

Public Report Sustainable Forest Management System

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



CLIENT NAME: PT.WANANUGRAHA BIMALESTARI

TOTAL HECTARES: 7,465 ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 17, 2016

AUDIT END DATE: October 19, 2016

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

LEAD AUDITOR: Abdullah Mujahid

AUDIT TEAM: Utomo

Warsito

SIGNATURE:

SIGNATURE:

SIGNATURE:

Three signature boxes containing handwritten signatures in blue ink.

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT. Wananugraha Bimalestari	Nagodang - Gunung Sahilan District, Kampar Regency, Riau Province, Indonesia	October 17-19, 2016
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	



Brief Description of the concession

PT Wananugraha Bimalestari obtained its business license for forest management of plantation forest per Ministerial Decree No. 362 / Menhut-II / 2007 dated 25/10/2007 for a concession area of 7,465 hectare covering permanent production forest (HP) covering an area of 5,780 ha and convertible production forest (HKP) covering an area of 1,685 ha, which is located in Kampar Regency, Riau Province, Indonesia.

Based on RKUPHHK-HTI period 2009 - 2018 (Decree of the Minister of Forestry Number: SK.37 / VI-BPHT / 2009 dated February 13, 2009) the spatial arrangement of the working area is as follows: (1) Protected Areas of 1,085 ha (14.53%), (2) Area Not Suitable for Production of 240 ha (3.22%), (3) Area for Production: Principal Plantation Area of 5,194 ha (69.58%), Seed Plant Area of 356 ha (4.77%), Livelihood Plant Area of 590 Ha (7.90%).

There has been no conversion of natural forest to plantation forest since December 31, 2010 and thus the overall concession area of PT Wananugraha Bimalestari of 7.465 ha is registered for IFCC certification.

The geographical location of the working area of the Management Unit of PT. Wananugraha Bimalestari is located between 00° 00' 00" to 00° 10' 00" North and 101° 20' 00" to 101° 46' 00" East. Although IUPHHK-HTI PT. Wananugraha Bimalestari is located in the Gunung Sahilan district, it falls under the administration of Kampar Kiri District, Kampar Regency, Riau Province, being a part of the Kampar Kiri Forest group. It has a generally flat topography (0-8%) covering an area of 5,600 ha with Ramps (8-15%) covering an area of 1,865 ha, and is located at an altitude of 50-150 m above sea level.

According to the Land Unit and Soil Map Sheet Pekanbaru (0816) Sumatra scale 1: 250,000 1988 (Puslitanah) the land is divided into two groups with alluvial plains having alluvial, latosol and podzolic soil and flat-sloping relief (slope 0-15%) with the parent material being alluvial both young and old. According to the Geological Map Sheet Pekanbaru scale 1: 250,000 (Bandung Geology Research Center, 1982) the geological formations consist of the following dominant rocks and minerals: Minas Formation: Raman-rock, sand and gravel. Young sediment formation: shale, sand and silt; Old sediment formations: sand and gravel. According to the Schmidt Fergusson climate classification the area is designated as having Climate Type A with rainfall of 145 to 410 mm / month. Based on the hydrology, the Management Unit areas include the watershed for (DAS) Tesso, sub DAS Basau, Bawang Kecil, Senamawati and Bahan.

Description of the socio-economic conditions of the concession and the concession's social programs

Gunung Sahilan, Beringin Jaya and Sukamaju are the villages located around the concession area of PT. Wananugraha Bimalestari. There are no indigenous peoples as defined under the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999) with the inhabitants of villages around the concessions being ethnic Malay, with immigrants generally being Javanese, Batak and other Malay overwhelmingly coming from the transmigration program. The residents of the villages mostly make their livelihood by gardening and farming both of crops and animals.

The Management Unit has set in place procedures / mechanisms related to the conflict resolution mechanism in the Conflict Resolution Protocol. The SOP on Conflict Resolution indicates the Company's recognition of the peoples' rights to land with the conflict resolution process requiring discussions based on the principle of prior informed consent and targeted at the resolution of any social conflict through mutual understanding and respect. The Management Unit has identified and mapped all land claimed by the community.

The company has made efforts to prevent the spread of land claims by reporting to the Director General of Sustainable Forest Management for the area and the Police requesting help in coping with encroachment onto the location of its working area. The Company uses a persuasive approach in handling of matters concerning land cultivated by the local society. The pattern is usually to offer a partnership or compensation / ex-gratia payment for existing plants on arable land.

PT Wananugraha Bimalestari is a signatory to the agreement with the inhabitants of Gunung Sahilan for the prevention of



damage to the protected area in the riparian zone of the Tesso River. An agreement was also signed with the MPA establishment of Beringin Jaya on May 8, 2014. There are policies of equal opportunities for local residents in the form of an affidavit of the director stating: "PT Wananugraha Bimalestari offers equal opportunities to local residents who are interested in working for the Company in accordance with its needs and following its procedures".

The Management Unit of PT Wananugraha Bimalestari has developed a Community Development (CD) program and reports to the Director of Forest Utilization of Plantations. The CD Program in 2016 planned the following areas of activity: infrastructure, construction of market stalls, construction of a volleyball court for Gunung Sahilan, upgrading TK Pertiwi, Ramadhan package and assistance in the provision of sacrificial animals.

Description of the Ecological conditions of the concession

PT. Wananugraha Bimalestari has allocated an area of 1,085 ha as Protected Areas, which consist of: 990 ha of riparian area (13.26 %) and a KPPN area of 95 ha (1.27%). The Management Unit undertakes biodiversity management including activity management and monitoring of flora and fauna, flora and natural ecosystems, surveys, monitoring and identification of vegetation and wildlife each semester, as well as enrichment planting with local species. The Management Unit also carries out protection against forest disturbances by applying the appropriate implementing measures in accordance with the established procedure and the potential level of the existing problems, such as fires, pests and land occupation.

The Management Unit monitors the use of Hazardous Substances Toxic Waste (B3), keeping records of storage and transmission to a third party (transporter) in accordance with the procedure. Moreover, the Management Unit controls forest fires and land occupation activities by carrying out routine patrols and outreach to the community. The Management Unit already has adequate facilities and infrastructure in order to prevent forest and land fires. The Management Unit has also implemented an integrated pest management program in accordance with its documented procedures.

PT. Wananugraha Bimalestari has identified the threats to the health and vitality of forest resources such as forest fires, illegal logging, animal grazing, forest encroachment, hunting, pests and diseases, and weeds. These are countered through socialization to employees and local communities, examination by security on entrance to the plantation (Security Post), erecting signboards prohibiting the felling of forest trees, burning of forest to clear the land, daily patrols, reporting events in cases of illegal activities and reporting unauthorized activity to the authorities.

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing October 7, 2016, asking stakeholders to provide feedback and information on PT. Wananugraha Bimalestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation.

The audit team also gathered information from the mass media 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 legal aspects that include compliance with regulations and international rules 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 with the conformity.

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The results of the Surveillance 2 Audit of PT Wananugraha Bimalestari identified one Minor Non-conformities, as follows:

NO	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1.	K3 General Expert has not yet received the appointment decree from the Manpower and Transmigration Department, Kampar Regency Clause Ref. I.12.1	The decree of appointment of the General AK3 is in the process of renewal through PT Arpindo, a partner of the Company, and is to be submitted to the Minister of Labor or the appointed official	Minor

Conditions under which the certificate is issued

Certificate is valid until 15/04/2018.