Roundtable on Sustainable Palm Oil
Supply Chain Certification Report
Report no.: SCCS-16024
Main Assessment against RSPO Supply Chain Certification Systems, November 2014

Name of client :
PT Rea Kaltim Plantations
Cakra Palm Kernel Oil

Head Office & location of object :

- **Cakra Palm Kernel Oil** (Kernel Crushing Plant & PKO processing) : Kelekat village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province, Indonesia
- **Bulking Station** : Jl. Provinsi No.45 RT 15, Sg.Mariam village, Anggana Sub District, Kutai Kartanegara District, East Kalimantan Province, Indonesia

Date of assessment : May 13-14, 2016

Report prepared by :
Hendra Fachrurozy
(RSPO SCCS Lead Auditor)

Certification decision by:
I Nyoman Susila
Certification Body :
PT TUV Rheinland Indonesia
Menara Karya 10th Floor,
Jl. H.R Rasuna Said Block X-5 Kav.1-2,
Jakarta 12950 Indonesia,
Tel: +62 21 57944579
Fax: +62 21 57944575
www.tuv.com/id
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1.0 SCOPE OF SUPPLY CHAIN CERTIFICATION ASSESSMENT

1.1 Executive Summary and Scope of Audit

PT Rea Kaltim Plantations (Rea Kaltim) is a foreign investment company under R.E.A Holding Plc, which is engaged in the processing of palm oil and their derivatives. Cakra palm kernel oil is a mill owned by Rea Kaltim which produces Palm Kernel Oil (PKO) (in order RSPO SCCS implementation). Since year 2012, Cakra POM, Perdana POM and Bulking station has got RSPO certificate (certificate number C816882CU-RSPO SCCS-01-2014) from other certification body i.e Control Union but the previous CB has been suspended. To make cost audit more efficient, the company decided to terminate the previous RSPO SCCS certificate and renew with other CB together with RSPO P & C recertification process in Cakra Palm Oil Mill.

The operations of Cakra palm kernel oil (include of bulking station in Sg.Mariam village) were assessed against the RSPO Supply Chain Certification Systems (SCCS) document (November 2014). The scope of the Supply Chain Certification System assessment covers processing of RSPO Certified Sustainable Crude Palm Kernel Oil (PKO), storage and sales all products use Mass Balance (MB) system. This is not a multi-site certification.

Tabel 1. The volume of palm oil product was produced by Cakra palm kernel oil in year 2015 and projection of product sold for year 2016 (include by bulking station).

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Production for year 2015</th>
<th>Projection of product sold for year 2016</th>
<th>Production for year 2015 as certified product</th>
<th>Projection of certified product sold for year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Palm Kernel Oil (PKO)</td>
<td>6,588.05*</td>
<td>8,440.00</td>
<td>5,758.99</td>
<td>7,427.00</td>
</tr>
</tbody>
</table>

Note: extraction rate is 32.96%

The assessment was carried out on May 13-14, 2016 and a total of 7 (seven) non-conformities were found during assessment.

1.2 Certification Details

The details of RSPO Supply Chain certification of Cakra Palm kernel oil (PT Rea Kaltim Plantations) are as per the table below

Table 2. RSPO Supply Chain Certification details of Cakra Palm kernel oil

<table>
<thead>
<tr>
<th>RSPO Membership no.:</th>
<th>1-0045-07-000-00 on behalf R.E.A Holding Plc since 10 November 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Supply Chain Certificate no.:</td>
<td>824 503 16024</td>
</tr>
<tr>
<td>Date of RSPO Supply Chain certificate &amp; validity:</td>
<td>2016-07-13 to 2021-07-12</td>
</tr>
</tbody>
</table>

Refer to Appendix 1 for further details of the RSPO Supply Chain certificate.

1.3 Organisational Information / Contact Person

Contacts details of the company are as follows:
1.4 Actual received and sold volumes.

**Table 3**: Records of Certified Material Received/ Purchased year 2015

<table>
<thead>
<tr>
<th>Supplier</th>
<th>RSPO Certificate Number</th>
<th>Product</th>
<th>UTZ Number</th>
<th>Volume (MT)</th>
<th>Status / Model SC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cakra POM*</td>
<td>CU-RSPO-816882</td>
<td>PK</td>
<td>PO1000000512</td>
<td>8,040.13</td>
<td>MB</td>
</tr>
<tr>
<td>Perdana POM*</td>
<td>CU-RSPO-821449</td>
<td>PK</td>
<td>PO1000000143</td>
<td>11,950.07</td>
<td>MB</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>19,990.20</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: *). Transaction product not sales but transfer

**Table 4**: Records of Certified Palm Oil Product Sold year 2015

<table>
<thead>
<tr>
<th>Buyer</th>
<th>RSPO Certificate Number</th>
<th>Product</th>
<th>UTZ Number</th>
<th>Volume (MT)</th>
<th>Status / Model SC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: -

