008	25

* **Note:** It is noted that the definition of "mature" varies from company to company and from organization to organization. PT Rea Kaltim defines a "mature crop" as one that is in production and so maturity starts at the time of the first harvest, typically between 30 and 36 months, and yields per ha will vary significantly depending upon the age structure of individual plantations. This is particularly relevant for PO5, PO6 and PO7 where the figures maybe misleading if the definition of "mature" is not understood.

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1.5.7 Percentage of planted areas of different ages.						
CU Code	Name	Before 1990	1991 – 1995	1996-2000	2001 - 2005	2006 – 2010
PO1	Perdana	-	33.90%	66.10%	-	-
PO2	Lestari	-	27.85%	72.15%	-	-
PO3	Sentakan	-	-	100.00%	-	-
PO4	Cakra	-	-	31.90%	68.10%	-
PO5	Damai	-	-	-	63.70%	36.30%
PO6	Berkat	-	-	-	-	100.00%
PO7	Plasma	-	-	-	-	100.00%
PO8	PPMD	-	-	-	59.90%	40.10%

1.6 Contact person.	
Principle Contact person:	Geetha Govindan.
Business address:	Jl. Hasan Basri No,21A, Samarinda 75117, Kalimantan Timur.
Office telephone:	+62 541 732898
e-mail:	Geetha.govindan@rea.co.id
Web site:	www.rea.co.uk
RSPO Membership no:	079-07(O)

1.7 Audit against the rules for Partial Certification	
1.7.1 Introduction.	
This is not applicable as the whole of the PT Rea Kaltim holdings are included in this audit.	

1.8 Date certificate issued and scope of certificate	
Name of Client:	PT Rea Kaltim
Client number:	CU 816882
Certificate number:	CUC 816882
Certification Decision Date:	
Issued by	Control Union Certifications Group scheme: Yes <input type="checkbox"/>
Address	Meeuwenlaan 4-6 8025 BS Zwolle
Telephone	0031 (0) 38 426 0100
Fax	0031 (0) 38 423 7040
Email	certification@controlunion.com
Website	www.controlunion.com/certification
Scope	
Name of Mill:	<ul style="list-style-type: none"> PO1 Perdana POM
Scope (Summary of suppliers of FFB):	<ul style="list-style-type: none"> PO1 - Perdana. PO2 - Lestari. PO3 - Sentakan. PO4 - Cakra.
Projected mass balance CSPO:	56,000 tonnes
Certificate registration code:	CU - 816882D01
Type of certification:	Single site: Yes <input checked="" type="checkbox"/> Group scheme: Yes <input type="checkbox"/>
Name of Mill:	PO2 Cakra POM
Scope (Summary of suppliers of FFB):	<ul style="list-style-type: none"> PO5 - Damai. PO6 - Berkat. PO7 - Plasma. PO8 - PPMD (Independent group).
Projected mass balance CSPO:	72,000 tonnes
Projected mass balance CSPKO:	9,745 tonnes.
Certificate registration code:	CU - 816882D02
Type of certification:	Single site: Yes <input checked="" type="checkbox"/> Group scheme: Yes <input type="checkbox"/>
Certifier (contact person)	Gerben Stegeman.
Signature	



2. ASSESSMENT PROCESS.

2.1 Certification Body.

Control Union Certifications is a member of the Control Union World Group - an international inspection and certification body. CU performs assessments and certification in many agricultural based fields such as FSC, RSPO, and Organic production, Sustainable Textile Production, Organic Exchange, Eurepgap, HACCP, BRC, GMP and GTP.

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2.2 Qualifications of the assessment team.

David Ogg (Lead auditor).

- Field working experience in the palm oil sector, or a demonstrable equivalent.
- Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.
- Health and Safety auditing on the farm and in processing facilities.
- Environmental and ecological auditing.
- Economic issues.

Haeruddin.

- Fluent in local language.
- Environmental and ecological auditing.
- Fluent in local language.
- Economic issues.

Simon Selvaraj.

- Workers welfare issues and social auditing experience.
- Fluent in local language.
- Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.
- Health and Safety auditing on the farm and in processing facilities.
- Environmental and ecological auditing.
- Economic issues.

Jan-Frans Bastiaanse.

- Field working experience in the palm oil sector, or a demonstrable equivalent.
- Integrated pest management (IPM), pesticide and fertilizer use.
- Health and Safety auditing on the farm and in processing facilities.
- Environmental and ecological auditing.
- Economic issues.

<p>2.3 Assessment methodology.</p>
<p>2.3.1 General overview.</p>
<p>The assessment was carried out in conformity with the procedures as laid down in the CUC RSPO Procedure Manual and the program manual for the assessor and certifier. During the assessment the qualified CUC assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.</p> <p>Due to the location and proximity of the estates, combined with the common management systems and information derived during the pre-assessment, it was possible to carry out both field and office assessments of all estates within the time frame without compromising the integrity of the assessments in anyway.</p> <p>The audit team had conducted a full pre-assessment in December 2010 over a 5 day period and whilst the pre-assessment agenda did not include a full open stakeholder meeting, local communities and community leaders were interviewed at that time.</p> <p>All the estates and mills as detailed in 1.8 above were visited and the assessment team carried out field and office assessments of compliance for all the RSPO principles and criteria. Common systems were identified and specific evidence was recorded for individual estates. Interviews with managers took place in both formal and informal environments and worker interviews were conducted on all estates and in both mills.</p> <p>Pt Rea Kaltim has more than one estate as a supply base and Perdana Estate is considered to be the “main estate”. This was the location for the opening and closing meetings. The open stakeholder meeting was held at Cakra palm oil mill.</p> <p>Following the opening meeting the audit team conducted a field inspection of the individual estate and these inspections supplemented the inspections conducted during the pre-assessment. They included, but were not limited to:</p> <ul style="list-style-type: none"> • Chemical stores. Storage. MSDS leaflets. Herbicide mixing areas. PPE. Ventilation. Security. • Field inspections. Herbicide application programmes. Harvesting sites and efficiency. Fertilising operations. SOP's. Soil maps. Land preparation. Ground cover. IPM. First aiders and boxes. Ground cover. Soil erosion. Field observations of all operations. • Worker interviews. OSH. Sexual, religious, racial harassment. Pay and contracts. Child labour. First aid. Awareness. • Re-planting sites. Zero burn policy discussed as no new planting has taken place. • HCV's. Identification. Management plans. Environmental Impact Assessments. Implementation. • Riparian zones. Width. Current and future management. Non maintenance regimes. • Water management. Water courses. Water monitoring. • Road maintenance. Run off. • Social amenities. Social Impact Assessments. • Local communities. Contributions made. Employment opportunities. Social impacts. Complaints procedures. • Workshops. Oil traps. Safe working environment. PPE. Diesel tanks. Environmental waste management. • Line sites. Interviews with householders. Inspection of water discharge points. Water improvement plans. Waste disposal. • Documentation review. <p><u>Palm Oil mill audits include:</u></p> <ul style="list-style-type: none"> • Mill and workshop inspections. Documentation. Worker interviews. • Mill. SOP's. Safe working environment. Gen sets. Walk ways. Signs. EFB. POME treatment. Emissions. Mass balance. Diesel tanks. PPE. Fire extinguishers. First aiders and boxes. Fuel and water usage. • OSH. Training. Management structure. First aiders. • Full document review. Completion of the checklist. Review and documentation of evidence. All aspects of RSPO P&C's applicable. • Worker interviews. OSH. Sexual, religious, racial harassment. Pay and contracts. <p><u>Document review for Perdana estate and Cakra POM: Principles 1 to 8.</u></p> <p>We considered each and every applicable RSPO principle and criteria for the Perdana estate and Chakra POM. The client was asked to ensure that all documents, procedures, maps and records referred to in the standard are available.</p> <p><u>Verification.</u></p> <p>Verification of implementation was done through field observations, workshop and chemical store inspections, worker and community interviews and mill inspections as summarised above.</p> <p><u>Sampling.</u></p> <p>Having considered principles 1 to 8 in detail, it is not then necessary to consider them all again for each estate as many</p>



