

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



JOB NUMBER: AJA/IFCC-037

CLIENT NAME: PT. BUKIT BATABUH SEI INDAH

TOTAL HECTARES: 13.420 Ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest area of 13.420 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: February 16, 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

AUDIT END DATE: February 19, 2016

LEAD AUDITOR: Abdullah Mujahid (Ecology)

SIGNATURE:

AUDIT TEAM: Utomo (Production),

SIGNATURE:

Abdul Salam (Social)

SIGNATURE:

MAJOR CARs: 0

MINOR CARs: 7

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):	<input type="checkbox"/>
RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):	<input checked="" type="checkbox"/>
RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):	<input type="checkbox"/>
NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):	<input type="checkbox"/>

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 Bukit Batabuh Sei Indah	District Peranap, Indragiri Hulu Regency, Riau Province, Indonesia	February 16-19, 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 (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. Bukit Batabuh Sei Indah (PT BBSI) was granted an operating license for plantation management per Ministerial Decree No. SK.67/MENHUT-II/2007 dated February 23, 2007 on IUPHK-HTI PT. BBSI Updates on Production Forest covering an area of 13,420 hectares in Riau Province. In the forest management areas of PT. BBSI the spatial working area measuring 13,420 hectares has been divided into protected areas covering 1,342 ha (10.00 %), area ineffective for production covering 2,197 ha (16.37 %), basic plant area of 7,818 hectares (58.26 %), featured plant area of 1,342 ha (10.00%) and plant life area of 721 ha (5.37%) .

The area to be certified under the IFCC audit is 13,420 hectares

The geographical location of the working area of the Management Unit PT. BBSI is situated E 102° 00'39" - 102° 08' 07" and S 00°35' 43" - 00°47'52", based on the administration Peranap located in the district of Indragiri Hulu, Riau Province. The boundary regions are to the North: PT Rigunas Top Agri; South: KUD Cipta Bina Karya; East: Ex HPH PT. Patriadi and SKPH Anak Talang; and West: PT . KUD Serangge Permai, Tani Pura Usaha, Rahma



The Management Unit's work area has a flat topography (0-8 %) - 91.99 %, and ramped (8 % -15 %) - 8.01 %, at an altitude of 30-535 meters above sea level. The Sengkilo, Palamo Kanan and Manyo Manyo rivers flow through the Group's work area. Based on the climate classification according to Schmidt-Ferguson, PT. BBSI is included in climate type A with a value of Q = 14.3%. Based on the geological map, PT. BBSI is included in the geological formations Muara Enim (Tmmp), member of the middle of the formation Kasai (Qtpu), member of the middle of the formation Benakat (Tina), and member of the middle formation Gumai (TMG). The soil type is of Red Yellow Podzolic (PMK). The entire working area of PT. BBSI is mineral soil and the Management Unit has decided to develop the *Acacia mangium* and *Eucalyptus pellita* type of plants.

PT. BBSI has implemented the principle of continuous improvement with the principles of P (Plan), D (Do) , C (Check), A (Action) being implemented in production, ecological and social aspects. PT. BBSI has already implemented a management plan and other documents in accordance with the area and its use of forest areas based on the spatial planning. The Work Plan for Utilization of Industrial Plantation Forest (HTI RKUPPHK) in Plantation Forest for a period of 10 years from 2008 to 2017 on behalf of PT. BBSI in Riau Province has been approved by the Ministry of Forestry per Decree 343/VI - BPHT/2008 dated October 14, 2008

The Management Plan (RKUPPHK-HTI) includes the following: a) silvicultural systems; b) aspects of the prerequisites (organizational plan and employment, the plan boundary, spatial planning, area restructuring plan, forest inventory plan, prospective import and use of equipment, procurement plan facilities and infrastructure, plans to open the forest area); c) preservation of the production (procurement plans for seedlings, land preparation, planting, maintenance, harvesting and marketing plan results); d) preservation of the environment (protection plans and forest protection, management plans and environmental monitoring); e) preservation of society (community development plans and partnerships, institutional planning); f) monitoring and evaluation over a five-year period.

