

Public Report Sustainable Forest Management System

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PUBLIC AUDIT REPORT - SFM
TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



JOB NUMBER: IFCC/AJA-003

CLIENT NAME: PT. WANANUGRAHA BIMALESTARI

NAME OF CLIENT CONTACT PERSON: Arif Akhadie
CORRESPONDENCE TO BE SENT TO THIS PERSON

TOTAL HECTARES: 7,465

POSITION OF CLIENT CONTACT PERSON: Head of Field

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering 7,465 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: October 2, 2015

In signing this document the Audit team confirms that they have had no involvement with the company under audit in terms of consultancy, training, direct employment etc. within the last 2 years and have no other involvement (financial, shareholding or commercial) that would constitute a Conflict of Interest

AUDIT END DATE: October 4, 2015

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

[Handwritten Signature]

AUDIT TEAM: Amin Kadani

SIGNATURE:

[Handwritten Signature]

Taryanto Wijaya

SIGNATURE:

[Handwritten Signature]

MAJOR CARs: 4

MINOR CARs: 8

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):

SELECT OPTION

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows):	DATE OF EACH SITE VISIT:
PT. Wananugra ha Bimalestari Estate Nagodang	Nagodang - Gunung Sahilan Distric, Kampar Regency, Riau Province, Indonesia	October 02-04 , 2015
SITE NAME (Legal Name):	ADDRESSES OF ADDITIONAL SITES NOT VISITED BUT STILL COVERED BY THE REGISTRATION INCLUDING COUNTRY - TO BE COMPLETED IF CLIENT IS UNDER A SITE SAMPLING AUDIT PLAN (If more than 4 additional sites have been registered please add additional rows)	
-	N/A	
REF No:	ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows)	
-	N/A	

Brief Description of the concession and its natural and socio-economic conditions.

PT Wananugraha Bimalestari has obtained a plantation forest concession license through the Decree of the Minister of Forestry No. 362 / Menhut-II / 2007 dated October 25, 2007, covering an area of circa 7,465 ha located in Kampar, Riau Province. The long-term management plan of PT Wananugraha Bimalestari for the period 2009 - 2018 was approved by Ministerial Decree No. SK.37 / VI-BPHT / 2009 dated February 13, 2009.

The operational area of PT. Wananugraha Bimalestari is located in Gunung Sahilan District, Kampar Regency. The majority of the people living around the working area of PT Wananugraha Bimalestari have livelihoods in gardening, farming, and animal husbandry.

PT Wananugraha Bimalestari holds all requisite legal and administrative documents in accordance with the requirements of the authorities including, among others: Deed of Establishment and Amendments, Decree on Forest Concession and maps, Business License, Company Registration, Minutes of Boundaries Marking, Long-term Management Plan and Annual Work Plan. To fulfill its obligations, the forest Management Unit has rules and regulations as reference that include the revision of the long-term management plan, annual work plan, environmental document /environment management plan,

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provision of forest resources, local charges, t social governance / CSR document, health and safety , CITES, and ILO.

The Long-term Management Plan for the 10-year period 2009 -2018 considers the preservation of production, the environment, and the social function. The Annual Work Plan also considers preservation of production, the environment, and the social function.

In the Annual Work Plan documents, the Operational Plan for 2013 to 2015/2016 planned all operational activities for each month. There are plans for wood production, planting, work facilities, pre-planting spraying, fertilization with basic fertilizer, fertilizer aftershocks, singling, weeding I (tripe + spray), weeding II (spray), manpower in plantation, the use of chemicals (pre-planting, weeding I, weeding II), and canal construction.

The Management Unit has prepared Standard Operating Procedures (SOP) to support all operational activities of forest management, which involves besides the production aspects, environmental management, social and cultural aspects. The Management Unit has also prepared work instructions with associated drawings, such as for growing, harvesting, and plant maintenance, in order to help the operators and workers, both daily and full-time, to understand the procedures they should carry out.

PT Wananugraha Bimalestari has been applying sustainability principles to production, ecological and social aspects. Application of silvicultural systems already consider the characteristics of the forest resources, the site conditions and the species cultivated. The Management Unit's site is on mineral lands with the setting of contour lines and planting lines and the selected species is *Accacia mangium*.

The Management Unit has an environmental document in accordance with which it has the obligation to carry out management and monitoring of the environment and report to the appropriate government agencies every six months. The management and monitoring efforts of the environmental aspects / fields are stated in the environment document. Among the aspects that are managed and monitored are: physical components (macro climate change, declining soil fertility, water quality), biological component (natural vegetation or protected species, wildlife, plant pests and diseases and disorders) and socioeconomic and cultural components (health and safety performance, employment, business opportunities, education and economy of the local community).

The Management Unit has identified the areas that serve as protection against water, namely the river borders. The entire riparian areas contained in the concession area of PT Wananugraha Bimalestari have been defined and delineated in the field based on the documented Minutes of Establishment of Protected Areas.