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policies and SOP's were found to be applicable to all estates and to both mills. The audit team sought compliance by field audits and by reviewing the following site specific information and records.

- 1.1 Records of requests and responses.
- 2.1 Evidence of compliance with relevant legal indicators.
- 2.2 The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights
- 2.3 Records of negotiated agreements.
- 3.2 Annual replanting programmes.
- 4.1 Records of monitoring.
- 4.2 Fertilizer records. POME and EFB application records.
- 4.3 Soil maps and general description of the soils.
- 4.4 Protection of watercourses.
- 4.4 Water management plans.
- 4.4 Monitoring of effluent BOD.
- 4.4 Water usage in mill per tonne of FFB processed.
- 4.5 IPM plans.
- 4.5 Pesticide toxicity records.
- 4.6 Pesticide and herbicide records.
- 4.6 Disposal of agrochemical waste materials.
- 4.7 OSH plans. Gender committee etc.
- 4.7 Accident records.
- 4.7 OSH training records.
- 4.8 Training records.
- 5.1 Environmental Impact assessments and plans.
- 5.2 HCV / RTE species assessments and management plans.
- 5.3 Documented sources of pollution and management plans.
- 5.4 Energy use.
- 5.6 Plans to mitigate all polluting activities.
- 6.1 Environmental and social impact assessments and plans.
- 6.2 Communications and stakeholder lists.
- 6.3 Dispute resolution procedures.
- 6.4 Compensation payments for loss of customary rights.
- 6.5 Pay and conditions.
- 6.5 Housing and other social facilities.
- 6.6 Minutes of meetings.
- 6.7 Implementation of child policy.
- 6.8 Evidence of equal opportunities.
- 6.9 Proof of implementation of policy to protect woman.
- 6.10 FFB pricing mechanism and fair deals for suppliers.
- 6.11 Records of contributions to local communities.
- 8.1 Evidence of continuous improvement in key areas.

2.3.2 Assessment agenda.		
Date	Location / main sites	Main activities
Monday 28 th February	Training School.	<ul style="list-style-type: none"> • Opening meeting. Introduction by team leader. Introduction of team members and assessment agenda. Presentation of estates by respective managers. Presentation by Oil Mill(s). Source of FFB by respective managers.
Tuesday 1 st March	Perdana Estate. Lestari Estate. Sentekan Estate. Cakra Estate. Damai Estate. Berkat Estate.	<ul style="list-style-type: none"> • Chemical stores. Storage. MSDS leaflets. Herbicide mixing areas. PPE. Ventilation. Security. • Field inspections. Herbicide application programmes. Harvesting sites and efficiency. Fertilising operations. SOP's. Soil maps. Land preparation. Ground cover. IPM. First aiders and boxes. Ground cover. Soil erosion. Field observations of all operations. • Worker interviews. OSH. Sexual, religious, racial harassment. Pay and contracts. Child labour. First aid. Awareness. • Re-planting and new planting sites. Zero burn policy. • Water management. Water courses. Water monitoring. • Road maintenance. Run off. • Social amenities. Social Impact Assessments. • Local communities. Contributions made. Employment opportunities. Social impacts. Complaints procedures. • Workshops. Oil traps. Safe working environment. PPE. Diesel tanks. Environmental waste management. • Line sites. Interviews with householders. Inspection of water discharge points. Water improvement plans. Waste disposal. • Document inspection and assessment.
Wednesday 2nd March	Cakra POM Perdana POM Cakra POM	<ul style="list-style-type: none"> • Open stakeholder meeting. • Mill and workshop inspections. Documentation. Worker interviews. • Mills. SOP's. Safe working environment. Gen sets. Walk ways. Signs. EFB. POME treatment. Emissions. Mass balance. Diesel tanks. PPE. Fire extinguishers. First aiders and boxes. Fuel and water usage. • OSH. Training. Management structure. First aiders. • Full document review. Completion of the checklist. Review and documentation of evidence. All aspects of RSPO P&C's. • Worker interviews. OSH. Sexual, religious, racial harassment. Pay and contracts. • Document inspection and assessment.
Thursday 3rd March	Plasma and PPMD schemes.	<ul style="list-style-type: none"> • Document review, group structure and field audits. • HCV's. Identification. Management plans. Environmental Impact Assessments. Implementation. • Riparian zones. Width. Current and future management. Non maintenance regimes.
Friday 4th March.	Training School.	<ul style="list-style-type: none"> • Closing meeting. Chaired by the assessment team leader. Welcome and introduction by the team leader. Presentation of findings by the assessment team. Questions and answers. • Final summary by team leader.
Number of assessors participating: 4 Number of days spent for the assessment on site: 5 Total number of person days used for the assessment on site: 20 (A similar number of days were also spent on site during the pre-assessment).		

