Surveillance Report 2015

FSC FOREST MANAGEMENT

PT Belayan River Timber

Client number: 813447
Name contact person: Dr. Untung Iskandar
Address client: Gedung Manggala Wanabakti, Ruang 218 B, Blok IV, Jalan. Gatot Subroto, Senayan, Jakarta 12410, INDONESIA
Telephone: +62 21 572.0204
Mobile: +62 813.9277.4654
Fax: +62 21 572.0204
Name/location of forest area: Forest concession of PT. BELAYAN RIVER TIMBER, East Kalimantan, INDONESIA
Type of certificate: [X] Single FMU [ ] Multiple FMU [ ] Group
Date of issue of certificate: 28-04-2012
Certificate registration code: CU-FM/COC-813447

Date and length of audit: 19-21 June 2015 (3 days)
Name of auditor(s): Bernd Slesazeck (lead auditor), Supun Nigamuni (team member), Muhammad Fajar (local expert/translator)
Inspected sites: Block C

Certificate issued by: Control Union Certifications
Address: Meeuwenlaan 4-6
8011 BZ Zwolle
Telephone: 0031 (0) 38 426 0100
Fax: 0031 (0) 38 423 7040
Email: fsc@controlunion.com
Website: http://certification.controlunion.com
Certifier (contact person): Mr. Gerben Stegeman
Table of Contents

2. REPORT ......................................................................................................................... 3

3. CONVERSION TABLE .................................................................................................... 4

4. SIGNIFICANT CHANGES SINCE LAST EVALUATION .................................................. 5
   4.1 CHANGES IN THE SCOPE OF THE CERTIFICATE, THE MANAGEMENT AND/OR HARVESTING METHODS .......................................................... 5
   4.2 CHEMICAL PESTICIDES USED WITHIN THE FOREST AREA SINCE LAST AUDIT .................................................................................................................... 6
   4.3 EXCLUSION OF AREAS FROM THE SCOPE OF CERTIFICATE SINCE LAST AUDIT ............................................................................................................... 6

5. STANDARDS .................................................................................................................... 7
   5.1 STANDARDS USED ..................................................................................................... 7
   5.2 ADAPTATION OF THE STANDARD SINCE LAST AUDIT ............................................ 7
   6.1 AUDIT TEAM AND QUALIFICATIONS ....................................................................... 8
   6.2 DESCRIPTION OF SURVEILLANCE AUDIT ............................................................... 8
   6.3 STAKEHOLDER ISSUES ............................................................................................ 10

7. OBSERVATIONS ............................................................................................................. 11
   7.1 NON-CONFORMITIES AND CORRECTIVE ACTION REQUESTS ............................... 11
       7.1.1 Outstanding non-conformities since previous evaluation report ........................ 11
       7.1.2 Identified non-conformities during present evaluation ....................................... 19
   7.4 POSSIBLE ISSUES RELATED TO THE ADAPTATION OF THE LOCALLY ADAPTED STANDARD ............................................................................. 29

8. CERTIFICATION PROPOSAL ......................................................................................... 30
   8.1 STATEMENT .............................................................................................................. 30
   8.2 CONDITIONS FOR CERTIFICATION ......................................................................... 30
1. Methodology

Control Union Certifications (CUC), a member of the Control Union World Group is an international inspection and certification body and is accredited by the Forest Stewardship Council (FSC) to carry out audit and certification according to the CUC Forestry Standards. CUC performs inspection and certification in the fields of FSC, organic production, input, sustainable textile production, Organic Exchange, GLOBALGAP, HACCP, BRC, GMP and GTP. CUC is also accredited by the Dutch Council of Accreditation (RVA) on the European quality standard EN 45011 for the inspection and certification of CUC Organic program (according to the EU regulation 2092/91) and GLOBALGAP program. When requested a copy of the accreditation certificate can be obtained from CUC.

Audit and certification is carried out in conformity with the procedures as laid down in the Procedure Manual and the program manual for the auditor and certifier. During the audit the qualified CUC auditors use standardised audit forms to record their findings.

Based on the information provided by the auditor and by the client, the certifier reviews and evaluates all information provided and certifies the products when all conditions of the regulations are fulfilled. The result of the evaluation is documented in Chapter 8. Audit work by the auditor and certification by the certifier are clearly separated activities.

2. Report

This report is the result of the findings of a certification evaluation carried out by an independent team of experts representing Control Union Certifications. The purpose of the assessment was to monitor PT Belayan River Timber’s continued conformity with applicable certification requirements of the Forest Stewardship Council (FSC). The report is made in accordance with standard FSC-STD-20-007 v3-0 (Forest management evaluations), FSC-STD-20-007A v1-0 (Forest certification reports) and FSC-STD-20-007B v1-0 (Forest certification public summary reports).

The first part (chapters 1 - 8) is the public summary of the report, which is published on the FSC database of registered certificates (www.fsc-info.org). The full audit report (including the public summary) is sent to the client and contains detailed information about the client’s forest management. The full report can only be reviewed by authorized Control Union and FSC staff and reviewers who are bound by confidentiality agreements.