The Management Unit has already prepared procedures for the management of toxic and hazardous material waste (B3) and how these should be implemented. The procedures were prepared with the aim of providing guidance on the management of toxic and hazardous waste material (B3) by the company as an important aspect of environmental management efforts. The activities include: identification, collection, storage and transport by legal transporters who are already registered with the Ministry of Environment.

The Management Unit has identified through inventory and mapping the distribution of fauna, including protected, endemic, rare, and threatened species in the concessions, which was carried out in 2011 and is updated annually. The Management Unit also conducted an inventory of the flora in the germplasm conservation area (KPPN) in 2015 and mapped the entire area in respect to protected species of flora, endemic, rare and endangered and threatened species..

Management of the diversity of flora and fauna, protection of soil and water by the Management Unit has resulted in establishing protected areas in the form of germplasm conservation area (KPPN), and the river borders. Meanwhile, the function of the protection of soil and water is allocated to the river borders. The entire riparian area contained in the concession area of PT Wananugraha Bimalestari has been defined and delineated in the field based on the documented Minutes of Establishment of Protected Areas. Comprehensive river border is 1,015 ha entirely composed of four (4) river border that is; Teso River, Bawang Kecil River, Senawati River and Basao River.

The activities to maintain and improve the habitat for protected flora and fauna, endemic, rare and endangered /

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endangered and typical species is characterized in the management of protected areas covering 1,085 ha (14.53%) and indigenous plants area covering 356 ha (4.77%). The activities are as follows:

1. Implementation of the environmental impact assessment (EIA) procedures.
Implementation of the IEA are conducted before the handover of the land after harvesting to the plantation. This is to ensure that harvesting has met the environmental standards set by the company. .
2. Structuring the protected area boundaries within the Annual Work Plan blocks
Structuring the boundary of a protected area within the Annual Work Plan block is generally a river border area. This activity is marking the boundary. Activities are carried out to avoid the mistakes on areas that cannot be cut so as to avoid damage during logging
3. Installation of signboards.

Installation of signboards serves as an identification of an area and an invocation to maintain an area.

The Management Unit has identified certain areas that have the potential to be subject to forest disturbance, among others: the danger of forest fires, illegal logging (acacia timber theft in production areas and illegal logging in protected areas), forest encroachment, poaching of wildlife, pests, disease and weeds. The Management Unit has implemented sound forest protection activities with appropriate procedures for the types of disorders and conditions likely to be encountered in the field.

Procedures for integrated pest and disease prevention aims to address the occurrence of pests and diseases in plants and includes their prevention or eradication by chemical, mechanical, manual or biological / environmental friendly methods.

The Management Unit has already identified, appreciates, recognizes and respects the tenure system and the legal right of the people to own, control and use land and forest resources by signing and conducting the cooperation agreement management of plant life with the indigenous people in Gunung Sahilan, and Gunung Sahilan District, Kampar, Riau.

The Management Unit signs an agreement with the indigenous people or local communities to manage forests in accordance with customary rights or property of people, which legally commits the signatories to the prevention of damage to a protected area as in the Upper subzone Sei Tesso with the indigenous people of Gunung Sahilan, signed on January 9, 2009.

The Management Unit has granted access to indigenous peoples and local communities to use the forest resources, which have an important function for their economic, ecological, and cultural values (including spiritual). The company also permits local people to catch fish, or harvest medical plants in protected areas as long as they do not damage the area. There is an agreement with the indigenous peoples of Gunung Sahilan for the sustainable utilization of forest resources together, and prudence in using the existing infrastructure in the concession area (roads and bridges, camps and water resources, as well as clinics).

The Management Unit has already installed mechanisms for conflict resolution related to the rights of indigenous peoples based on customary law and the property rights of local communities, or by formal law by way of consultation with several parties in disputes or invite them to come to create an action plan for the settlement of the dispute.

PT. Wananugraha Bimalestari has been applying sustainability principles to production, ecological and social aspects. Application of silvicultural systems already consider the characteristics of forest resources, the site conditions and the species cultivated. The Management Unit's site is on mineral land with the setting of contour lines and planting lines and the selected species is *Accacia mangium*.

Prior to performing the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultation, commencing at 8 September, 2015 asking stakeholders to provide feedback on PT. Wananugraha Bimalestari. The Public Consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via e-mail and / or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from the public consultation. The audit team also gathered information from media reports about PT Wananugraha Bimalestari. Such reported cases are considered to be part of the audit process carried out by PT . AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, comprising of legal aspects that include compliance with international rules and regulations and conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of an area of 7,465 ha.

Findings on the certified client conformity with the certification requirements and description of critical issues in relation to the conformity.