1.5 Summary of Previous Assessment

This is main assessment so that there are not informations finding related to the fulfillment of the RSPO SCCS requirement November 2014.
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 490 locations in 62 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 dated on June 06, 2014), ISPO (LS-P&K-005-ISPO dated on May 10, 2012), SFM (mandatory and voluntary), as well as CDM Validations and Verifications. PT TUV Rheinland Indonesia’s office is located in Jakarta, Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hendra Fachrurozy</td>
<td>Auditor</td>
<td><strong>Education</strong>: Bachelors Degree in Forestry - Bogor Agriculture Institute, Indonesia, (1995 to 2000).</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Trainings attended</strong>: 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) - Forest Stewardship Council (FSC) system training; Chain of Custody training for FSC System; 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 &amp; Wild Asia (2011); SCCS RSPO by David Ogg Consulting (September 2012).</td>
</tr>
</tbody>
</table>

2.3 Assessment Methodology & Agenda

The supply chain certification assessment was conducted on May 13-14, 2016 as per audit plan below. The assessment was carried out in accordance with TUV Rheinland Indonesia’s RSPO audit procedure as well as the RSPO Supply Chain Certification Systems document.

An on-site assessment was conducted and the assessment team carried out field and document assessments of compliance to RSPO Supply Chain Certification Systems document.

The company proposed the correction and corrective action for all identified non-conformities raised to the certification body 15 days after the closing meeting. Verification of closure of non-conformances was conducted through document checked 4 weeks after the closing meeting of the main assessment. The main assessment agenda is as explained below:
<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
</table>
| May 13, 2016 | Cakra palm kernel oil | Opening Meeting  
Company Profile and explain of audit plan;  
Document verification relate of documentation system, purchasing and good in, outsourcing activities, sales and good out, registration of transaction, training, record keeping, claims, complaints, management review, processing, mass balance system, conversion ratio and yield scheme.  
Lunch and break  
Palm kernel oil tour :  
- Dispatch product  
- Product processing  
- Weighbridge  
- Receipt material or purchasing/good in |
| May 14, 2016 | Bulking Station       | Verification document & field, relate :  
• Documentation system  
• Goods in  
• Outsourcing activities  
• Sales and good out  
• Registration of transaction  
• Training  
• Record keeping  
• Claims  
Lunch  
• Complaints  
• Management review  
• RSPO SCCS Module C (MB)  
• Record keeping  
• Processing  
• Mass balance system  
• Conversion ratio  
• Yield schemes  
Closing Meeting |
3.0 ASSESSMENT FINDINGS

3.1 Description of Supply Chain Management System

PT Rea Kaltim Plantations (Cakra palm kernel oil) is a company under R.E.A Holding Plc, located in East Kalimantan Province – Indonesia which has main activities i.e, processing palm kernel (PK) to be palm kernel oil (PKO) in Cakra palm kernel oil and storage all products own PT Rea Kaltim Plantation and dispatch/good out all products to buyer/client in Bulking Station.

Cakra palm kernel oil material uses Palm Kernel (PK) which was supplied by palm oil mill under PT Rea Kaltim Plantations too.

Main assessment it was verified that the Cakra palm kernel oil has been produced palm kernel oil product as explained in section 1.1 above to supply for several buyers with claim “certified” under green palm platform. All production process was conducted internally; company has outsourcing process for final product transport to buyers if the buyer can not provide transportation.

The operations of Cakra palm kernel oil were assessed against Module C (Mass Balance) of the RSPO Supply Chain model.

The following is a description of the company’s supply chain management system according to the RSPO SCCS requirements, including status of compliance of the company and their outsourced third parties to RSPO SCCS requirements:

Section 1: 5. General Chain of Custody System Requirements for the Supply Chain

5.1 Applicability of the General Chain of Custody System Requirements for the supply chain

Findings:

Based on verification of document and field visit that the company has took legal ownership and physically handles oil palm product at location under their control include of bulking station and transport activities from palm kernel oil to bulking station and bulking station to buyer. The scope of certification was not included processing aids.

The company has sold RSPO certified product year 2015 and 2016 (till April) so that it has been identified the status of buyers as real buyer/manufacture in order of RSPO certified product transaction where certificate number both buyers are 1024 (from NSF Knight) and CU-RSPO SCC-818616 (from Control Union).

PT Rea Kaltim Plantations is RSPO member under R.E.A Holding Plc with membership number 1-0045-07-000-000 since 10 November 2007. Whereas, member ID on behalf Cakra palm kernel oil (before on behalf Sg. Mariam Bulking Station) on eTrace is RSPO_PO1000001396.

Compliance status : Full Compliance

5.2 Supply Chain Model

Findings:

Management Cakra palm kernel oil (PT Rea Kaltim Plantations) still has commitment to implement RSPO SCCS with supply chain model is Mass Balance system (Module C) due to the nature of incoming material from company’s supplier are Mass Balance and company’s production facilities are not sufficient enough to implement others supply chain model. Cakra & Perdana POM are PK certified supplier from Cakra palm kernel oil with supply chain model is Mass Balance (MB). Whereas, other suppliers has not been implemented RSPO certification system.