In case of any complaint or appeal with respect to findings and certification decisions taken by CUC, a dispute protocol and form is available on the CUC website (http://certification.controlunion.com/Publications.aspx?Program_ID=0) and can also be provided on request.
3. Conversion table

Data presented in this report should be in metric system units. If non metric system units are used, the following conversion rates shall be applied.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Imperial</th>
<th>Metric</th>
<th>Imperial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td>Area</td>
<td>Length</td>
<td>Area</td>
</tr>
<tr>
<td>25,4 mm=0,0254 m</td>
<td>1 inch</td>
<td>6,45 cm²=0,00065 m²</td>
<td>1 sq inch</td>
</tr>
<tr>
<td>1,000 m</td>
<td>39,37 inches</td>
<td>1,000 cm³</td>
<td>0,1550 sq inch</td>
</tr>
<tr>
<td>30,48 cm=0,3048 m</td>
<td>1 foot=12 inches</td>
<td>0,09290 m³</td>
<td>1 sq foot</td>
</tr>
<tr>
<td>1,000 m</td>
<td>3,2808 feet</td>
<td>1,0000 m³</td>
<td>10,764 sq foot</td>
</tr>
<tr>
<td>0,9144 m</td>
<td>1 yard=3 feet</td>
<td>0,8361 m³</td>
<td>1 sq yard</td>
</tr>
<tr>
<td>1,6093km=1609,3m</td>
<td>1 mile</td>
<td>1,0000 m³</td>
<td>1,1960 sq yard</td>
</tr>
<tr>
<td>1,000km</td>
<td>0,6214 mile</td>
<td>2,5900 km²</td>
<td>1 sq mile</td>
</tr>
<tr>
<td>Weight</td>
<td>Volume</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28,350 g</td>
<td>1 ounce</td>
<td>0,02832 m³</td>
<td>1 cbc foot</td>
</tr>
<tr>
<td>1 g=0,001 kg</td>
<td>0,035274 ounce</td>
<td>1,0000 m³</td>
<td>35,315 cbc foot</td>
</tr>
<tr>
<td>0,45359 kg</td>
<td>1 pound</td>
<td>0,7646 m³</td>
<td>1 cbc yard</td>
</tr>
<tr>
<td>1 kg</td>
<td>2,2046 ponds</td>
<td>1,0000 m³</td>
<td>1,3080 cbc yard</td>
</tr>
<tr>
<td>1,016 ton</td>
<td>1 long ton</td>
<td>0,56826 l</td>
<td>1 pint</td>
</tr>
<tr>
<td>1,000 ton</td>
<td>0,9842 long ton</td>
<td>1 l=0,001 m³</td>
<td>1,75976 pints</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,546 l</td>
<td>1 gallon</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 l</td>
<td>0,21997 gallon</td>
</tr>
</tbody>
</table>
4. Significant changes since last evaluation

4.1 Changes in the scope of the certificate, the management and/or harvesting methods

Certified forest area under scope

Of the total forest area, 83.890 ha is used as natural production forests. 12.726 ha forest is protected from harvesting in total. Together with 884 ha of non-forest land this makes the total certifier area of 97.500. Small changes in numbers are due identification of small protection areas identified during inventories (e.g. small swaps). In some buffer zones roads have been established in the past which might be used still. Close to 14% of the forest is protected from harvesting. The protection zone remains far more than the minimum required 10%.

<table>
<thead>
<tr>
<th>Name FMU</th>
<th>Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Natural production forest</td>
</tr>
<tr>
<td>Belayan River Timber</td>
<td>83.890</td>
</tr>
</tbody>
</table>

Forest

No changes occurred since the last audit.

The annual allowable cut (AAC) set in the 10 year management plan is 170,282 m³/year.

A more realistic calculation is made based on the 100% inventory data which is used for applying for the annual working plan. In the RKT of 2015 (annual approved management plan) states the following numbers: Minimum Annual Allowable Cut – AAC planned is 88,817 m³ and the Maximum is 160,000 m³ (Source: AAC SK.IUPHHK; Plan RKT 2015)

Land ownership and use rights

No changes occurred since the last audit.

National legislation

No changes occurred. The company keeps up to date with the legislation.

Conflicts

No social conflicts were identified during this audit.

Management structures

No changes occurred since the last audit.

Management system

No changes occurred since the last audit.
The management system is still TPTI (Selective Cutting and Enrichment/Planting System) in 82,237 Ha or 84.34% of the companies forest areas. The rotation time is 45 year.

**Harvesting methods or intensity, silvicultural methods used and other important changes relevant to forest management of the certificate holder**

The company is active in Block C. In block A no work has started yet, though inventory work could start in the next 12 months.

There are no changes in harvesting, intensity or silvicultural records.

**Operational plans for the next 12 months:**
The company is presently harvesting in Block C. Governmental approval for realization and planning can be shown (RKT).

