

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



CLIENT NAME: PT BUKIT BATABUH SEI INDAH

TOTAL HECTARES: 13.420 Ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: February 16, 2017

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, 2017

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan

SIGNATURE:

Tata Sumitra

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 6

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Bukit Batabuh Sei Indah	Jl. Soekarno Hatta Komplek Perkantoran Mall SKA Blok E-61, Pekanbaru, Provinsi Riau, Indonesia	February 16-19, 2017
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	

Brief Description of the concession

PT Bukit Batabuh Sei Indah is a company engaged in the forestry industry with a core business of cultivating *Acacia mangium* and *Eucalyptus* for the production of pulp fiber and paper.

PT Bukit Batabuh Sei Indah received Decree No. SK.67 / MENHUT-II / 2007 dated 23 February 2007 concerning Renewal of IUPHK-HTI PT.BBSI on Production Forest Area of approximately 13,420 hectares in Riau Province, (entirely limited Production Forest (HPT), located in Indragiri Hulu Regency, valid for a period of 41 years from 23 February 2007, unless reassigned by the license holder or revoked by the Minister of Forestry and which cannot be renewed).

Decision of Decree of Indragiri Hulu Regent Number: 331 Year 2002 dated 6 November 2002 concerning Business License for Utilization of Forest Timber Forest Product (IUPHHK-HTI) An. PT Bukit Batabuh Sei Indah for an area of approximately 13,420 ha located in Peranap and Kelayang Sub-districts, Indragiri Hulu Regency, is valid from November 6, 2002 for 35 years plus one cycle of staple crops.

PT Bukit Batabuh Sei Indah has not converted any natural forest or non-forested land into plantation forests after December 31, 2010, and thus the total area for IFCC certification is 13,420 ha.

The Management Unit has carried out spatial arrangement in accordance with the Revised RKUPHHK-HTI Document for the 10-year Period of 2008 - 2017, which has been endorsed by the Ministerial Decree Environment and Forestry No. SK. 2593/MENLHK-VI/BUHT/2015 dated June 18, 2015.

HTI spatial plan based on Revision RKUPHHK-HTI is as follows:

No	Spatial Planning	Land	Percent (%)
A	Local Protected Area and Other Protected Areas		
1	River Border	834	6.21
2	KPPN and KPPS	200	1.49
3	Buffalo Forest Buffer Zone	308	2.30
	Total Area A	1,342	10.00
B	Area not effective for production		
1	Infrastructure	479	3.57
2	Occupation	1,718	12.80
	Total Area B	2,197	16.37
C	Area effective for production		
1	Staple Plant Area	7,818	58.26
2	Endemic Species Plant Area	1,342	10.00
3	Livelihood Plant Area	721	5.37
	Total Area C	9,881	73.63
	Total Area	13,420	100.00



The working area of PT Bukit Batabuh Sei Indah Management Unit is located between 00° 35' 43" to 00° 47' 52" South and 102° 00' 39" to 102° 08' 07" East. It falls under the governmental administration of Peranap Sub-District, Indragiri Hulu Regency, Riau Province, with boundaries to the North: PT Rigunas Agri Utama; South: PT Rigunas Agri Utama; East: Ex HPH PT Patriadi and SKPH Anak Talang; and West: KUD Serangge Permai, Tani Pura Usaha, Rahma.

The working area of the Management Unit has a largely flat topography (0-8%) of 91.99%, with remaining 8.01% being sloping (8-15%) at an altitude of 30 to 535 meters above sea level. According to Schmidt-Ferguson climate classification, PT. Bukit Batabuh Sei Indah is included in climate type A with a value of Q = 14.3%. The entire working area of PT. Bukit Batabuh Sei Indah is on mineral land with podsolik red yellow soil type (PMK). The Management Unit has thus decided to develop the *Acacia mangium* and *Eucalyptus pellita* species.

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

Located in the Regency of Indragiri Hulu, the villages surrounding PT. Bukit Batabuh Sei Indah are located in three sub-districts, with the majority of their population being migrants from North Sumatra.

PT Bukit Batabuh Sei Indah conducts social management based on mutual understanding and cooperation in order to improve the economy of local society plus also foster harmonious relationships with the company. The Management Unit targets the development of job creation and/or business opportunities for the local residents around the concession area in order to help raise the income level of the local community. Other targets include raising the standards of healthcare provision and of education in the area through its Corporate Social Responsibility (CSR) programs.