Compliance status : Full Compliance
5.3 Documented procedures

Findings:
The company has created the documented procedure such as flow process, standard operational procedure to fulfill the requirements of RSPO SCCS systems, some of the documentation are:
1. Procedure for recording and controlling the production and sales of CPO & CPKO under ISCC and RSPO certified (no. REA.RSPO.001 – rev.1 dated on 8 May 2014);
2. Procedure for handling of external compliance (no. REA.BPO/DVA/PKE dated on July 2015);

However, procedure for recording and controlling the production and sales of CPO & CPKO under ISCC and RSPO certified (no. REA.RSPO.001 – rev.1 dated on 8 May 2014) was not complaint appropriate with RSPO SCCS requirement (November 2014) because it is still refer to RSPO SCCS November 2011 (old requirement). It was raised as non-conformity (NCR No. 2016-01 of 07).

The company keep all records and documents of purchase, process, transport, storage and sales & marketing by completely such as:
1. Incoming material: palm kernel from Cakra POM direct to process so that nothing receipt record but palm kernel from Perdana POM has receipt records/documents such as delivery note and weighbridge ticket.
3. Transport: delivery permit letter (surat izin pengiriman/berangkat), delivery statement (Berita Acara Pengiriman), advice of PKO (MB) RSPO, PKO loading, delivery order (DO), Bill of Landing (B/L), rental of tugboat agreement.
5. Sales and marketing: contract, purchase order, invoice, waybill, sales & marketing of CPKO mass balance report, sales & shipment summary.

The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements is Head of sustainability, conservation and HSE and teams each location (mill, transport & bulking station). The management assigned Head of sustainability, conservation and HSE as RSPO SCCS management representative or overall responsibility for implementation of the SCCS. During the audit time, Mr. Purwantoro (Head of sustainability, conservation and HSE) has good knowledge and able to demonstrate awareness of the facility's procedures.

Compliance status: Non Compliance
NCR No. 2016-01 of 07

Procedure for recording and controlling the production and sales of CPO & CPKO under ISCC and RSPO certified (no. REA.RSPO.001 – rev.1 dated on 8 May 2014) was not complaint appropriate with RSPO SCCS requirement (November 2014) because it is still refer to RSPO SCCS November 2011 (old requirement).

5.4. Purchasing and goods in

Findings:
Cakra palm kernel oil receipt material from Cakra POM and Perdana POM in form of palm kernel (PK). Cakra POM and Perdana POM belong to PT Rea Kaltim Plantations so that no purchasing transaction but transfer only. Based on RSPO P&C certificate both POMs that they are implementing mass balance (MB) as their RSPO supply chain model. Material category from suppliers has appropriate with Cakra palm kernel oil. Futhermore, information of mass balance (MB) was available on delivery note & weighbridge ticket from Perdana POM but it is not available if palm kernel from Cakra POM because location kernel crushing plant in Cakra POM.

Cakra palm kernel oil has a mechanism to receiving material (RSPO certified and non-certified) i.e supply chain mechanism and traceability of sustainable product (RSPO & ISCC) (no. REA.BPO.SUS.MRP issue date on 25 May 2016) section 6.2.8. With the enactment of this procedure therefore previous procedure (recording and controlling the production and sales of CPO & CPKO under ISCC and RSPO certified
(no.REA.RSPO.001 rev.1 dated on 8 May 2014)) is no longer applicable invalid.

Weighbridge operator and office administrator in mill has carried out verified palm kernel receipt as being RSPO certified or not. There are not shipping announcement and confirmation in eTrace regarding PK receipt transaction (good in) because Cakra palm kernel oil (KCP) with Cakra POM and Perdana POM are entities under PT Rea Kaltim Plantations so that transfer only or not purchase.

During audit, Cakra palm kernel oil has not been checked of the validity of the supply chain certificate of suppliers. It was raised as non-conformity (NCR No. 2016-02 of 07). List of supplier per April 30, 2016 are Cakra POM and Perdana POM with PK product/material. Moreover, Cakra palm kernel oil has not mechanism of handling non-conforming material and/or documents. It was raised as non-conformity (NCR No. 2016-03 of 07) too.

Compliance status : Non Compliance

NCR No. 2016 -02 of 07
Cakra palm kernel oil has not been checked of the validity of the supply chain certificate of suppliers.

NCR No. 2016 -03 of 07
Cakra palm kernel oil has not mechanism of handling non-conforming material and/or documents.

5.5 Outsourcing Activities

Findings:
All production process is available on company’s facility include of storage facilities on Bulking station. The company using outsource process for transport form POM to bulking station and finished good transportation from bulking station to buyer and has ensured that all transport companys complies with the requirements of the RSPO SCC standard.

The company has list of transporters consist of two transport’s company and one transport’s individual such as PT Tritunggal Samudera Mahakam, PT Kalimantan Transportasi Terpadu and Mr Jhonny Lukman where contract/agreement document with three parties which signed by both parties was available, i.e :
2. Barge lease agreement (no.26-31/SPK/REA-JKT/XII/2015 dated on 23 December 2015) between PT Rea Kaltim Plantations with PT Kalimantan Transportasi Terpadu for REAKAP-01, Naga 2000 (REAKAP-02), REAKAP-B.03, REAKAP-B.04, Margo 2759 and Labroy-130. The term of lease will be for a period of 10 years from the commencement date.
3. Rental of tugboat agreement (No.008/SPK/REA-SMI/VI/2013 dated on 1 July 2013) between PT Rea Kaltim Plantations with Jhonny Lukman for main & tugboat

Some clauses in agreement that transporter warrants or will ensure the safety of the material/product belonging to the company until it reaches its destination and transporter warrants that will obey the company policy and/or SOP and/or other rules that prevail in the company example RSPO SCCS requirement, the company has legal ownership of all input material to be included in transportation process, transport company would be provided relevant access for certification body to their respective operations, systems and any and all information.