2.4 Stakeholder consultation	
2.4.1 Summary of how the stakeholder consultation was organised.	
Number of stakeholders included in the company's application form to CUC and who were included in the stakeholder consultation process:	85
Number of additional National and International stakeholders identified by the company and by CUC and who were also included in the stakeholder consultation process:	11
Number of responses received:	26
Number of attendees at the open stakeholder meeting:	70
Notification of the planned assessment was also posted on the CUC and RSPO web sites in accordance with the RSPO requirements.	
<p>All stakeholders were sent a letter which included full details of the company to be assessed, the names and addresses of all the mills and supply base, the dates of the assessment and the date time and place of an open stakeholder meeting. They were invited to make any comments and given the following bullet points to assist them.</p> <ul style="list-style-type: none"> • Environmental protection. • Biodiversity conservation. • Opportunities for employment. • Provision of housing, sanitation, amenities and educational support. • Company approach to community development. • Participation in decision making. • Any other issue, both positive and negative that you consider may be of relevance to the assessment. <p>Issues relating to other plantations owned by the company not included in this assessment.</p>	
Number of persons who attended the open stakeholder meeting:	
Subsequently to the stakeholder meeting, the audit team discussed the issues raised with management representatives of the company and follow up visits to specific sites were conducted. (See 3.3 below)	

2.4.2 List of the National and International stakeholders contacted.	
WWF	Agriculture Department
Sawit Watch	Labour Department
Scale Up	National Land Department
LSM Duta Sampit	Police
Save Our Borneo	Local Traditional Community Leaders
RSPO	

2.5 Date of next surveillance visit:	12 months from date of certification.
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3. ASSESSMENT FINDINGS.

3.1 Lead assessor's summary and recommendation for certification:

The audit team has conducted a complete and thorough audit of the management systems of Pt Rea Kaltim and reviewed the management of the PLASMA and PPMD schemes. The audit team has also conducted a complete and thorough assessment of how those management systems are implemented in practice.

It is our conclusion that Pt Rea Kaltim has demonstrated compliance with all RSPO criteria for which non-compliance would result in a major non-conformity being raised and which would have prevented a certification decision being possible.

It is our conclusion that the management systems and internal control systems of the PLASMA and PPMD schemes are also in compliance with the RSPO criteria for which non-compliance would result in a major non-conformity being raised and which would have prevented a certification decision being possible.

It is our conclusion that there are 3 minor non-compliances and 2 observations as detailed in section 3.3 of this report.

It is therefore the recommendation of the lead assessor that RSPO certification be awarded to Pt Rea Kaltim with the scope of the certificate covering the two palm oil mills and the complete supply base as detailed in sections 1.4 and 1.5.5 above.

Signed:



David Ogg FICFor.

Date: 4th march 2011.

3.2 Summary of the findings by criteria:			
The assessment team conducted a thorough assessment of all the principles, criteria and indicators. Evidence was sought for conformity with the RSPO NI of both the company systems and their implementation. The findings column reflects the findings in accordance with each criteria and indicator and the comments column includes some of the evidence found. (The full and complete checklist contains some confidential information and is an extensive document used by the certification decision panel and certifier). Where non conformity was found, a summary of the non-conformity is included.			
	Findings:	Summary evidence / additional comments:	Compliance
1.1	<ul style="list-style-type: none"> Records of all requests for information are maintained at estate level. 	<p>There is a procedure for handling of requests at central office level, at local office level and for all internal and external communication. This is also covered by the policy: "Commitment to Transparency". Ref No. 092/REA-VPD/RSPO/I/2010.</p>	Yes
1.2	<ul style="list-style-type: none"> Public documents are available and include legal, social and environmental documents and current and past FFB prices. All records are maintained for a minimum period of 5 years. 	All the estates and mills make all the documents available as required by this criterion.	Yes
2.1	<ul style="list-style-type: none"> Clear compliance with the law in all areas sampled. Good systems in place to track and implement changes in the law. The laws affecting the oil palm industry are listed and available to all managers. Licenses and test certificates are up to date in the palm oil mills. No evidence of non-compliance noted. 	<p>There is a legal department with offices in Jakarta and Samarinda. Most of the company documents are located in Jakarta. The department uses external lawyers and contacts in government department, including agricultural and environmental ministries, and other societies to keep up to date with all changes. Once a month a legal brief is prepared and circulated to all managers. Likewise, specific requests from managers can be investigated and legal advice given.</p> <p>In the legal department, personnel are appointed to ensure implementation of the laws and to ensure that licences are renewed and deadlines for reporting to the government are met.</p>	Yes
2.2	<ul style="list-style-type: none"> Land titles / country leases for all properties in accordance with the law of the land. Boundary stones and markers placed by the National Land Agency which are identified on maps and checked every 6 months. The company has mechanism for the resolution of conflicts and where there have been disputes; there is proof of progress in an acceptable manner to all parties. Land acquisition has been with free prior and informed consent. 	<p>All Estates: 5 HGU Land Titles. No 01/95, September 06, 1995 (Perdana). No 02/95, September 06, 1995 (Sentekan), No 03/95, September 06, 1995 (Lestari). No 01/98, January 10, 1998 (Damai and Berkat). No 02/99, August 26, 1999 (Cakra).</p> <p>Cakra and Perdana POMs have land titles and legal documents to allow the building and running of the mills.</p>	Yes
2.3	<ul style="list-style-type: none"> Customary rights were identified at the time of plantation development and a negotiation procedure took place for compensation. 	<p>Each negotiation process consisted of: Photograph of the land by aerial photography as necessary. Bill of payment. Information letter for compensation.</p>	Yes