Agreements have been reached in regard to the livelihood plants (rubber) and access is provided to the local community to utilize forest resources such as honey and rattan on the proviso that no damage is done to the plantation operations. In a spirit of cooperation and inclusiveness, the Management Unit socializes its activities to both employees and the local community to promote understanding of responsible forest management for the benefit of all, plus is mindful of its own responsibilities to assist the surrounding communities in meeting their cultural and religious obligations. In this way PT Bukit Batabuh Sei Indah hopes to develop positive attitudes and perceptions of the local community towards the company and its operations.

Description of the Ecological conditions of the concession

PT Bukit Batabuh Sei Indah undertakes activities to minimize negative environmental impacts in accordance with RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documentation, the results of which are reported to the requisite authorities on a periodic basis. Among the impacts monitored are various indicators relating to the health of the soil and the quality of the water.

In addition to the regular inventory and mapping of the flora and fauna as required for biodiversity management within its concession area, PT Bukit Batabuh Sei Indah pays particular attention to its protected areas. Measures undertaken to protect these areas include the marking and monitoring of their boundaries, socialization of the areas to the public, employees and their families, maintaining an inventory of their contents and implementing regular patrols.

Monitoring the protected areas covers the monitoring of all plants in the area, including enrichment planting, for outbreaks of disease or infestation by pests, regular inventory of flora and fauna, and field observation of river water quality.

One area of particular concern is the potential for forest and land fires and PT Bukit Batabuh Sei Indah has formed and

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trained firefighting teams who monitor potential hot spots. The Management Unit also controls the build-up of wood waste and ensures that access roads are kept free from constraints. Further actions include the installation of information boards prohibiting the lighting of fires in the forest and regular patrols are also carried out to minimize negative impacts due to illegal incursions or forest/land fires.

The management unit has developed and implemented SOPs for the management of Hazardous Toxic Materials (B3), which include an inventory of waste, source, and estimated amount. All such waste is regularly collected and retained in temporary storage until its collection by a licensed disposal company.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing February 06, 2017 asking stakeholders to provide feedback and information on PT Bukit Batabuh Sei Indah. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to relevant parties by email and/or postal mail, and announced in local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation and no environmental or social conflict issues were reported. The audit team also gathered information from the mass media about PT Bukit Batabuh Sei Indah, such material being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international rules and conventions. The management system has been built to include all activities in the field of certification, which is registered for 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 Surveillance 1 Audit of PT. Bukit Batabuh Sei Indah revealed six (6) Minor Non-Conformities as listed below:

NO	Non-Conformities	Corrective Action performed	Category
1	The management unit has not updated identification of key species and migration patterns. An earlier report named the Sun Bear (<i>Helarctos malayanus</i>) as a key species in the Management Unit area, but based on information from employees there were still Sumatran tiger (<i>Panthera tigris sumatrae</i>) in the area two years ago. Clause Ref: III.7.3	The management unit has now procured facilities and infrastructure for the monitoring of wildlife and key species and their migration patterns.	Minor
2	The Management Unit did not undertake the	The Management Unit has carried out the	Minor

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	<p>maintenance of the Durian vegetation resulting from rehabilitation in the Naga Catur river border.</p> <p>Clause Ref: III. 7.2</p>	<p>area monitoring of the Naga Catur river border rehabilitation with Durian forest type. The results of monitoring the 0.02 hectare were that 178 of the 200 seedlings were still healthy.</p> <p>Monitoring results will be used for reference and the Management Unit will document such activities in future.</p>	
3	<p>Management Unit has not conducted Research and Development activities, indicated by a lack of available related documents.</p> <p>Clause Ref: III. 1.16.</p>	<p>The Management Unit has developed a plan for activity in the field of research and development in cooperation with PT RAPP</p>	Minor
4	<p>The Management Unit has not set the areas in accordance with their function, i.e. there are compartments that do not have marked boundaries.</p> <p>Clause Ref: IV.4.1.</p>	<p>The Management Unit has documented the results of the installation of the requisite border markings on February 20, 2017.</p>	Minor
5	<p>The Management Unit has not maintained the guest houses located at Base Camp in a state of good repair.</p> <p>Clause Ref: III.11.8</p>	<p>The management unit has already made an official report of building maintenance activities and Guest House facilities on: April 30, 2017. The activities are:</p> <ul style="list-style-type: none"> • Repair of 2 items of furniture (dresser). • Repair of bathroom door • Repair of 2 bathroom tubs • Repair of exterior brick wall. 	Minor
6	<p>The Management Unit has not produced mapping and conflict resolution reports as required</p> <p>Clause Ref: III.9.5</p>	<p>The Management Unit has now identified and completed the mapping of the requisite conflict resolution reports.</p>	Minor

Conditions under which the certificate is issued

The certificate is valid until the date 01/07/2019, provided that PT. Bukit Batabuh Sei Indah completes all remedial 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.