RKT 2015 has not commenced and the company is still completing carry on from 2014 by the time of the audit. In 2014 what was completed was the carry over area from 2013. The plan for 2015 is as follows:

- Carry over from 2014: 2088.39 ha – Volume: 60,673 m³
- New for 2015: 3,016.59 ha – Volume 68,690 m³
- Total for commercial: 5,104.98 ha – Volume 129,363 m³
- Total for non-commercial: 11,077 m³
- Total volume to be harvested – 140,440 m³

Minimum Annual Allowable Cut – AAC planned is 88,817 m³ and the Maximum is 160,000 m³ (Source: AAC SK.IUPHHK; Plan RKT 2015)

**Inventory and harvesting records:**
The planned harvest is based on a 100% inventory of the forest stand. Approval of the selected trees for harvesting can be shown. Realization documents, including samples of harvested trees and log stems in the forest, are in line with the approved harvests.

The area to be harvested in 2014 (RKT 2014 and carry over from RKT 2013) is 5,316.15 ha and the volume planned be harvested is 179,487 m³ (Above 50 cm- commercial harvest 164,691m³, non-commercial due to road constructions etc. 14,546 m³). However by the end of 2014 they have been able to realize 53,549.38 m³. The harvesting is only completed for RKT 2013 carry over area.

**Other changes:**
All activities in Block B have stopped. Only protection takes place in these forests.

**4.2 Chemical pesticides used within the forest area since last audit**
No chemical pesticides used since last audit.

**4.3 Exclusion of areas from the scope of certificate since last audit**
No areas excluded since last audit.
5. Standards

5.1 Standards used

The standard used for this surveillance audit is the FSC Harmonised Certification Bodies’ Forest Stewardship Standard for the Republic of Indonesia (FSC-STD-IDN-01-01-2013 Indonesia Natural, Plantations and SLIMF EN Harmonised). This standard(s) can be found as an Annex to this report (Annex I) and is also available on the website of CUC (http://certification.controlunion.com). It can also be provided by CUC on request.

Where applicable, CUC shall use the standards in combination with other FSC requirements, such as “Requirements for use of the FSC trademarks by Certificate Holders” (FSC-STD-50-001 Version 1-2), “FSC Standard for group entities in forest management groups” (FSC-STD-30-005 Version 1-0), FSC Policy on “The excision of areas from the scope of certification” (FSC-POL-20-003 (2004)), FSC Policy on “Partial certification of large ownerships” (FSC-POL-20-002 (2000)) and/or FSC Pesticides Policy (2005) (FSC-POL-30-001). All these documents can be downloaded from the FSC website (www.fsc.org) or can be provided by CUC on request.

5.2 Adaptation of the standard since last audit

Not applicable as the standard used for the evaluation being a harmonized standard. The harmonization and the stakeholder consultation were undertaken by FSC itself.
6. The evaluation process

6.1 Audit team and qualifications

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Bernd Slesazeck</th>
<th>Lead auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control Union lead auditor for FSC FM and COC.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee of Control Union since 2010, responsibilities included certifier for the FSC COC program.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Previous work experience includes the Dutch Timber Procurement Assessment Committee (which assessed FSC and other sustainable FM schemes).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MSc. Forest and Nature Conservations at Wageningen University.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Supun Nigamuni</th>
<th>Team member</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control Union lead auditor for FSC FM and COC.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee of Control Union since 2011. Responsibilities includes certifier, senior auditor and scheme coordinator for FSC for CU.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.5 years of international auditing experience.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BSc Sp (Forestry and Environmental Sciences) with 1st class honours.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Environmental specialist in Sri Lanka since 2007.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Muhammad Fajar</th>
<th>Local expert, translator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control Union auditor for since 2014 for FSC, IFCC, PEFC, SVLK, RSPO, Global Gap.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Two years of experience as IFCC auditor.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BSc in Forestry at Bogor Agriculture Institute</td>
<td></td>
</tr>
</tbody>
</table>

6.2 Description of surveillance audit

Audit method, including approach to evaluation of management systems
During the opening of the audit the planning was finalized. The rest of the first day documents were checked and preparation were made for the field visit. Areas to be visited in the field were finalized based on the document review. The second day consisted of the field visits. During the third day camp facilities were audited. Crosschecking the field findings and documentation was done during the afternoon. After finalizing the document review and interviews the audit was closed in the evening of the third day.