3.1	<ul style="list-style-type: none"> Annual budget with a minimum 3 year projection. Annual planting programme projected for a minimum of 5 years with yearly review. 	<p>Map and area measurement.</p> <p>The company has operational plans for both the plantations and mills for the period 2010 to 2014. Their mission is to reduce costs through the implementation of the latest technology available in the agribusiness and to be a cost efficient producer of FFB and palm oil. The plans include targets and objectives in terms of yields and costs and specific projects to achieve their mission. The executive summary covers, for example Planting plans, Bio-gas project, Electricity supply from renewable fuels, Internal communications, composting project, Certification to RSPO and ISO standards. New planting plans for Plasma amount to 1,000 ha in 2011.</p>	Yes
4.1	<ul style="list-style-type: none"> The company has generic SOP's, which are up to date and which cover all plantation and mill activities from seedling to the despatch of CPO and PK. The company has comprehensive monitoring records. The introduction of mechanised FFB collection is noted on one estate. 	<p>All estates : SOP Of Agronomy Manual of Oil Palm which prepared on 10 March 2010 followed by section:</p> <ol style="list-style-type: none"> 1.Land Clearing 2.Nursery Practice 3.Planting Density, Pattern, Technique of Planting 4.Soil Erosion, Terrain Conservation & Terrace Making 5.Weeding, Weed Control 6.Manuring, Leaf Sampling 7.Pests & Disease 8.Pruning of fronds 9.Harvesting <p>All mills: SOP for mills prepared on 16 January 2008 documented as REA.EP.019 has following procedures:</p> <ol style="list-style-type: none"> 1. Receiving of FFB. 2. Sterilizing of FFB. 3. Threshing & Pressing. 4. Purifying process. 5. Nut process. 6. Kernel process 7. Water Treatment. 8. Steam Energy & Electricity. 9. Machine Maintenance. <p>Monitoring includes: House-keeping, warehouse, maintenance, harvesting. Monthly management report contains all activities regarding the estate operations and activities: detailed FFB production and expenses, fertilizer, pesticide and herbicide applications, pruning, harvesting, hand picking, stock balances of warehouses, operational expenses, visitors, management structure, clinic report, labour and employees, rainfall, workshop, inventories of company properties.</p>	Yes
4.2	<ul style="list-style-type: none"> The company has records of regular soil, leaf and visual analysis. Leaf analysis is conducted on an annual basis to determine fertiliser regimes. All fertiliser regimes are well planned; implemented and recorded. Legume cover is used. POME compost application to areas 	<p>Soil surveys were carried out in 1993 / 1994. Soil and leaf analysis are conduct for all plantations every year by an independent laboratory. Plant Tissue & Soil Analysis Report is available for all estates.</p> <p>Records of fertilizer and compost applications are available for all estates and include the actual quantities used and areas of application</p>	Yes

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	<p>determined by the foliar analysis</p> <ul style="list-style-type: none"> • Good monitoring of fertiliser inputs. 	<p>compared to the quantities and areas budgeted for in accordance with the recommendations of the agronomists.</p>	
4.3	<ul style="list-style-type: none"> • Documented evidence of practices to minimise soil erosion. • Weeding programmes minimise bare or exposed soils. • Comprehensive road maintenance programme. • Fragile soils are not present. 	<p>Very detailed soil reports and maps are available for every estate. Whilst “problem soils” have been identified as soils that need drainage and flood mitigation, “fragile soils”, have not been identified. The problem soils only represent 20.8% of Perdana Estate. There are 14 soil series and the soils are then grouped into 4 management groups.</p> <p>Any slopes above 25% of hill gradient will not be planted as per SOP number III/04. Terracing policy on land between 15% and 25%. 7-8 metres between terrace & 9 metres between palms has been followed as in SOP.</p> <p>Road maintenance programmes are available for all estates. Road work includes grading, graveling, roadside drains, compacting and bridges. In 2010 160 km of roads were top dressed with gravel and in 2011 the budget is for 180km. The height of some roads is being raised above the water table level and water levels are then managed with drains and culverts. Graders, excavators, bulldozers, vibrating compactors and trucks are owned by the company.</p> <p>Road maintenance for the PLASMA and PPMD is also on-going in accordance with annual budgets and local communities are assisted with road maintenance.</p> <p>Peat soils greater than 1 metres in depth are not planted and have been set aside as conservation areas.</p>	Yes
4.4	<ul style="list-style-type: none"> • Water courses (and wetlands) are identified on maps and management plans are in place and riparian zones are retained as conservation areas. • No construction of bunds/weirs/dams across the main waterways. • Water management includes the monitoring of water courses as they enter and leave the estate(s). • Rainfall monitored. • Good levels of water usage per tonne of FFB processed. • No drainage into protected areas. • Water management plans in place. 	<p>Water management practices are in accordance with Indonesian National Act 82, Year 2001</p> <p>Water management plans are in place to cover all the estates to include water conservation and quality control. This includes the monitoring of water discharge every 6 months as required by the government and carried out by the government. All records show that the results are within legal parameters.</p> <p>1.1 mt of water per 1 tonne of FFB processed.</p> <p>Effluent BOD is monitored at least every month.</p>	Yes
4.5	<ul style="list-style-type: none"> • Documented and implemented IPM system. • Monitoring of IPM used, which includes the training of staff and workers. • Planting of beneficial plants. • Record of pesticide use per ha. • Monitoring of pesticide toxicity units. 	<p>Minimal use of pesticide use due to very effective IPM controls. Since 2008 only rat bait has been used.</p> <p>There is a pest monitoring team that carry out on-going monitoring of rodents and leaf eaters. Training given to those handling the pest chemicals.</p>	Yes
4.6	<ul style="list-style-type: none"> • Written justification for all 	<p>Agrochemical used as permitted in Indonesian Rule No. 74 Yr 2001.</p>	Yes

	<p>agrochemicals used.</p> <ul style="list-style-type: none"> All pesticides are officially registered. Well ventilated and secure chemical stores with MSDS leaflets and first aid. No work with pesticides for confirmed or breast feeding woman. No aerial spraying. Records of use of pesticides. 	<p>There has been a progressive reduction in the use of paraquat. Records show that in 2007 53,000 litres of paraquat were used but by 2010 usage had fallen to only 4,600 litres.</p>	
4.7	<ul style="list-style-type: none"> OSH plan in place. Annual medical check-ups for all workers. High risk workers have a medical check-up every 3 months. Accident records kept and reviewed. Accident insurance in place. Training is organised by the Human Resources Department and is recorded. All workers have been trained. Safety briefings are given every morning. Procedures are in place for fire fighting and emergency medical procedures. First aid training is carried out. Every estate has qualified paramedics and training is carried out for mandors and store managers. 	<p>The OHS policy is number 175/REAKAP/VPD/XII/2008</p> <p>All estates and mills have a safety committee chaired by estate of POM manager. Each committee has about 20 members. Bi-monthly meetings discussing the various aspects of the estate. The members comprise workers and managers at all levels as well as representatives of female workers.</p> <p>The 6 estate and 2 POM chairmen are members of the Ria Kaltim safety committee – headed by the vice president director. This committee meets every 3 months.</p> <p>Risk assessments date back to 2005 and they need to be up dated to consider every operation and eventuality.</p>	<p>Partial. NC raised.</p>
4.8:	<ul style="list-style-type: none"> Training plans and records are in place as appropriate for all staff and workers. Contractors are trained in accordance with company procedures. 	<p>Training is carried out for all staff and managers at all levels in accordance with a training matrix which is prepared by the Human Resources Department. Training is conducted both in house and by external trainers. Departments may also request specific training.</p> <p>There is also a graduate training course to ensure that all intake staff are well trained and experienced.</p> <p>The training matrix includes all the estates, the level of staff or manager (competency groups) and then the different aspects of training required for each competency group.</p>	<p>Yes</p>
5.1	<ul style="list-style-type: none"> Documented and implemented impact assessments in accordance with RSPO and legal requirements. Environmental improvement plans in place. 	<p>Amdal dated 28th December 1998 and comprises three documents:</p> <ol style="list-style-type: none"> 1) Environmental Impact Assessment for mills and plantations. 2) Environmental Management Plan, and 3) Environmental Monitoring Plan. <p>In addition to the Amdal, the estates have conducted extensive HCV assessments and this indicator must be read in conjunction with 5.2.</p> <p>Noise pollution and air quality reports prepared by the EMS (Environmental Management System) dept on a frequency as required by the regulations.</p>	<p>Yes</p>
5.2	<ul style="list-style-type: none"> HCV assessments completed. Management plans in place. Inappropriate hunting, fishing and collecting activities are discouraged. Work to prevent inappropriate hunting and collecting includes meetings and training of local communities. 	<p>The company fully supports a full time conservation officer and support staff including outside consultants. The team was set up in 2008 but prior to this, the company actively identified all water courses, HCV habitats and worked with local communities and set aside conservation areas and conserved riparian zones amounting to about 25% of the total</p>	<p>Yes</p>