List of transporter consist of contractor/transporter name, contract number, validity contract and note informations. The company will inform to certification body at next audit if any new contractor/transporter used for transport of RSPO certified product/material.

Compliance status : Full Compliance

5.6 Sales and goods out
### 5.7 Registration of transactions

**Findings:**
Cakra palm kernel oil has registered in eTrace with ID number: RSPO_PO1000001396 because Cakra palm kernel oil take legal ownership and physically handle RSPO certified product and are part of the supply chain of RSPO certified product. During audit that RSPO certified transaction not yet on eTrace.

**Compliance status:** Full Compliance

### 5.8 Training

**Findings:**
Cakra Palm kernel oil (Rea Kaltim) has training plan in 2016 but not include RSPO SCCS training for new requirement (RSPO SCCS November 2014). It was raised as non-conformity (NCR No. 2016-04 of 07). Caused refreshing training plan for RSPO SCCS November 2014 has not been provided so that the company not provide appropriate training for personnel carrying out the task critical to the effective implementation of the supply chain certification system. It was raised as non-conformity too (NCR No. 2016-04 of 07).

Based on interview with administration advisor (OA) in mill, pic in transportation, pic bulking station and pic sale & marketing that they are not understand about new requirement.

**Compliance status:** Non Compliance

**NCR No. 2016-04 of 07**
- Cakra Palm kernel oil (Rea Kaltim) has training plan in 2016 but not include RSPO SCCS training for new requirement (RSPO SCCS November 2014).
- The company has not been carried out refreshing training for RSPO SCCS November 2014 to all pic of RSPO SCCS implementation

### 5.9 Record keeping

**Findings:**
The company has kept receipt record & report from suppliers, production report (monthly & daily), dispatch product/material record and report, sales & shipment summary, contract of tugboat service, etc with complete, accurate and accessible.

Retention period of all organizational documents especially relevant of RSPO SCCS & ISCC implementation is minimum of 10 years appropriate with control of document procedure (no.REA.EP.008 rev.1 dated on 16 January 2008).

The company has mass balance report in order of excel software for the record of the volume of material receipt & dispatch in mill, volume of RSPO certified production product, volume of transport from mill to bulking station and volume of RSPO certified product receipt and dispatch in bulking station but volume of sales PKO by green palm January to December 2015 (6,526 tonnes) has exceed from volume of inputs (5,758.99 tonnes). It was raised as non-conformity (NCR No. 2016-05 of 07).
### 5.10 Conversion factors

**Findings:**

Based on budget year 2016 and experience period 2015-2016 that conversion rate that conversion rate of PKO is **37%** where it is under conservation rate on RSPO standard. The company has not carried out tested conversion rate by laboratory but in form of balance volume of input material and volume of output/production product.

**Compliance status:** Full Compliance

### 5.11 Claims

**Findings:**

During audit, the company has not claimed regarding the use of or support of RSPO certified oil palm product in form of on or off product.

**Compliance status:** Full Compliance

### 5.12 Complaints

**Findings:**

During audit, the company has procedure of receive of complaint from external which explains the handling of grievance and complaints from buyer relate of deviation from actual with document regarding volume and/or quality requirement so that it not appropriate to mechanism of collecting and resolving stakeholder complaint in order to RSPO SCCS implementation. It was raised as non-conformity (**NCR No. 2016-06 of 07**).

**Compliance status:** Non Compliance

**NCR No. 2016-06 of 07**

Procedure of receive of complaint from external not appropriate especially for mechanism of collecting and resolving stakeholder complaint in order to RSPO SCCS implementation.

### 5.13 Management review

**Findings:**

The company has carried out management review meeting year 2015 referring to procedure of management review. Based on procedure it that management review meeting carried out at least 1 (once) a year but management review meeting can carried out more than 1 (once) a year if any request from top management. Input and output on the procedure of management review has not covered customer feedback, process performance and product conformity and changes that could affect the management system as inputs and resource needs as one of output so that last management review not discuss topics it. It was raised as non-conformity (**NCR No. 2016-07 of 07**).
### Compliance status: Non Compliance

**NCR No. 2016-07 of 07**

Input and output on the procedure of management review has not covered customer feedback, process performance and product conformity and changes that could affect the management system as inputs and resource needs as one of output.

### Section 3: Modular Requirements: Module C – Mass Balance

#### C.1. Definition

**Findings:**

The company commitment to implement mass balance supply chain model with prepare of SOPs and forms relate of RSPO supply chain. The company will monitor of receive raw material, processing and dispatch product of RSPO certified and RSPO non-certified on mass balance report by sustainability department for consolidation and administration officer, transport department and sale and marketing for each section. In the palm kernel oil, transport and bulking station has been mixed raw material or product between RSPO certified and RSPO non-certified.