Sampling system
Not applicable: single certificate.
Itinerary

<table>
<thead>
<tr>
<th>Date &amp; time</th>
<th>Activity, Unit, Location</th>
<th>Persons present (See annex III for full list)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19th</td>
<td>9.00 Opening meeting</td>
<td>BRT staff and audit team</td>
</tr>
<tr>
<td></td>
<td>10.00 Introduction</td>
<td>BRT staff and audit team</td>
</tr>
<tr>
<td></td>
<td>11.00-18.00 Documentation review</td>
<td>BRT staff and audit team</td>
</tr>
<tr>
<td></td>
<td><em>Main topics:</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- last year NCs (current status);</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- training (overview and registrations);</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- sales/ volume control/ logo use.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working camp (storage, waste management, agriculture, nursery, medic, warehouse, mechanic)</td>
<td></td>
</tr>
<tr>
<td>20th</td>
<td>8.00-17.00 Visit to local communities</td>
<td>Auditors: Supun Nigamuni Fajar Muhammad BRT: Social team Local stakeholders</td>
</tr>
<tr>
<td></td>
<td>8.00 Field visit:</td>
<td>Auditor: Bernd Slesazeck BRT staff (FSC coordinator, planning and operation team)</td>
</tr>
<tr>
<td></td>
<td>- harvesting block of 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- closed harvesting block 2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- log yard</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Forest field camp</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16.00-18.00 Document review</td>
<td>BRT staff and audit team</td>
</tr>
<tr>
<td>21st</td>
<td>9.00-19.00 Document review</td>
<td>BRT staff and audit team</td>
</tr>
<tr>
<td></td>
<td>10.30-12.00 Main Camp facilities (including medic, workshop, housing, waste)</td>
<td>Medic; Storage Keeper; Security; Mechanic; Village lumber worker;</td>
</tr>
<tr>
<td></td>
<td>20.00 Closing meeting</td>
<td>BRT staff and audit team</td>
</tr>
</tbody>
</table>

Additional techniques used for surveillance
Not applicable.

Total number of person days spent on the surveillance

= number of auditors participating * number of days spent in preparation* and on-site visit**:

*: including review of documents, interviewing stakeholders

**: excluding travel to and from the region

11 days (3 auditors, 3 days on-site, 2 days preparation and documentation review)
6.3 Stakeholder issues
Before the audit, stakeholders were consulted by email. No comments were received.
One WWF East Kalimantan was called but did not have any specific (negative) feedback on
the company’s performance.
The company’s social programme showed that there are no use rights from local and
indigenous peoples within Block C. Discussions focussed on the road construction (outside
the concessions). During the road constructions solutions were found on compensation for
roads and dust.
During the audit the complaints register was looked into. No other issues were identified
(besides the compensation for two farmers (see overview below)).

<table>
<thead>
<tr>
<th>FSC Principle</th>
<th>Stakeholder comment</th>
<th>CUC response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Compliance with laws and FSC principles</td>
<td>No comments received.</td>
<td>-</td>
</tr>
<tr>
<td>2 - Tenure and use rights and responsibilities</td>
<td>Only positive feedback received from local communities</td>
<td>-</td>
</tr>
<tr>
<td>3 - Indigenous peoples’ rights</td>
<td>Only positive feedback received from local communities</td>
<td>-</td>
</tr>
<tr>
<td>4 - Community relations and workers’ rights</td>
<td>Positive feedback received from local communities General positive findings were found. One remark on payments of salaries was made by the worker union</td>
<td>See observation 2015-1 (on follow-up on this feedback)</td>
</tr>
<tr>
<td>5 - Benefits from the forest</td>
<td>No comments received.</td>
<td>-</td>
</tr>
<tr>
<td>6 - Environmental impact</td>
<td>No comments received.</td>
<td>-</td>
</tr>
<tr>
<td>7 - Management plan</td>
<td>No comments received.</td>
<td>-</td>
</tr>
<tr>
<td>8 - Monitoring and assessment</td>
<td>No comments received.</td>
<td>-</td>
</tr>
<tr>
<td>9 - Maintenance of high conservation value forests</td>
<td>No comments received.</td>
<td>-</td>
</tr>
<tr>
<td>10 – Plantations</td>
<td>Not applicable</td>
<td>-</td>
</tr>
<tr>
<td>Chain of Custody</td>
<td>No comments received.</td>
<td>-</td>
</tr>
</tbody>
</table>
7. Observations

7.1 Non-conformities and Corrective Action Requests

Minor non-conformity:
- it is a temporary lapse, or
- it is unusual/non-systematic, or
- the impacts of the non-conformity are limited in their temporal and spatial scale, and
- it does not result in a fundamental failure to achieve the objective of the relevant FSC Criterion or another applicable certification requirement.

Minor non-conformities shall be corrected within one (1) year (under exceptional circumstances within two (2) years).

Major non-conformity:
A non-compliance shall be considered major if, either alone or in combination with further non-conformities, it results in, or is likely to result in a fundamental failure:
- to achieve the objective of the relevant requirement of the relevant FSC Criterion, or
- in a significant part of the applied management system.

The cumulative impact of a number of minor NC’s may represent a fundamental failure or total breakdown of a system and thus constitute a major NC.

Fundamental failure is indicated by non-conformity which:
- continues over a long period of time, or
- is repeated or systematic, or
- affects a wide area and/or causes significant damage, or
- is indicated by the absence or a total breakdown of a system, or
- is not corrected or adequately responded to by the client once identified.