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	<ul style="list-style-type: none"> • Throughout all the estates, conservation areas are clearly identified with signs and the staff work with local communities to encourage the conservation of areas outside the plantation boundaries. • There is a conservation manager who has a higher degree and more than 10 years' experience in field biology /conservation and who is supported by a staff of 9. In addition there are students conducting thesis work and independent consultants. 	<p>land holding.</p> <p>The conservation division is called Rea Kon. This is an abbreviation of the company name and the Indonesian word for Conservation "Konservasi".</p> <p>Since 2008, extensive identification and research work has taken place and particular attention has been made to the identification of protected, rare, threatened or endangered species and HCV habitat. Using a combination of intensive field studies, satellite imagery and remote camera techniques, the conservation team has documented species as classified in accordance with CITES status. They recognise the importance of conserving and enhancing the habitats for all species and have a comprehensive documents and maps.</p> <p>Statistics of species identified from 2008 to June 2010: Flora: 545. Birds: 154. Fish: 117 (Including a new species unknown before). Herpetofauna: 74. Odonata: 66. Mammals: 41. Crustacea: 9.</p> <p>An Orangutan project has identified 15 individuals and on-going research is expected to identify more individuals and families. Habitats are conserved and enhanced with the planting of Duriam and other fruit trees.</p> <p>Across all the estates, there is a conservation plan to 2015 which has the clear mission to conserve or enhance landscape level biodiversity in all plantation sites and adjacent natural habitats. The objectives are:</p> <ul style="list-style-type: none"> • The original biodiversity of the landscape will be conserved. • All negative human impacts originating within or adjacent to the plantation boundaries will be reduced or eliminated. • Long term benefits will be transferred to all concerned. <p>There are also plantation conservation objectives including conservation boundaries and riparian zones, habitat enrichment, retention of natural vegetation and protection of fragile soils and investigation into major pests and their control.</p> <p>The Rea Kon staff also work closely with many organisations including the Singapore Botanical Garden and International Consultants and Univerisites.</p>	
<p>5.3</p>	<ul style="list-style-type: none"> • Waste products have been identified and documented. • Plans to avoid pollution are in place. • Biomass is recycled. 	<p>There is a comprehensive list of all waste generated from different locations.</p> <p>All scheduled waste from the estates is</p>	<p>Yes</p>

		<p>collected by the mills and disposed of by a scheduled waste operator. Records of waste disposal are kept. The company has a policy to reduce, re-use and recycle all products. They must also re-think the use of products. Household waste is separated into organic and in-organic and recycling takes place as appropriate. The use of stationary has been reduced by 50% over the past 12 months with a greater emphasis on soft copies and data records.</p> <p>All waste is monitored by each estate and mill. The quantity of used chemical containers is cross referenced to the quantities purchased.</p>	
5.4	<ul style="list-style-type: none"> All energy used in the mills is monitored. Fossil fuel records are maintained and trends shown. Turbine at Perdana POM will be upgraded. Bio-gas projects for both POMs in 2011 will reduce the use of fossil fuels. 	<p>Reduce. Re-use and Recycle program. Fibre and shell is used in the high efficiency boilers. Methane capture program is now being developed and bio-gas will be in operation by November 2011. The bio-gas will replace 1m litres of fossil fuel for each POM and will replace diesel used in gen sets. Motor bikes used for management purposes will also be replaced with bikes that run on bio-gas.</p> <p>Records of FFB processed and fibre / shell used in the boilers are recorded on a daily basis and summarised by month.</p> <p>Records of fossil fuel used for all estate and mill operations are recorded on a monthly basis and by each unit that used the fossil fuel.</p>	Yes
5.5	<ul style="list-style-type: none"> The use of fire is not allowed for any land preparation or for replanting. No evidence of burning waste. 	<p>Zero burn policy for preparing land for replanting. No replanting has taken place. Policy number 098/REA-VPD/RSPO/1/2010. The conservation department has also produced a land clearing regulation which also clearly stated no burning for new planting as well as for replanting.</p>	Yes
5.6	<ul style="list-style-type: none"> Documented plans to mitigate all polluting activities - reviewed annually. The EFB and is spread out to a depth of about 2 metres and POME is sprayed directly from pond number 4 for 30 days. Careful monitoring takes place and a bacterial cocktail is added to speed up the decomposting process. This compost is applied at about 10 tonnes per ha. 	<p>Pollution and emissions are recorded for: Gensets, boilers, Oil Purifier, Separator, Vacuum drier, oil tank, sand trap tank, transportation, jetty, workshops, waste store, loading kernel, kernel crushing plant, water treatment, grease tank, stores, fossil fuels store, chemical stores, waste oil stores, boilers, CPO tank, loading ramp, pressing, conveyors, sludge tank, clarifier, crude oil tank, vibrating screen, digester, threshing, tipper, condensation, steriliser, engine, POME. The type of pollution includes noise, air and potential water pollution.</p> <p>Regular monitoring of noise, vibrations, smell, smoke emissions as well as POME production. Monitoring is continual and in accordance with an annual schedule.</p>	Yes
6.1	<ul style="list-style-type: none"> Documented and implemented social impact assessments prepared in participation with affected parties, for plantations and mills. There is on-going involvement with the communities as detailed in the files. A report is prepared every 6 months to 	<p>EIA document including SIA approved by Government No. 39/ANDAL/RKL-RPL/13A/XII/1998, December 28, 1999 for whole HGU, including the mills.</p>	Yes

