

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: CV Bhakti Praja Mulia

TOTAL HECTARES: 5,800

SCOPE OF REGISTRATION: Sustainable Forest Management of Plantation Forest covering 5,800 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: November 14, 2016

AUDIT END DATE: November 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

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SIGNATURE:	
SIGNATURE:	
SIGNATURE:	

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
CV Bhakti Praja Mulia	Pelalawan District, Teluk Meranti District, Pelalawan Regency, Riau Province, Republic of Indonesia	November 14 – 16, 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	
N/A		

Document: Report Format Public – IFCC

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Date: 15 September 2016



Brief Description of the concession

CV Bhakti Praja Mulia obtained its concession based on Pelalawan Regent Decree No. 522.21 / IUPHHKHT / 1/2003/011 dated January 28, 2003 and SK Appendix Map Scale 1: 80.000. The working area of CV Bhakti Praja Mulia falls under the administration of the Districts of Pelalawan and Teluk Meranti, Pelalawan Regency, Riau Province.

In carrying out its forest operations, CV Bhakti Praja Mulia has Work Plan for Utilization of Forest Wood Industrial Plantation Forest (RKUPHHK-HTI) approval by Decree 136 / VI-BPHT / 2010 dated October 14, 2010 regarding approval of Work Plan Utilization of Wood Industrial plantation forest (RKUPHHK-HTI) for a period of 10 years from 2010 to 2019 on behalf of CV Bhakti Praja Mulia in Riau Province. In the short-term, the Management Unit has prepared an Annual Work Plan (RKT) UPHHK-HTI. The documentation of the foregoing work plan covers all production, environmental and social aspects.

The Work Plan for Utilization of Forest Wood Industrial Plantation Forest (RKUPHHK-HTI) contains the spatial arrangement of the 5,800 ha work area: Protected Areas of 3,583 ha (61.78%);, Area Unsuitable for Production covering 63 ha (1.09%); Principal Plant Area of 1,284 ha (22.14%); Seed Plant Area of 580 ha (10.00%); and Livelihood Plants Area of 290 ha (5.00%),

There has been no conversion of natural forest to plantations since December 31, 2010, and thus the scope for assessment is 5,800 ha.

The working area boundaries are: to the West with IUPHHK-HT PT RAPP; the South IUPHHK-HT CV Alam Lestari and IUPHHKHA PT Yos Raya Timber; the North IUPHHK-HT PT National Timber and Forest Products and IUPHHK-HT PT Putra Riau Perkasa; and to the East with IUPHHK-HT PT Putra Riau Perkasa

The soil type of the Management Unit's working area is peat, thus based on this footprint the main plant type grown is *Acacia crassicarpa*

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

Based on the EIA documents and RKUPHHK-HTI, there are no indigenous peoples in accordance with the requisite legislation (Act No. 27 of 2007 and Presidential Decree No. 111 of 1999). People living around the concession are dominated by the majority Malay community who embrace Islam. Customs and culture that flourished are also Islamic in nature. Most of the people living in the area are subsistence crop farmers. The layout of Management Unit's concession is not directly adjacent to the surrounding villages, but is limited by other companies that are located around the concession, thus interaction with the local population is almost nonexistent.

CV Bhakti Praja Mulia has a conflict resolution mechanism in the form of Conflict Resolution Protocols initially dated January 6, 2014 and revised on September 1, 2015. The procedure is used as a reference when conflict arises so that the settlement or resolution of social conflicts can be achieved through the principle of prior informed consent on the basis of initial information (Free Prior Informed Consent-FPIC). Expectations are that this process will swiftly ameliorate any problems that may arise without the creation of fresh problems and preclude the hampering of operations.

Based on field visits and interviews with the Management Unit, no people were found who carry out activities within the concession. Thus there was no evidence of any areas being claimed by the community, and hence reports on the identification and document of land claims settlement were also absent.

A community fire watch (MPA) was formed per the agreement between CV Bhakti Praja Mulia and the Sungai Ara Village, Pelalawan district on June 12, 2014. Establishment of the MPA has been recognized by the Environment Agency (BLH) Pelalawan Regency, Forestry Office Pelalawan Regency, the Police of Ukui sector and the District Military Commander (Koramil) of the Ukui sub-district. The MPA establishment agreement stipulates: forest fire management, as well as training, and empowerment of the MPA.

The Company has prepared cooperation agreements with the local community in respect to the management of the



livelihood plants. While the Company has allocated an area of 290 ha for community livelihood plants, the lack of a clear boundary to the village administrative area has prevented it from actually entering into an agreement with the village entitled to the rights to the livelihood plants. The Company formally sent a letter to the district head of Pelalawan and the district of Teluk Meranti on September 10, 2016 asking for clarification on the boundaries of the village. A letter from the Head of Pelalawan No: 100 / PEM / 2016/291 dated October 26 has since been received, to which was attached a map of the village boundaries.