Major non-conformities shall be corrected within three (3) months (under exceptional circumstances within six (6) months).

The occurrence of five (5) or more major non-conformities in one surveillance audit shall be considered as a total breakdown of the certificate holder’s management system and in those cases the certificate shall be suspended.

7.1.1 Outstanding non-conformities since previous evaluation report

Below an overview is given of the actions taken by the client/certificate holder to correct any NC’s identified at previous evaluations or subsequently and have remained with the status “open” since the last audit. All NC’s identified at previous evaluations or subsequently that have already been closed before can be found in previous evaluation reports.

For each NC a description of its current status is given. In the case a minor NC has not been settled within the given timeframe (i.e. the certificate holder has either not met or has partially met the Corrective Action Request – CAR), it has been upgraded to a major NC. If a major NC has not been settled within the given timeframe, the certificate shall get suspended.
Nº NC: 2014-01  |  Standard Indicators: 4.2.3/ 4.2.4/ 4.2.14 |  Category: Major

Date found: 22-06-2014  |  Deadline for correction: 21-03-2015
(upgraded to major after deadline expired on 21-12-2014)

Description of indicator:
4.2.3: Workers (staff and contractors) shall be provided with safety equipment in good working order, appropriate to the tasks of workers and the equipment used.
4.2.4: Workers shall be prohibited from working without the personal protective equipment that has been provided.
4.2.14: FME shall implement a periodic review on the welfare of employees.

Description of non-conformity:
4.2.3: Protection trousers are mentioned for working with chain-sawing and chainsaw lumbering in the Indonesian RIL standard, but this PPE is not included in the company’s policy.
4.2.4: One contractor was observed to saw lumber with a chainsaw, without the required protection equipment (this happened after working hours at the designated location at the border of the camp).
4.2.14: The Surabaya office is end-responsible for conducting a welfare review, but has not done this so far.

Corrective action request: It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:
Analysis 18-03-15:
For the safety aspects, the company has shown their commitments to enforce a stricter implementation on the safety aspects of the company's operation, and also have made preventive actions to prevent re-occurrence. They have been stricter PPE monitoring, as they have identified a worker which has not wearing appropriate equipment and clothes and warns the worker. The company uses a detailed checklist on the safety and welfare aspects, which includes PPE availability, PPE conditions, first aid kits, and nutritious foods which the workers brought with them for lunch. They also have put warning signs, and refresh the knowledge and awareness of the workers by re-socializing the importance of using proper PPEs.
As for the welfare aspects, they have made periodic welfare review (on a 3 months basis) on the employees. They ensure that the policies of the company based on ILO conventions is maintained, such as no forced labors, minimum age for employment, no SARA (culture, religion, race, or group) discrimination, and the freedom to form a labors union. They also monitors the appropriateness of the facility which used by the employees for their daily activities, such as lodges (including bedrooms, toilets, washrooms, televisions), public kitchens, and medical clinics. They ensure also that all of the employees’ rights are fulfilled, such as proper salary, religious facilities, and the freedom to form a labors union.
Evidence: PENUTUPAN NC 2014 -01 BAGIAN 2
Audit 2015:
-welfare review has been conducted bi-annually (last March 2015)
-comparable failing was found safe working, see major NC 2015-04
Status: Closed (18-3-2015)
**Nº NC:** 2014-02  
**Standard Indicators:** 6.1.2  
**Category:** Minor  
**Date found:** 22-06-2014  
**Deadline for correction:** 12 months from the closing meeting (21-06-2015)

**Description of indicator:**
Site-specific assessments of the potential environmental impacts of all forest operations are carried out prior to commencement of site disturbing operations, in a manner appropriate to the scale of the operations and the sensitivity of the site. Where such activities are considered “significant”, these site-specific assessments are documented. “Significant” activities shall include, but not be restricted to:
- The building of new roads or substantial rerouting of existing roads;
- Any form of flow restriction in streams and rivers;
- Afforestation;
- Change in genus in the reforestation of more than 100 ha during the same planting season within an operational/management unit, where an FMU comprises more than one;
- Recreational activities and associated infrastructure
- Communication masts and associated infrastructure
- Power lines
- Water lines
- Change of natural vegetation to commercial or any other use.
- Erection of new fences
- Use of natural areas and products for commercial gain or any other purpose
- New waste disposal sites
- Implementation of new/modified activities/products that may have significant impacts on the environment.

**Description of non-conformity:**
There is no working procedure for making a sites specific analysis before constructing a camp. This is especially relevant as NCs were given in the previous audit about camp construction (not respecting buffer zone, building to close to the water).

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**
**2015 audit:**
A guidance is developed addressing the main risk points for camp development. The newly constructed field camp complied with the company’s guidance and FSC regulations

*Evidence*
> Interview FSC coordinator BRT (Mr. Jati);
> NC document 2014-02: guidance for camp construction stating (B) conditions for camp construction, (C) measures to minimize erosion after construction.
> Field visit to new forest camp.