	show the projects that have been under taken with the local communities.		
6.2	<ul style="list-style-type: none"> Systems of consultation and communication with local stakeholders. Identified lines of communication are weak. List of all stakeholders. 	<p>The community development manager is responsible for all communications and has a team who are in contact with the local communities. Meetings are carried out both formally and informally.</p> <p>There is a procedure for all types of communication dated July 2005.</p> <p>Issues raised during stakeholder consultation and as part of the on-site interviews are relatively minor but important to the individuals concerned. The fact that these issues were raised with us and not through a communication procedure or with management is indicative of an under-lying problem. Issues raised by workers with their mandors are not being passed up the management line</p>	Partial. NC raised.
6.3	<ul style="list-style-type: none"> There is a complaints and dispute resolution procedure. Procedure is fully available to all. All incoming complaints are recorded by Corporate Service and Community Development. 	<p>Company has a Policy and SOP relating to Stakeholder Consultation, Complaint and Grievance. Local affected parties were invited to a meeting to discuss the procedures and letters of acceptance have been received.</p> <p>There is a specific procedure for employees that has been agreed with representatives of the workers. There is a monthly meeting of these representatives.</p> <p>The company has procedure for identification and calculation of fair compensation for the loss of legal or customary right of the land</p>	Yes
6.4	<ul style="list-style-type: none"> Procedure in place for identifying legal and customary rights and a procedure for identifying people entitled to compensation. Records of identification of people entitled to receive compensation. Records of negotiations processes and/or the details of compensation settlements. Records of the implementation of compensation payment. 	Negotiation and compensation agreement complies with the applicable government legislation. (Pedoman Penyelesaian Masalah Hak Ulayat Masyarakat hukum Adat / Peraturan Menteri Negara Agraria/Kepala Badan Pertanahan Nasional No.5 Tahun 1999).	Yes
6.5	<ul style="list-style-type: none"> Documented pay and conditions. Labour laws, union agreements and contracts of employment are in place and in the appropriate languages. Adequate housing, water supplies, medical, educational and welfare amenities are provided. Water and electricity is provided free of charge. An on-going improvement programme for all houses. 	<p>Each year the Government of East Kalimantan sets the minimum wage called the UMPS (Upah Minimum Propinsi Sektor Perkebunan). The basic salary for plantation workers is set as the same rate as the UMPS, or higher.</p> <p>There is an incentive system approved by senior management. For 2010, the UMPS was set according to Decree letter Governor of East Kalimantan No. 561/K.14/2010, January 15, 2010. For plantation section: Rp.1072864.00 per month. The company also gives a rice allowance of between 15kg and 39kg for each employee depending upon their number of children.</p> <p>Record of pay shows consistent pay above the minimum rate.</p>	Yes
6.6	<ul style="list-style-type: none"> Published statement recognizing 	Lembaga Bipartit (<i>Bipartit Committee</i>),	Yes

	<p>freedom of association.</p> <ul style="list-style-type: none"> Minutes of meetings with trade unions and worker representatives. 	<p>approved by Dinas Tenaga Kerja dan Transmigrasi (<i>Transmigration and Labour Dept.</i>) No. 560/1307/BHI/DTKT, dated July 05, 2010.</p> <p>Minutes of Meetings of the Bipartit Committee were inspected and showed that they worker representatives were present.</p>	
6.7	<ul style="list-style-type: none"> There is a documented and published company policy on worker ages in accordance with national laws. 	<p>No child labour. Child is defined as younger than 18, according the company regulation Chapter III, paragraph 5, article 1. Recruitment process clearly states the minimum worker age. This was confirmed by interview and observations.</p>	Yes
6.8	<ul style="list-style-type: none"> There is a publicly available equal opportunities policy. No evidence of discrimination. Workers are treated equally with regard to working opportunities. 	<p>Clear signs to encourage conformance to the RSPO P&C's around the estate and mills. SOP No. 179/REAKAP/VPD/XII/2008. No discrimination evident and this was confirmed during interviews.</p>	Yes
6.9	<ul style="list-style-type: none"> Well displayed and clear policy on sexual harassment and violence. The company has set up a specific gender committee to facilitate the grievance mechanism. 	<p>SOP No. 177/REAKAP/VPD/XII/2008. December 05, 2008 (Policy on sexual harassment).</p>	Yes
6.10	<ul style="list-style-type: none"> The pricing mechanism for FFB and other services provided to both the mill(s) and the estates is documented. Current and past prices for FFB are publicly available. 	<p>Price of FFB base on the government decree every month and is made publicly available.</p> <p>Small holders have a copy of the pricing structure.</p>	Yes
6.11	<ul style="list-style-type: none"> The company makes contributions for local development and records are maintained. 	<p>Documentation available in CSR Report. Activities include: Infrastructure and electricity. Water and Sanitation. Education and training. Health and environmental. Livelihood development. Saving management. Subsistence crop.</p>	Yes
7.1	<ul style="list-style-type: none"> No new planting planned on any estate included in the scope of this assessment. However, new planting of PLASMA is planned. 	<p>There is full involvement of the local communities in the identification of suitable sites for plasma development.</p>	Yes for PLASMA
7.2	<ul style="list-style-type: none"> Only land suitable for oil palm is developed. 	<p>The company works with the PLASMA team and local communities to identify suitable land.</p>	Yes for PLASMA
7.3	<ul style="list-style-type: none"> The conservation department conducts full HCV assessments. 	<p>Land opened for plasma since Nov 2007 was fully surveyed by the ReaKon team. The new planting procedures are known and the company will implement these procedures when land is identified for new planting.</p>	Yes for PLASMA
7.4	<ul style="list-style-type: none"> Fragile soils are avoided for plasma development. 	<p>This is also the case for all main plantations in the past.</p>	Yes for PLASMA
7.5	<ul style="list-style-type: none"> SEIAs will be conducted for new planting. 	<p>Procedures to be followed.</p>	Yes for PLASMA
7.6	<ul style="list-style-type: none"> New planting has been done in full co-operation with the local communities and at their request. 	<p>The land is given up by the local farmers specifically for plasma development for their benefit. Full records are available of the procedure.</p>	Yes for PLASMA
7.7	<ul style="list-style-type: none"> No use of fire. 	<p>It is against company policy and there is no evidence of fire being used within the plasma areas.</p>	Yes for PLASMA
8.1	<ul style="list-style-type: none"> Clear evidence of continual improvement in key areas. 	<p>Encouragement of more cover crops to suppress weeds. Eradication of paraquat by</p>	Yes