**Compliance status: Full Compliance**

#### C.2. Supply chain requirements

**Findings:**

The company have mass balance report where it has consisted of reconciliation between the quantity of RSPO material bought and the quantity of RSPO material sold include control of purchases and sales of RSPO certified product and their conversion rate.

Kernel silo and product in palm kernel oil, transport and storage product in bulking station not separate between RSPO certified and RSPO non-certified.

**Compliance status: Full Compliance**

#### C.3. Processing

**Findings:**

Cakra palm kernel oil has monitored the quantity of physical RSPO mass balance material inputs and outputs (volume) at mill, transport and bulking station but volume of sales PKO period year 2015 by greenpalm exceed from input raw material period year 2015. It was raised non-conformity (**NCR no.2016-05 of 07**) too.

Supply chain mechanism and traceability of sustainable product (RSPO & ISCC) has explained that Cakra palm kernel oil follows the fixed inventory period accounting system. The head of sustainability department monitor the mass balance calculation sheet on a daily basis and balanced it on a monthly basis. He verifies on a 3 month basis that the mass balance stock is positive. The head of sustainability department ensure that the quantity of physical RSPO mass balance material inputs and outputs are monitored and does not exceed between output to customer with input of received. During audit, the result of product was available on production report daily or monthly and cakra palm kernel oil does not sales of product (PKO) by eTrace or physically.
Compliance status: Non Compliance

NCR No. 2016-05 of 07
Volume of sales PKO by green palm year 2015 has exceed from volume of inputs

C.4. Continuous accounting system

Findings:
Based on Supply chain mechanism and traceability of sustainable product (RSPO & ISCC) has explained that Cakra palm kernel oil follows the fixed inventory period accounting system so that this is indicator not applicable.

Compliance status: Not Applicable

C.5. Fixed inventory periods

Findings:
Based on Supply chain mechanism and traceability of sustainable product (RSPO & ISCC) has explained that Cakra palm kernel oil follows the fixed inventory period accounting system so that head of sustainability ensure mass balance stock is positive till period of 3 months.

During audit, cakra palm kernel oil does not sales of product (PKO) by eTrace or physically but there is exceed in inventory period January to March 2015 i.e volume of sales PKO by green palm has exceed from volume of inputs. It was raised as non-conformity (NCR no.2016-05 of 07).

Compliance status: Non Compliance

NCR No. 2016-05 of 07
Volume of sales PKO by green palm year 2015 has exceed from volume of inputs

C.6. Conversion ratios

Findings:
Relate of explain indicator 5.10 that the company has stated conversion rate according set out by experience i.e 37% (PK to PKO).

During audit, all volume delivery is deducted from the material accounting system according conversion rate on the production report and dispatch report. Based on list of supplier period year 2015 that supplier has got RSPO certificate is Cakra POM and Perdana POM with mass balance supply chain model.

Compliance status: Full Compliance

C.7. Yield scheme

Findings:
Relate of explain indicator 5.10 that the company has stated conversion rate according set out by experience. Cakra palm kernel oil has not processing CPO so mass balance supply chain model yield scheme not available but palm kernel mass balance yield scheme was available i.e palm kernel = 1,000 mt with derivative are palm kernel oil = 370 mt and palm kernel expeller = 630 mt. Mechanism of calculate yield is compare of the volume of palm kernel on SILO as input and volume of palm kernel oil on storage tank as output.
During audit, derivative products from PK are PKO. Based on list of supplier period year 2015 that supplier has got RSPO certificate is Cakra POM and Perdana POM with mass balance supply chain model.

Compliance status: Full Compliance

3.2 Status of Previously Identified Non-conformities

This is main audit/assessment so that there is not information of previous non-conformity.

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

5.3 Documented procedures

NCR No. 2016-01 of 07 (RSPO SCCS000012)
Procedure for recording and controlling the production and sales of ISCC and RSPO certified CPO & CPKO (no. REA.RSPO.001 – rev.1 dated on 8 May 2014) was not complained appropriate with RSPO SCCS requirement (November 2014) because it is still refer to RSPO SCCS November 2011 (old requirement).

Corrections:
• Revision procedure from old procedure (recording and controlling the production and sale of ISCC and RSPO certified CPO & CPKO) be new procedure (supply chain mechanism and traceability sustainable product (RSPO & ISCC)
• Create of new procedure is handling non-conformity of product and document

Corrective Action:
Ensure of revision of procedure if any change or new requirement in RSPO SCCS standard and certification system

Date of closed: 13 June 2016

Verification result:
Cakra Palm kernel oil has provided new procedure is supply chain mechanism and traceability of sustainable product (RSPO & ISCC) rev.0 issue dated on 25 May 2016 where it has compliance with RSPO SCCS November 2014. Scope of procedure are the implementation of company’s management system practice with respect to supply chain which must be applied to each critical control point in each of relevant elements of the supply chain in the operation process at estate to the sales process of the product; responsibility each parties, etc.