**Status:** Closed 22-06-2015
**Nº NC: 2014-03** | **Standard Indicators: 6.6.10** | **Category: Minor**
--- | --- | ---
**Date found:** 22-06-2014 | **Deadline for correction:** 21-06-2015
**Upgraded from a major after 12 months**

**Description of indicator:**
Harvesting and extraction methods are designed to minimize damage to residual trees and regeneration.

**Description of non-conformity:**
RIL is implemented and monitored to ensure minimum damage to trees and regeneration. However two cases in block 631 are encounter which are not in line with systematically retaining non-commercial or dead trees:
- An unmarked hollow tree was used by mono-cable team. In order to check if the tree was strong enough, they saw 1/3 of the stem which could have been much less.
- Tree with tag 2836 should not have been harvested; it was deleted from map by planning. However, a tag was attached to the tree and the tree is felled but did not show up on the map.

(Minor because other examples are correct (e.g. 2829. 2303 and several others observed in the harvesting block).

Second, in the RIL report (of each block) this item is checked under indicator 1.4, if inconstancies are found, these are evaluation and actions are taken to prevent reoccurrence, including feedback to responsible persons.)

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**
Block manager and certification manager have been providing feedback to operation teams regarding the implementation RIL. During the audit no new concerns were observed during the field visits.

**Evidence:**
- Field visits (monocable team, harvesting, roading)
- Interview Block Manager (Mr. Mahfur), head of Forest Production (Mr. Ponijan)
- Review by certification manager (e.g. field visit on the 21st of April 2015)
- Warning letter for tractor driver (Operator T/R 019)

**Status:** CLOSED (during the audit 21-06-2015)
Report number: 813447FSC.FM.CUSRPT-2015-01-BS ENG

<table>
<thead>
<tr>
<th>Nº NC: 2014-04</th>
<th>Standard Indicators: 6.7.3</th>
<th>Category: Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 22-06-2014</td>
<td>Deadline for correction: 21-03-2015</td>
<td>(upgraded to major after deadline expired on 21-12-2014)</td>
</tr>
</tbody>
</table>

**Description of indicator:**
6.7.3: There shall be no evidence that the Forest Management Enterprise’ waste products are disposed of other than at the listed sites (see 6.7.1), and in accordance with environmentally appropriate and safe methods and applicable legal requirements.

**Description of non-conformity:**
The company should ensure that this waste is stored/transported in an appropriate way. The following incompliances were observed:
- batteries (accu) are kept since the last collection in 2012 till the next one (maybe 2015). Within this period batteries have a high change of leaking under tropical conditions.
- not all waste containing oil, was fitting in the suitable storage which has leaking protection.
- one oil can was found in the forests, but the employees who saw this did not follow-up on this (once observed by management, the can was removed directly)

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**Before the audit**
The management had sent a document that shows they have separated waste storage and waste disposal, such as solid waste, liquid waste and trash waste. They also showed that the battery (accu) is stored on cement floor to prevent the leakage to soil/ground. They did oil spare parts reparation on the cement floor and also do checking in their spare parts storage whether there is any oil contained material or not. If yes, they will remove it to the cement floor. Also, they have specific accu storage to dispose the expired battery or oil.

PT BRT has identified their root causes for waste management and implement some actions to solve the root causes. The main root problems are workers less understanding and workers less awareness about waste management and waste storage. Therefore, the company certification manager gave socialization and refreshment counseling for workers, especially for workshops workers, attended by 19 people in 4th March 2015. The company also installing an appeal to be more concerned about waste management in the forest and an announcement to be careful in using hazardous material such as oil, grease or other workshop equipment and to disposed the designated waste storage correctly. Also, they reconstruct the waste storage to avoid the rain water exposure. The NC closure are included root cause solution, corrective action and preventive action. So, the NC is settled.

**Evidence 19-03-2015:**
-PENUTUPAN NC 2014 - 04 : LIMBAH UPDATED (including training registrations)

**Audit 2015**
No new concerns were identified: waste and storage observed was adequate and monitoring discussed all related topics.
Batteries are sold (not yet transported), storages has been improved.

**Evidence:** field observations at different camps (including contractor).

**Status:** Closed (19-3-2015)
<table>
<thead>
<tr>
<th>Nº NC: 2014-05</th>
<th>Standard Indicators: 8.1.3</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 22-06-2014</td>
<td>Deadline for correction: 21-09-2015</td>
<td>(upgraded to a major after 12 months on 21-06-2015)</td>
</tr>
</tbody>
</table>

**Description of indicator:** The described procedures shall be consistent and replicable over time to allow comparison and assessment of change.

**Description of non-conformity:**
8.1.3: Not all data collected allows with the current collection and analysis a comparison over time.
This is especially relevant for:
- how to measure and analyze the vegetation development (see also NC 8.2.3);
- how to analyze trends in wildlife (including HCV species) (see also NC 8.2.4).