The results of the Surveillance 1 Audit of PT Wananugraha Bimalestari identified four (4) major and eight (8) minor non-conformities. PT Wananugraha Bimalestari has already taken remedial action on the identified non-conformities so that all the certification process can be continued and the company has shown serious commitment to sustainable forest management by means of continual improvement actions to improve its performance. Based on the evaluation and effectiveness, the implementation is still quite effective with documented system applied in the management of PT Wananugraha Bimalestari. The organization's management system still meets the requirements of standard (IFCC ST 1001: 2014).

The non-conformities and corrective actions undertaken are as follows:

NO	Non-conformities	Corrective Action performed	Category
1	There was no job description within the existing organizational structure for the position of Director. Clause Ref. I.1.8	The Management Unit has provided a copy of the job description for the position of Director in the estate office.	Minor
2	There was no summary of management plan and annual reports that could be easily accessed by the public and stakeholders in the provinces and villages. Clause Ref. I.2.4	The Management Unit has provided a summary document of the forest management that is available to applicants.	Major
3	There was no summary of monitoring reports that could be easily accessed by the public and stakeholders in the provinces and villages. Clause Ref I.3.3	The Management Unit has provided a summary document of the monitoring report, which is contained in the summary document of the forest management document and is available to applicants.	Major
4	- There was a felled tree that traversed the main road, with its branches and wood pile. - There are stumps of up to 5 cm in height Clause Ref I.4.4	Planning Division to ensure the implementation of harvesting in the compartment that meets the requirements / passes RWA (residual wood assessment) and HQA (harvesting quality assessment)	Minor
5	The age of primary plants to be cut is on average 8 years old, which is not in accordance with the RKUPHHK-HTI (long-term work plan). Clause Ref I.5.3.	Planning division ensures that the harvest area planned and realized each year is consistent with the long-term work plan (RKUPHHK-HT) for the period 2009-2018, which has been approved by the Ministry of Forestry.	Minor
6	PT. Wananugraha Bimalestari only monitors the amount of honey harvested and the honey-collecting group.	The Management Unit conducts monitoring of harvesting of non-timber forest products by the communities and	Major

	Clause Ref I.5.4	has prepared monitoring records containing the name, origin, type of NTFPs collected / harvested, and the estimated volume).	
7	In September 2015 there was a fire that spread over 94 ha. This should have been evaluated by the early detection system and extinguishing methods implemented to prevent the fire from spreading to such a wide area Clause Ref I.8.4	<ol style="list-style-type: none"> 1. Fire prevention sign boards have been added at strategic locations (where people pass) 2. Consistently act on fires according to SOP (team deployed fire extinguishers and report the incident to the authorities) 3. Increase the number of water points 4. Revitalize the community Fire Care (MPA) functions. 	Minor
8	The MoU agreement was not available for the cooperation on livelihood plants between PT Wananugraha Bimalestari and the indigenous people of Gunung Sahilan Village, which was applicable for the 2nd cycle of 300 ha. Clause Ref I.9.1	<ul style="list-style-type: none"> - Public Relation Division provided and kept a copy of the applicable livelihood plants agreement. - There was a cooperation agreement for livelihood plants that could not be shown at the time of the audit. Article 2, paragraph 1 states that "This agreement is in force and lasts for the duration of the concession of Wananugraha Bimalestari" 	Minor
9	There is an inconsistency between the land claim data in the Estate Office and that in the report submitted to the Department of Forestry and the Ministry of Forestry. Clause Ref I.9.2	<ul style="list-style-type: none"> - Public Relations Division has updated the data of land claim (through stock taking) and retains the data of occupied land of PT Wananugraha Bimalestari. 	Minor
10	In the records of settlement of disputes there is one case where only one not both parties has signed the settlement Clause Ref I.9.5	Public Relations Division has updated data of land claim (through stock checking) including the progress of the resolution of land disputes.	Minor
11	The formal communications with the villages receiving assistance have not been targeted at the types of program that are relevant to the needs of the community (or the wishes of the people), thus minimizing the affected group and the chances of monitoring non-timber forest products and handling disputes more effectively. Clause Ref I.10.6	Public Relations provides dissemination materials on forest management that include the vision and mission of the company and other aspects of forest management.	Minor
12	There was underage labor (below 18 years old) employed by a logging contractor. Clause Ref I.11.7	<ul style="list-style-type: none"> - Public Administration division has checked the list of workers of each contractor working for PT Wananugraha Bimalestari to ensure there is no underage labor. - The Management Unit has issued a Statement of Director letter prohibiting the employment of labor under the age of 18 years old. 	Major

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		- Management Unit has disseminated the prohibition of labor under the age of 18 years old to all contractors / partners in PT Wananugraha Bima Lestari.	
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Conditions under which the certificate is issued

Certificate is valid until April 15, 2018 since PT. Wananugraha Bimalestari has completed all of the corrective actions according to the proposed time schedule in their corrective action responses, and does not have the same problems at the next Surveillance visit. If the non-conformities are not closed out at the next Surveillance, the certificate will be suspended until such time as AJA is able to perform a close out visit.