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		<p>end of 2011. There are still stocks but no more is being purchased and Basta is a possible replacement.</p> <p>On-going HCV identification and conservation work throughout the estates. Working with the local communities and adopting the best agricultural practices possible.</p> <p>Linsesites have separate containers for plastic and organic waste. POME and EFB is composted. Reduce. Re-use and re-cycle policy.</p> <p>Social committee. Plasma project. Medical help free of charge. Infrastructure. Gen sets. Pre-natal facilities.</p>	
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3.3 Non conformity register.

This section gives an over view of new or revised non-conformities raised during this assessment and of action taken to close out non-conformities raised during the previous assessments. Major non-conformities raised during a main assessment will prevent CU from making a positive certification decision for the concerned units/products. **The NC number is comprised of 2 parts to include the year in which the NC is raised as well as a sequential number.**

Date:	4/03/2011
Number settled (See 5.1):	0
Number outstanding (See 5.2):	3

NON CONFORMITY REPORT

NC number:	01/2011
Client name:	Pt Rea Kaltim.
Date raised:	4 th March 2011.
Major or Minor:	Minor
Raised by:	David Ogg

Aspect of standard:

4.7.5 A documented risk assessment for Occupational Health and Safety (OHS).

Evidence of non-conformity:

Risk assessments date back to 2005 and they need to be up dated to consider every operation and eventuality.

Assessors signature:



Date: 4th March 2011.

NON CONFORMITY REPORT

NC number:	02/2011
Client name:	Pt Rea Kaltim.
Date raised:	4 th March 2011.
Major or Minor:	Minor
Raised by:	David Ogg

Aspect of standard:

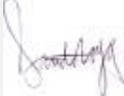
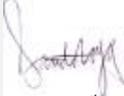
6.2.3 Records of local communities' aspiration and responses or follow-up actions by companies to these requirements.

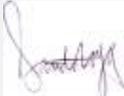
Evidence of non-conformity:

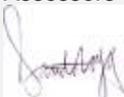
Issues raised during stakeholder consultation and as part of the on-site interviews are relatively minor but important to the individuals concerned. The fact that these issues were raised with us and not through a communication procedure or with management is indicative of an under-lying problem.

The company must review the lines of communication and put into place clear systems to ensure communities aspirations and concerns reach the appropriate level of management and dealt with accordingly.

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Assessors signature:	
	
Date:	
NON CONFORMITY REPORT	
NC number:	03/2011
Client name:	Pt Rea Kaltim.
Date raised:	4 th March 2011.
Major or Minor:	Minor
Raised by:	David Ogg
Aspect of standard:	
1.3.6 (20.4 Group Checklist). The Group Manager shall demonstrate sufficient resources – i.e. Human, financial, physical and other relevant resources – to enable effective and impartial technical and administrative management of Group Certification.	
Evidence of non-conformity:	
Whilst there are 15 members of the plasma team, management must review the training and supervision required and consider if extra resources are required to ensure effective training and socialisation.	
Assessors signature:	
	
Date: .4 th March 2011.	

Observations.	
Client name:	Pt Rea Kaltim
Date raised:	4 th March 2011.
Raised by:	David Ogg.
With an expansion in the area of plasma and a clear need to ensure RSPO compliance within the PLASMA and PPMD, it is suggested that the number of assistants is reviewed and complemented at times when training is required.	
Assessors signature:	
	
Date:	

Observations.	
Client name:	Pt Rea Kaltim
Date raised:	4 th March 2011.
Raised by:	David Ogg.
If the aggregate area of new planting for PLASMA is in excess of 500ha in any one year, then the new planting procedures under principle 7, as applicable to small holder schemes must be adhered to.	
Assessors signature:	
	
Date:	

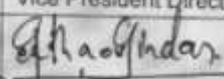
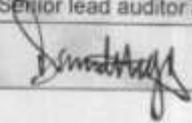
3.4 Issues raised during stakeholder consultation and company responses. (The subjects raised and responses by the company will be reviewed at the first annual surveillance assessment).		
Subject raised	Company response and proposed action to be taken.	Assessment team findings
Poor maintenance of collection roads in PPMD and PLASMA.	The PLASMA is organised by the company and it is the policy of the company to fulfil any requests for road repairs. It is clearly in the interest of the company to ensure PLASMA roads are usable. The PPMD land belongs to the local people and the company cannot just carry out road repairs. If there is a formal request, then the company will respond, however the location of individual PPMD plantations makes complete road maintenance very difficult.	During the audit, the PLASMA and PPMD were included and it is clear that some roads are common to PLASMA and PPMD and some are not. The company takes an active role in maintaining roads. No further action.
POME effluent smells.	No complaints have been received. Very strange as no land application is made and all POME is processed into compost along with EFB.	Inspection of the POME ponds and composting programmes confirmed that no smell other than normal was noted and certainly could not affect any houses or communities. No further action.
POME over flows into rivers in flood.	No final discharge into the rivers. All POME is re-cycled for composting. There was an historical accident which is fully documented and mentioned on the company web site.	It is noted that the final ponds contain fish and the BOD and COD levels are well below the legal limits. There was also no evidence of recent accidents. No further action.
Demand for local employment.	The company endeavours to employ as many local people as possible. 24% of all workers are local and Chakra POM employs 90% local workers. If they are able bodied and have the right mind set – then they will probably be employed. Historical records show that locals have expressed a desire to be employed as drivers but are not willing to obtain a drivers licence. Alternative employment was offered but not accepted.	Records show that the local employment is at the levels claimed and interviews with PLASMA and PPMD confirmed local employment. No further action.
Status of employment is unclear.	There have been cases where workers have been employed on a casual basis for long periods of time. The policy of the company is now to employ workers on a full time basis once they have been a casual and effective worker for a period of 9 months.	The explanation is accepted. No further action.
Education. Teachers want a secondary school, more staff and schools set up under a foundation.	The history of the schools and the decision of the company is to provide schooling for the children of workers to attract and to retain workers. To continue to run the schools the company has already set up a foundation. The company is now in the process of developing a secondary school. There are kindergartens and 2 primary schools servicing 4,000ha already and this is a very positive development.	No further action.
Terms of employment not in conformity with the law.	The HRD issued a booklet in conjunction with the local man power department. If it needs improvement, then this will be done. The company will review the booklet and take action as necessary.	The audit team included an assessment of the actual contracts and found them to be in compliance. No further action.
Employees have the same salary regardless of work experience.	Employees with longer service have enhanced pension benefits. Specific salaries are for specific jobs and good performance is recognised and paid. Therefore long service is rewarded in terms of benefits rather than salary rates. There are also opportunities for promotion.	No further action.