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**Flora**

16-12-2014:
Document shows that the company has adapted the methodology to enable better monitoring vegetation changes. They are conducting vegetation inventory on pre- and post-harvest, and analyze the changes. Therefore, this NC can be settled.

**Evidence (Dec 16th 2014):**
1. Analysis Vegetasi (Vegetation Analysis sheet)
2. Petak 618 (Vegetation Analysis Report on compartment 618)
3. Petak 619 (Vegetation Analysis Report on compartment 619)
4. Petak 620 (Vegetation Analysis Report on compartment 620)
5. Petak 622 (Vegetation Analysis Report on compartment 622)
6. Petak 623 (Vegetation Analysis Report on compartment 623)

**Audit 2015:** monitoring data is sufficient, no new concerns were identified
**Evidence:** field observations, interview FSC manager, monitoring data

**Fauna**

NC verification audit
A new methodology developed making pre- and post-harvest monitoring of fauna. The data collection will enable descriptive analysis of changes in the presence of different fauna species over time.
Pre harvest data is executed, the same data collection will be repeated at least in the first years after harvesting, following the planning.

**Evidence:**
- procedure on fauna data collection in compartments 687 and 688;
- planning of monitoring in compartments 687 and 688;
- Interviews Mr Jati and Mr. Andika.

**Status:** Closed (18 September 2015)
<table>
<thead>
<tr>
<th>Nº NC: 2014-06</th>
<th>Standard Indicators: 8.2.3</th>
<th>Category: Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 22-06-2014</td>
<td>Deadline for correction: 16-12-2014 (6 months from the closing meeting)</td>
<td></td>
</tr>
</tbody>
</table>

**Description of indicator:** The data collected during pre- and post-harvest inventory and general inventory shall be sufficient to identify and describe significant changes in the forest flora over time.

**Description of non-conformity:**
Significant changes in the vegetation as a result from RIL cannot be monitored based on the current data collection and data analysis.

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**
16-12-2014:
Document shows that the company has adapted the methodology to enable better monitoring vegetation changes. They are conducting vegetation inventory on pre- and post-harvest, and analyze the changes. Therefore, this NC can be settled.

*Evidence of documents received on Dec 16th 2014:*
1. Analysis Vegetasi (Vegetation Analysis sheet)
2. Petak 618 (Vegetation Analysis Report on compartment 618)
3. Petak 619 (Vegetation Analysis Report on compartment 619)
4. Petak 620 (Vegetation Analysis Report on compartment 620)
5. Petak 622 (Vegetation Analysis Report on compartment 622)
6. Petak 623 (Vegetation Analysis Report on compartment 623)

**Audit 2015:** monitoring data is sufficient, no new concerns were identified

*Evidence: field observations, interview FSC manager, monitoring data*

**Status:** Closed 16-12-2014

<table>
<thead>
<tr>
<th>Nº NC: 2014-07</th>
<th>Standard Indicators: 8.2.4</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 22-06-2014</td>
<td>Deadline for correction: 21-09-2015 (upgraded to a major after 12 months on 21-06-2015)</td>
<td></td>
</tr>
</tbody>
</table>

**Description of indicator:**
The enterprise shall have a documented system for collecting data on the presence of key species of fauna within the FMU, sufficient to identify and describe significant changes in populations over time.

**Description of non-conformity:**
The company does not analyze how current data collection can be repeated to ensure that changes over time can be analyzed (see also 8.1.3).

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**
NC verification audit September 2015:
3.1.1/3.1.4:
- Boundaries have been established based on consent between the communities. This process has been led by the company as the government has not established the official maps. Maps and records of meetings can be shown.

Evidence:
- Community boundary map (August 2015), as part of:
  - ‘Identification and Verification of Communities rights in BRT- in Block C’ (showing maps and consent of communities.
  - Interviews Mr. Puguh (Social team leader) and Mr. Jati (FSC Coordinator)

Status: Closed (18 September 2015)

<table>
<thead>
<tr>
<th>Nº NC: 2014-08</th>
<th>Standard Indicators: 9.1.2</th>
<th>Category: Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 22-06-2014</td>
<td>Deadline for correction: 12 months from the closing meeting (21-06-2015)</td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
FME shall:
- Produce written HCVF assessment(s) that identify(ies) HCVs or HCVF and proposes strategies to ensure their protection;
- Conduct credible, independent, technically qualified review of the HCVF assessment and related recommendations to address HCV threats and protection; and,
- Demonstrate that credible actions are being taken to address HCV/HCV protection and/or threat reduction.

Description of non-conformity:
For some identified HCV’s the occurrence is site specific but not identified yet. A clear data collection procedure to collect all this relevant data should be installed. The 100% inventory team is not instructed to collect all data relevant for identifying these key-species before harvesting takes place. This is at least relevant for (but possibly for other values as well) the following key species and key-habitats HCV classes:
- 1.2 (banded lemur and orangutan habitats);
- 1.4 (caves and salt);
- 3 (rare ecosystems, swamp forests and swamps);
(minor because monitoring already includes protection level of HCVs in closed blocks, and wildlife transacts).