Auditor Conclusions: Closed

5.4 Purchasing and goods in

NCR No. 2016-02 of 07 (RSPO SCCS000013)
Cakra palm kernel oil has not been checked of the validity of the supply chain certificate of suppliers

Corrections:
Cakra palm kernel oil checking the validity of the RSPO supply chain certificate of suppliers
Corrective Action:
Ensuring update of FFB supplier information and RSPO SCCS certificate by periodically

Date of closed: 06 June 2016

Verification result:
Cakra palm kernel oil has conducted validity of the supply chain certificate of supplier dated on 12 June 2016. Supplier’s cakra palm kernel oil are Cakra POM and Perdana POM in form of PK raw material. RSPO P&C both suppliers still valid (05 June 2016). Furthermore, other suppliers for FFB & CPO was available on the list of supplier.

Auditor Conclusions: Closed

5.4 Purchasing and goods in

NCR No. 2016-03 of 07 (RSPO SCCS00014)
Cakra palm kernel oil has no mechanism of handling non-conforming material and/or documents.

Corrections:
- Create of the procedure of discrepancy control

Corrective Action:
Ensuring all activities has complied with requirement

Date of closed: 06 June 2016

Verification result:
Cakra Palm kernel oil has provided revision of SOP is discrepancy control procedure (no.REA.BPO.ENG.ICC rev.1 dated on 25 May 2016). In sub section 6.2 has explained handling of non-conformity relate of recording FFB, PK, CPO and PKO certified and non-certified. If any non-conformity of product and/or document so inform to head of mill, head of transport or head of bulking station to be followed immediately and consolidation process to sustainability department.

Auditor Conclusions: Closed

5.8 Training

NCR No. 2016-04 of 07 (RSPO SCCS00015)
- Cakra Palm kernel oil (Rea Kaltim) has training plan in 2016 but not include RSPO SCCS training for new requirement (RSPO SCCS November 2014).
- The company has not been carried out refreshing training for RSPO SCCS November 2014 to all pic of RSPO SCCS implementation

Corrections:
- The company carry out socialization of supply chain mechanism and traceability of sustainable product (RSPO & ISCC)
- The company conducting RSPO SCCS November 2014 training

Corrective Action:
The company would ensure all new procedure or requirement shall socialized to employee or all section

Date of closed: 13 June 2016
Verification result:
Cakra palm kernel oil has revised training plan year 2016 where include of RSPO SCCS training for new requirement (RSPO SCCS November 2014) and has conducted socialization of supply chain mechanism and traceability of sustainable product dated on 31 May and 2 June 2016 to all section which involve of RSPO SCCS implementation such as head of mill & biogas, sr/manager mill, sr/OA mill, assisten mill, weighbridge operator, supervisor of production, laboratory, head of transport & logistic, transport manager, supervisor of supervisor, vice head of transport, sales & marketing manager & staff, bulking station coordinator & OA, sustainability team. Record of training was available consist of attendant list & progress activity report.

Auditor Conclusions: Closed

5.9 Record keeping, C.3 Processing & C.5 Fixed Inventory Periods

NCR No. 2016-05 of 07 (RSPO SCCS00016)
Volume of sales PKO by green palm year 2015 has exceed from volume of inputs

Corrections:
- Revision of mass balance year 2015 & 2016
- The company conducting re-track stock of production record year 2013-2014 after deducted sales of book & claim

Corrective Action:
The company will create of mass balance in form of computerize/system each phase appropriate company culture.

Date of closed : 06 June 2016

Verification result:
Cakra palm kernel oil has provided records of sales by greenpalm year 2012 to 2015 and monitoring of PKO production and PKO sales by greenpalm year 2012-2015. Certification period is April (last year) to March (current year) example April 2014 to March 2015 or April 2015 to March 2016.

Based on period it that the PKO sales to Unilever Supply Chain Company AG amount of 4,563 mt (transaction is February 2015) within period year 2014. Total of PKO production period of April 2014 to March 2015 is 6,719.48 mt so that balance inputs and outputs has appropriated. Whereas, balance inputs and outputs period of April 2015 to March 2016 has appropriated too where PKO production is 5,604.75 mt and PKO sales is 1,963 mt.

Auditor Conclusions: Closed

5.12 Complaints

NCR No. 2016-06 of 07 (RSPO SCCS00017)
Procedure of receive of complaint from external not appropriate to mechnism of collecting and resolving stakeholder complaint in order to RSPO SCCS implementation.

Corrections:
Create of procedure of complaint and grievance from external/customer/buyer which according with RSPO SCCS standard

Corrective Action:
The company would ensure all SOPs relate of RSPO supply chain according RSPO supply chain standard.

Date of closed: 06 June 2016

Verification result:
Cakra Palm kernel oil has provided revision of handling of complaint and evaluation/measurements to customer satisfaction (no.REA.BPO.FIN.KEP issue date on 25 May 2016). Customer satisfaction evaluation conducting minimum of 1 (one) a year.

Scope of procedure is handling of customer complaints and customer satisfaction evaluation. Mechanism of handling of complaint and evaluation to customer satisfaction has accordance to RSPO SCCS requirement and the entire evaluation process and customer complaint handling is reviewed periodically by the top management through a management review meeting in accordance with the management review meeting procedures.

Auditor Conclusions: Closed

5.13 Management review

NCR No. 2016-07 of 07
Input and output on the procedure of management review has not covered customer feedback, process performance and product conformity and changes that could affect the management system as inputs and resource needs as one of output.