PT. BBSI has regularly conducted monitoring and evaluation based on the documented procedures. Monitoring and evaluation is carried out on production, ecological and social aspects, and used as a platform on which to base corrective actions.

Production Aspects:

- Assessment of the quality of harvesting (Harvesting Quality Assessment/HQA) and residual wood (RWA) conducted in accordance with the documented procedures per SOP Quality Assessment.
- After handing over the area (HOA), planting and crop maintenance can be carried out. Monitoring and evaluation of planting and crop maintenance is performed utilizing documented procedures as per SOP Job Quality Rating Plantation .
- Monitoring of the inventory of plants and measurement of the characteristics of their growth from the age of six (6) months and prior to clearing is carried out utilizing the documented procedures as per SOP Plant Forest Inventory

Ecological aspects:

- Environmental monitoring is carried out as presented in the document Implementation Report Environmental Permit (RKL RPL), with the balance of waste, with the document being submitted to BLHD every six (6) months



- Monitoring per RKL and RPL is also carried out to assess any damage to rare, sensitive and unique ecosystems, which are the habitats of endemic, rare and endangered species of flora and fauna
- The functions of protection of soil and water resources are also monitored as per RKL and RPL

Social aspects:

- Monitoring is implemented on the social aspects of the activities of PT BBSI on the surrounding communities: Improvement of Public Welfare in regard to employment, economic and income levels, attitudes and public perception, as presented in the RKL and RPL document is submitted to BLHD every six (6) months
- Monitoring the social aspects of the CSR program

The villages around the working area of PT BBSI fall in three districts, namely district Rakit Kulim (Desa Talang Tujuh Buah Tangga, Talang Pring Jaya, Talang Sei Ekok, Talang Durian Cacar); district Batang Cenaku (Desa Anak Talang); and district Peranap (Desa Semelinang). The majority of the population are immigrants from North Sumatra and Nias, with most earning their livelihood by farming / gardening. The Management Unit has a Management Environmental Impact Assessment (EIA) document that was validated by the head BAPEDALDA, Indragiri Hulu regency on September 30, 2002.

The Environmental Management Plan (RKL) contains the social component parameters:

- Job opportunities and business opportunities
 - Public health services
 - Education and community participation in forest management and forest resources, and the environment
- The Environmental Monitoring Plan (RPL), meanwhile, discusses the impact of socioeconomic and cultural components to be monitored, which include:
- Development of a local labor force with participation rates of those located in and around the concession .
 - Development patterns and income levels around the area of activity.
 - Development of the quality of health care and public education.
 - Development of the dynamics and community participation in PMDH activities.
 - Development of positive perceptions , attitudes and appreciation by those around the concession

PT BBSI is tasked with the management to protect the flora and fauna (protected area) in an area of 2,629 ha (17.12 %) consisting of 1,785 ha of riverbanks, 200 ha KPPN and the Batabuh HL Hill buffer zone area of 644 ha. Other activities conducted by the Management Unit include surveys, monitoring and identification of vegetation and wildlife each semester, together with the enrichment planting of local species. PT BBSI also has to document the environmental management plan and environmental monitoring plan

Prior to conducting the Stage 2 audit, PT AJA Sertifikasi Indonesia conducted public consultation, commencing February 2, 2016, asking stakeholders to provide feedback on PT BBSI. The Public Consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email 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 BBSI. 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 13,420 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 Stage 2 audit revealed seven (7) minor non-conformities. PT BBSI has taken remedial action on all discrepancies identified and shown a serious commitment to sustainable forest management:

NO	Non-conformities	Corrective Action to be undertaken	Category
1	Field verification of the spatial map revealed that the seed crop areas and river borders have not been effectively marked thus making it impossible to identify the boundary along the riverbanks and seed crop areas Clause Ref. I.1.14	The Management Unit has prepared a Marking Plan for Limits Border Rivers and Plants, which is featured in PT. BBSI year 2016. Under this, PT BBSI will realize the marking of protected area boundaries in accordance with the map of the restructuring plan of the work area on the document - HT RKUPHHK to be approved the Forestry Minister.	Minor
2	The Management Unit has identified open land within the concession. Based on identification through Landsat coverage of 2014, the open area is found in protected areas, with details of 112 ha of riverbanks, 82 ha KPPN, and 158 ha of other protected areas. <ul style="list-style-type: none"> The areas of lower growth in seed plants and protected areas have not been identified. Clause Ref. I.3.4	The Management has determined a time frame for implementation of remedial action where the empty land has been degraded per PT. BBSI 2016. Under this, PT BBSI will realize rehabilitation planting of the open areas and those with less vegetation than the protected area and the area of crop seed.	Minor
3	The new Management Unit has rehabilitated degraded land in the area around the riverbanks by planting some 50 types of durian stems. <ul style="list-style-type: none"> Meanwhile, the seed crop acreage has not been rehabilitated. Clause Ref. I.4.5	The Management Unit has determined a time frame for implementation of rehabilitation of degraded empty land, in PT. BBSI 2016. Under this, PT BBSI will realize rehabilitation planting of the open areas and those with less vegetation than the protected area and the area of crop seed.	Minor
4	Based on visual observations, there are non-timber products in the FMU, which include rattan, fish, and honey. The Management Unit has a SOP for Inventory of Non-Timber Forest Products. <ul style="list-style-type: none"> The Management Unit has not made an inventory of non-timber forest 	The Management Unit has created the time for a plan of regulating the use of NTFPs in PT. BBSI 2016. Under this, Askep Common Service will conclude a documented agreement with the local community who use NTFPs. The contents of the agreement will include a guarantee that such collection will not exceed the level of sustainability	Minor



	<p>products .</p> <ul style="list-style-type: none"> ▪ The Management Unit has yet to prepare / implement participatory methods to monitor and encourage agreements with local communities, indigenous peoples and other parties entitled to exploit non-timber forest products, such that their activities will not exceed the level of sustainability and will not cause negative impacts on forest resources <p>Clause Ref. I.5.4.</p>		
5	<p>There was a spillage of fuel and lubricants directly onto the ground, at :</p> <ul style="list-style-type: none"> - Generator room at the base of the main Camp where there was still fuel oil waste and no reservoirs or flow channels into the sewers. - In the generator room in Camp C (workers) where there was still a spillage of fuel and lubricants directly onto the ground. <p>Clause Ref. I.6.6</p>	<p>The Management Unit has made the plan to install an oil trap at the home generator in PT BBSI. 2016, and posting of board/poster warnings to keep the area clean and avoid spillage of oil and lubricants in and around the generator house.</p>	Minor
6	<p>Observation of the vegetation trails in the Senkilo river border protected areas reveals only one lane consisting of four plots. This represents a lesser condition than the existing vegetation in the river border area</p> <p>Clause Ref. I.7.1</p>	<p>The Management Unit has prepared an implementation plan for vegetation analysis of protected areas in PT. BBSI 2016, and will gradually adjust depending on the availability of labor and safety considerations</p>	Minor
7	<p>KPPN Protected Areas are located in the area of land claims. The vegetation conditions consist mostly of palm oil plantation of the local society</p> <p>This is not in accordance with the KPPN function to protect the germ plasm.</p> <p>Clause Ref. I.7.5</p>	<p>The Management Unit has made plans for the relocation of the Germ plasm Conservation Area in PT. BBSI 2016</p>	Minor

Conditions under which the certificate is issued

The certificate is valid until 01/07/2019, when PT. BBSI has completed all corrective actions in accordance with the predetermined schedule and does not have the same problems in the next surveillance visit. If non-conformities are not closed by the next Surveillance, the certificate will be suspended until PT AJA is able to perform a close-out visit.