In running its community development (CD) program, the Company reports to the Riau Provincial Forestry Service on a quarterly basis. From 2013 through November 2016, realization of the CD program has included assistance in a wide range of areas from provision of library books, youth coaching workshop and infrastructure assistance to support of religious activities.

Description of the Ecological conditions of the concession

The Management Unit has identified the forest management activities that have an important impact, and conducts an environmental impact assessment analyzing the potential impacts on the environment. The Company has environmental documents (EIA documents UKL and UPL) CV Bhakti Praja Mulia (Letter of Approval EIA activities UPHHK-HT CV Bhakti Praja Mulia No. 660 / BAPEDALDA / XII / 2002/06 dated December 17, 2002, on the approval of EIA, UKL, UPL activities UPHHK-HT CV Bhakti Praja Mulia

Based on the foregoing documents, the Management Unit has carried out management of the physical chemistry: management of water level or water table by setting the water level with zoning, building canals and the provision of appropriate contour dam to control the water level; control of subsidence rate, avoiding the oxidation of pyrites, maintaining the river banks, preventing land and forest fires. Biological management: attempts to record the level of plant growth and pest and disease control; conservation efforts to preserve and protect the biological diversity (biodiversity) of flora and fauna.

CV Bhakti Praja Mulia has identified and monitors disruptions to Sustainable Forest Management (SFM). Such forest disruptions include: forest fires, illegal logging, poaching, encroachment, pest and disease. However, because the location of the work area is not directly adjacent to the community, such disruptions as illegal logging, poaching and encroachment do not pose a serious threat.

The Management Unit has conducted the following activities to minimize the potential of forest fires:

- Early detection with Ground Check Hotspot NOAA, AQUA, TERRA and monitoring FDRS (Fire Danger Rating System)
- Patrols using ground vehicles (cars, motorcycles) and the construction of a fire tower as support for patrols / monitoring of fires
- Provision of counseling to the local community about preventive activities, including ban on burning
- Install system of compartmentalization with canals and perimeter boundary as fire breaks
- Create an organizational structure for fire prevention and control of large and small outbreaks
- Provide appropriate infrastructure for fire prevention and control standard (UKP4)
- Data from 2012 through August 2016 reveals there have been no fires
- Training of personnel from the fire-fighting team

The Management Unit has allocated a protected area covering 3,583 ha (61.78%), one function of which is to maintain the habitat of protected and rare endemic species of flora and fauna. The protected areas consist of peat protected area covering 3,304 ha (56.97%), riparian 179 ha (3.09%), KPPN (Germpiasm Conservation Area) of 50 ha (0.86%) and KPSL (Wildlife Protected Area) of 50 ha (0.86%). The condition of the flora and fauna in the protected area is still well maintained due to the habitat being distant from community activities.

Results of the Public Consultation

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Prior to conducting the Stage 2 Audit, PT AJA Sertifikasi Indonesia carried out public consultation, commencing November 3, 2016, in which stakeholders were invited to provide feedback on CV Bhakti Praja Mulia. Public consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email or letter, and published in a local newspaper. No input was received from stakeholders as a result of the public consultation.

The audit team also gathered information from the mass media about CV Bhakti Praja Mulia, which was given material consideration in the audit process.

The Management Unit has identified all the necessary requirements for this certification process, including legal aspects and compliance with regulations or international conventions. The management system has been built to cover all activities in the field of certification, which is registered for a certification area of 5,800 hectares.

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

Based on the results of the Stage 2 Audit of CV Bhakti Praja Mulia, two categories on minor non-conformities were found. The Management Unit has addressed these issues and all non-conformities are already closed. No critical issues were identified.

No	Non-Conformities	Corrective Action Undertaken	Category
1	CV Bhakti Praja Mulia does not have a Seed Plant Management Model. The seed plant area contains stands of acacia wood, but there was no data on the stand. Clause Ref: I.4.1	The featured plants already there have been retained in the seed plant area and regular monitoring is conducted every year.	Minor
2	The SOP for timber administration published January 6, 2014 and revised January 5, 2016 is not yet complete, particularly in respect to log transportation procedures. Clause Ref: III.2.1	The SOP will ensure that field implementation will comply with the support of the SOP for Wood Transportation.	Minor

Conditions under which the certificate is issued

Certificate is valid until 27/02/2020 provided that CV Bhakti Praja Mulia completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problems at the next Surveillance visit. If the non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time as AJA is able to perform a closeout visit.