Corrections:
Revision of procedure of management review which has covered customer feedback, process performance, product conformity and changes that could affect the management system as inputs and resource needs as one of output.

Corrective Action:
The company would ensure all SOPs relate of RSPO supply chain according RSPO supply chain standard.

Date of closed: 06 June 2016

Verification result:
Cakra Palm kernel oil has provided revision of management review meeting procedure (no.REA.BPO.SUST.RTM rev.1 issue date on 25 May 2016). It has explained inputs and outputs of management review appropriate to RSPO SCCS requirement. Inputs of management review meeting are internal audit reports as well as third party audits, evaluation of internal and external communication (includes customer complaint and feedback), performance of the organization, including the suitability of the performance, suitability of products and other changes, evaluation of target achievement, objectives and environmental programs, status of corrective and preventive actions, follow-up from previous management review, changes in legislation and environmental regulations and other requirements that bind and recommendations for improvement. Whereas, outputs of management review meeting are enhancing the effectiveness of the quality management system, environment, safety & health, sustainability and process, improvement of product related to customer requirements and feedback and in accordance with the commitment to continual improvement, resource requirements, changes to the policy, environmental objectives and targets as well as other elements of quality management systems, environmental, OHS ans sustainability standard and other things were deemed necessary to take a short-term decisions and long term.

Auditor Conclusions: Closed
3.2 Conclusion and Approval for RSPO Supply Chain Certification

The audit team has confirmed through the audit process that Cakra Palm kernel oil has established and maintains an effective system to ensure compliance with the RSPO Supply Chain Certification System requirements (dated November 2014).

PT TUV Rheinland Indonesia recommends Cakra Palm kernel oil for certification of compliance to the RSPO Supply Chain Certification System requirements, after elimination of the major non-conformities. The found non-conformities see section 3.4 above all non-conformities were eliminated and corrected.
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit is planned for May 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 Cakra Palm kernel oil-PT Rea Kaltim Plantations
Purwantoro
Head of Sustainability, Conservation & HSE
Date: 25 June 2016

Signed on behalf of PT TUV Rheinland Indonesia
Hendra Fachrurozy
Lead Auditor
Date: 25 June 2016
APPENDICES

Appendix 1: Details of Supply Chain Certification Certificate

Certificate

Standard: RSPO Supply Chain Certification Standard : Nov 2014

Certificate Regist. No.: 924 503 16024

Based on an audit according to the regulations stated in the RSPO Supply Chain Certification Systems: Nov 2014, and a signed contract, PT TUV Rheinland Indonesia hereewith certifies that the facility(s) listed below are found to be in compliance with the RSPO Supply Chain Certification Systems, version : Nov 2014. This guarantees that the criteria for processing RSPO certified sustainable palm oil through one or more of the supply chain models as stated in the RSPO Supply Chain Certification Systems have been met.

Certificate Holder Information

Name: PT Rea Kaltim Plantation – Cakra Palm Kernel Oil

RSPO Member no.: 1-0045-07-000-00

Address of operation certified:

Head Office: Jl. Hassan Basri No. 21A, Samarinda, East Kalimantan Province, Indonesia

Palm Kernel Oil: Kelekat Village, Kembang Janggut Sub District, Kutai Kartanegara District, East Kalimantan Province, Indonesia

Bulk ing Station: Jl. Provinsi No. 45, RT 15, Sg. Maram Village, Anggara Sub District, Kutai Kartanegara District, East Kalimantan Province, Indonesia

Management Representative: Mr. Purwantoro

Contact no.: +62 21 541 - 732898

Email address: purwantoro@rea.co.id

RSPO registered parents company*: R.E.A. Holdings Plc

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

Indonesia, 13-07-2016

Lead Auditor

PT TUV Rheinland Indonesia Director
Annex to certificate

Standard: RSPO Supply Chain Certification Standard : Nov 2014
Certificate Regist. No.: 824 503 16024

Certificate Information
Name(s) of certified facility(s) included: PT Rea Kaltim Plantation – Cakra Palm Kernel Oil
Scope & supply chain model assessed: Processing of RSPO Certified Sustainable Crude Palm Kernel Oil (PKO), Storage, and Sales (PKO, CPO, PK) with implementation of the following SCCS:
☐ Identity Preserved
☐ Segregation
☒ Mass Balance

An audit was performed, Report No. SCCS-16024. Proof has been furnished that the requirements according to RSPO Supply Chain Certification Systems: November 2014 are fulfilled.

The due date for all future surveillance audits is 13 May.

Validity: The certificate is valid from valid from 2016-07-13 until 2021-07-12
Date of first RSPO Supply Chain certification: 2016-07-13.

Issued by PT TÜV Rheinland Indonesia
www.tuv.com

This certificate remains property of PT TÜV 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 TÜV Rheinland Indonesia immediately of any changes in the above-mentioned data. Only an original and signed certificate is valid.