PPE for harvesters is not complete.	The OHS committee has not identified any need to supply additional equipment over and beyond the basic equipment provided. Experience is that workers do not wear PPE such as helmets.	The risk assessments were reviewed and a non-compliance has been raised.
Linesites could be better.	The company stated building houses in 1993 and there are old houses and old septic tanks. An improvement program was introduced in 2001 and new houses have a much better construction and design. New houses are progressively replacing old houses. By 2012, improvements for all housing stock will have been completed.	There is clear evidence of new housing and the program of improvement is on-going. No further action.
Land title for PLASMA.	PLASMA development is very recent. The company has now issued 351 land titles and 1,200 are in progress of being issued. The land titles were kept with the financiers at the start and the actual area of each plot was not clear at the outset. This is now on-going and all land titles will be issued.	This was confirmed during the PLASMA audit. No further action.
Lack of knowledge of RSPO and more knowledge on POME treatment.	On-going socialisation. The company has an active department that is in regular contact with stakeholders.	During the PLASMA and PPMD audit it was found that more training on RSPO is required and whilst this not indicate non-compliance of the growers, a non-compliance is raised to ensure that there are sufficient assistants available to conduct training.
No legal report to Government on labour. This is a monthly requirement.	Not a local Government requirement but reports are sent to District Government. This is more of a local concern that groups of people who come for work may form a local community of they are not properly monitored by the government.	No further action.
3 villages asked for maintenance to access roads. Not yet given.	Maintenance to access roads is part of the companies community development programme. There is documentation of road improvement, bridge and culvert repairs. The will always respond to specific and reasonable requests. The company recognises that they almost have no choice to repair roads as there is no Government action taken.	No further action.
Request for subsidised fertiliser for PLASMA.	The company is discussing this with the government who have a subsidised fertiliser programme.	No further action.
Electric and water request from village near Cakra POM.	The company has supplied electricity to 5 villages and gen sets and the electricity infrastructure. There are limitations to how much they can do!	No further action.
Transport vehicles for children to school are not adequate.	Transport includes modified vehicles into school buses. 4 wheel drive buses are required and the company has included improvements in the budget.	No further action.
Teachers and security want to achieve better qualifications and ask for help.	For the security staff, the company conducts training in Jakarta. There have been no requests from the teachers but improvements will take place as a result of the foundation status.	No further action.
Local contractor from local community wants more work. New contractors have priority.	Traditionally work was given to local contractors but quality of work led to a change. One contractor is now employed who will take legal responsibility for work and timber provided, who will then be responsible for quality and for the	No further action.
Additional comment by the audit team: Issues raised during stakeholder consultation and as part of the on-site interviews are relatively minor but important to the individuals concerned. The fact that these issues were raised with us and not through a communication procedure or with management is indicative of an under-lying problem. Issues raised by workers with their mandors are not being passed up the management line.		A non-compliance is raised for the company to review their communication procedures for both receiving and handling complaints and concerns.



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4. Formal sign off of assessment findings.

4. Formal sign off of assessment findings.		
I the undersigned agree with the contents and audit findings as presented in this public summary.		
I also confirm:		
<ul style="list-style-type: none"> • Acceptance of liability in execution of any instructions given. • That this company was made aware that the findings of the audit team are tentative; pending review and decision making by the duly designated representatives of Control Union Certifications. 		
Name:	Geetha Govindan.	
Position:	Vice President Director	
Signature:		Date: 4 th March 2011.
Signed by the lead auditor:		
I the undersigned, being the lead auditor, confirm that this report is an accurate record of the audit finding.		
Name:	David Ogg FICFor	
Position:	Senior lead auditor and audit team leader.	
Signature:		Date: 4 th March 2011.

AMDAL	Analisis Mengenai DAmpek Lingkungan (Analysis on Environmental Impact)
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Body)
BRC	British Retail Consortium
BSS	PT. Berkas Sawit Sejati
CHRA	Chemical Health Risk Assessment
CoC	Chain of Custody
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
CU	Control Union
DPPL	Dokumen Pengelolaan dan Pemantauan Lingkungan (Environmental Management and Observation Document)
EFB	Empty Fruit Bunch
EUREPGAP	Euro-Retailer Produce Good Agricultural Practices
FFB	Fresh Fruit Bunch
FSC	Forest Stewardship Council
FSC FM	Forest Stewardship Council Forest Management
GGL	Green Gold Label
GMP	Good Manufacturing Practice
GTP	Good Trading Practice
GOTS	Global Organic Textile Standard
GPS	Global Positioning System
HACCP	Hazard Analysis and Critical Control Point
HCV	High Conservation Value
HCVF	High Conservation Value Forest
HGU	Hak Guna Usaha (Land Right)
IPM	Integrated Pest Management
Jamsostek	Jaminan Sosial Tenaga Kerja (Social Insurance for Employees)
MSDS	Material Safety Data Sheet
NC	Non Conformity
OE	Organic Exchange
OSH	Occupational Safety and Health
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PEFC	Programme for the Endorsement of Forest Certification
PK	Palm Kernel
PKB	Perjanjian Kerja Bersama (Collective Agreement)
PKS	Pabrik Kelapa Sawit (Palm Oil Mill)
POD	Policy Document
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PT	Perseroan Terbatas (Limited Company)
R&D	Research and Development
RKL	Rencana Pengelolaan Lingkungan Hidup (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan Hidup (Environmental Monitoring Plan)
RSPO	Roundtable on Sustainable Palm Oil
RSPO NI	Roundtable on Sustainable Palm Oil National Interpretation
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SOP	Standard Operating Procedure



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UKL	Upaya Pengelolaan Lingkungan Hidup (Environmental Management Effort)
UPL	Upaya Pemantauan Lingkungan Hidup (Environmental Monitoring Effort)
WHO	World Health Organizations