Indonesia, 13-01-2016

Lead Auditor PT TÜV Rheinland Indonesia Director

www.tuv.com

QMF: RSPO-007c-11
Appendix 2 : List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/O</td>
<td>Bill of Lading</td>
</tr>
<tr>
<td>CPKO</td>
<td>Certified Palm Kernel Oil</td>
</tr>
<tr>
<td>MB</td>
<td>Mass Balance</td>
</tr>
<tr>
<td>PK</td>
<td>Palm Kernel</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>SCCS</td>
<td>Supply Chain Certification System</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>WB</td>
<td>Weight Bridge</td>
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</table>

Appendix 3 : Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Observations / Opportunities for Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Appendix 4 : List of supplier and buyer

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Supplier/buyer</th>
<th>Address</th>
<th>No. Telp</th>
<th>Contact Person</th>
<th>Certificate No.</th>
<th>Supply chain model</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cakra POM (as PK supplier)</td>
<td>Kelekat village, Kembang Janggut sub district, Kutai Kartanegara district, East Kalimantan province</td>
<td>-</td>
<td>Purwantor</td>
<td>CU-RSPO-816882</td>
<td>MB</td>
<td>05 June 2016</td>
</tr>
<tr>
<td>2</td>
<td>Perdana POM (as PK supplier)</td>
<td>Pulau Pinang village, Kembang Janggut sub district, Kutai Kartanegara district, East Kalimantan province</td>
<td>-</td>
<td>Purwantor</td>
<td>CU-RSPO-821449</td>
<td>MB</td>
<td>05 June 2016</td>
</tr>
<tr>
<td>3</td>
<td>United Biscuits (as buyer)</td>
<td>United Biscuits corporate technical, hibottom road, sands industrial estate, high Wycombe, buckinghamshire</td>
<td>-</td>
<td>Ruth Furborough</td>
<td>1024</td>
<td>SG &amp; MB</td>
<td>19 September 2017</td>
</tr>
<tr>
<td>4</td>
<td>PT Derma Kencana Indonesia (as buyer)</td>
<td>Kencana Tower, 08th Flor, Business Park Kebon Jeruk, Jalan Merung Ilir No.88</td>
<td>021-5727535</td>
<td>Zeny Simangun song</td>
<td>824 503 15010</td>
<td>MB</td>
<td>24 January 2020</td>
</tr>
</tbody>
</table>

Appendix 5 : List of Certified Customer/buyer

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of customer</th>
<th>Address</th>
<th>Contact Person</th>
<th>Certificate No.</th>
<th>Supply chain model</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United Biscuits</td>
<td>United Biscuits corporate technical, hibottom road, sands industrial estate, high Wycombe, buckinghamshire</td>
<td>Ruth Furborough</td>
<td>1024</td>
<td>SG &amp; MB</td>
<td>19 September 2017</td>
</tr>
</tbody>
</table>

Appendix 6 : SCCS closing meeting summary
Quality Management System

Subject: SCCS Closing Meeting Summary

Organization: PT Rea Kaltim Plantations_Cakra Palm Kernel Oil
Lead auditor: -
Audit team: Hendra Pachruwanto
Audit date: 13-16 May 2016

SCCS Closing Meeting Summary

A) Information supplied to the Client

1) PROTOCOL no. 10th meeting - PT Rea Kaltim Plantations_Cakra Palm Kernel Oil
2) Commit the referred improvements and recommendations to the Client before issuance the certificate
3) Conclude the audit results with preliminary observation and field visit
4) Requirement to be met the minimum standard requirement and report

B) Additional Information Supplied by the Client


Acknowledgements of Internal Responsibility and External Sign-Off by Client:

It is acknowledged that the RSPO Supply Chain Assessment was carried out and the findings of the assessment are tentative pending review and final decision making by the appointed certifier of PT TUV Rheinland Indonesia.

The management of PT Rea Kaltim Plantations – Cakra Kaltim agree that until the company receive written confirmation of RSPO Supply Chain certification registration and its validity, is not certified yet and we allowed to make any claims concerning certification.

Signed on behalf of PT Rea Kaltim Plantations

Purnaenarto
Management Representative
Date: 13 May 2016

Signed on behalf of TUV Rheinland Indonesia

Hendra Fachruwanto
Author
Date: 16 May 2016
Quality Management FORM

Subject: SCCS Closing Meeting Summary

Organization: PT Rea Kaltim Plantations - Cakra Palm Kernel Oil
Lead auditor: -
Audit team: Hendra Fachrurozy
Audit date: 18-19 Mei 2016

SCCS Closing Meeting Summary
A) Information supplied to the Client
1) Volume received (20% of green palm) and volume produced
2) Process parameters related to extraction and pressing (SCCS Standard)
3) Liquid & Oil output of processing management unit; the biodiesel customer feed
   quality, process & test results, production & production log book & other pertinent
   records

B) Additional Information Supplied by the Client
1) 
2) 
3) 

Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

It is acknowledged that the RSPO Supply Chain Assessment visit was carried out and the findings of the
assessment are tentative pending review and decision making by the appointed certifier of PT TÜV Rheinland
Indonesia.

The management of PT Rea Kaltim Plantation - Cakra POM agree that until the company receive written
confirmation of RSPO Supply Chain certification registration and its validity, is not certified yet and not allowed
to make any claims concerning certification.

Signed on behalf of PT Rea Kaltim Plantation

Purwantoro
Management Representative
Date: 14 Mei 2016

Signed on behalf of TÜV Rheinland Indonesia

Hendra Fachrurozy
Auditor
Date: 19 Mei 2016