Corrective action request: It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:
The HCV overview includes the person responsible for identifying all HCVs before harvest planning. As the company is not yet working in a new area, this has not been implemented. The responsible persons however, have sufficient knowledge to identify HCVs.
- HCV table, including team and person responsible (e.g. 100% monitoring team for collecting data on species and caves, social consultation for collected data on HCV class 6)

Status: Closed (21-06-2015)
7.1.2 Identified non-conformities during present evaluation

Non-conformities (NC's) identified during this Surveillance evaluation are listed below. In case the client has provided sufficient evidence during the audit process (i.e. before the report was closed), the status of the NC is set on closed. In all other cases the NC has to be closed within the given timeframe.

Each element (indicator) of the Standard is evaluated by means of a checklist. Please refer to the annexed checklist for details (Annex 1, confidential part).

<table>
<thead>
<tr>
<th>Nº NC: 2015-01</th>
<th>Standard Indicators: 3.1.1 / 3.1.4</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21-06-2014</td>
<td>Deadline for correction: 20-09-2015 (3 months from the closing meeting)</td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
3.1.1: FME shall identify and map lands or territories of Indigenous peoples with customary/traditional rights to forest resources (timber and non-timber).
3.1.4: The FME shall identify, map, and protect sites of special cultural, historical, subsistence or economical, ecological and religious significance in collaboration with the concerned indigenous people or interested stakeholders.

Description of non-conformity:
3.1.1: No administrative boundaries established by respective districts (Dist. Kutai Barat, Kutai Kartanegara, Kutai Timur) or sub districts for each villages. There are altogether 15 villages the FME has identified having related to concession area. The FME has made effort to identify customary boundaries for Block B and Block C however no effort has been done to identify customary areas of Block A yet although there is no activity currently. Even no records were available on whether the 15 related villages were consulted in establishing customary boundaries of Blocks B and C. 

Evidence:
Peta Lokasi Desa SK IUPHHK No:853/Kpts-VI/1999
Interview with Social Department
Interview with Mr. Jati Nusantara

3.1.4: Before opening the forest operations the company carries out a discussion with the villages who are having customary rights. All lands and territories which the communities have rights including sites of importance along with HCV areas are identified and mapped. However there are altogether 15 villages the FME has identified having related to concession area. No records were available on whether all the 15 related villages were consulted in establishing customary boundaries of Blocks A, B and C. As even the administrative boundaries of each villages are not mapped by government authorities it’s unclear whether there are more relevant stakeholders.

Evidence:
Interview with Mr. Jati Nusantara, Interviews with Village heads and customary leaders of Memahak Besar and Long Merah. Records of discussion and RKT agreements.

Corrective action request: It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

Evidence received, and analysis of corrections and corrective actions provided for NC
closure:
NC verification audit September 2015:
3.1.1/3.1.4:
- Boundaries have been established based on consent between the communities. This process has been led by the company as the government has not established the official maps. Maps and records of meetings can be shown.
Evidence:
- Community boundary map (August 2015), as part of:
  - Identification and Verification of Communities rights in BRT in Block C' (showing maps and consent of communities.
- Interviews Mr. Puguh (Social team leader) and Mr. Jati (FSC Coordinator)
Status: Closed (18 September 2015)

<table>
<thead>
<tr>
<th>Nº NC: 2015-02</th>
<th>Standard Indicators: 3.3.1</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21-06-2014</td>
<td>Deadline for correction: 20-06-2016 (12 months from the closing meeting)</td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
The FME shall identify, map, and protect sites of special cultural, historical, subsistence or economical, ecological and religious significance in collaboration with the concerned indigenous people or interested stakeholders.

Description of non-conformity:
Identification has been through consultation with community leaders. The HCV report outlines the sites of importance. The FME has declared that those sites will be protected. However concerns remains with regards to Block C as HCV report states "Not Known" with regards to HCV type 6. No consultation records available for villagers having rights on that area. Therefore the identification is not complete with regards to Block C. Also for Block B the consultations has happened with only 2 villages where there are several other communities in the region. No effort has been done to identify their sites of importance if present within the concession. (See also major NC of 2015-01 on indicator 3.1.1.)

Corrective action request: It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:
- NC verification audit September 2015:
  2011 a report was prepared including HCV identification by any of the involved villages. Only HCVs were identified outside the concession.
Evidence:
- report of HCV identification for Block C (2011)
- community boundary map (August 2015), as part of:
  - Identification and Verification of Communities rights in BRT in Block C' (showing maps and consent of communities.
- Interviews Mr. Puguh (Social team leader) and Mr. Jati (FSC Coordinator)
Status: Closed (18 September 2015)
Nº NC: 2015-03

<table>
<thead>
<tr>
<th>Standard Indicators:</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.4</td>
<td></td>
</tr>
</tbody>
</table>

Date found: 21-06-2014  
Deadline for correction: 20-06-2016 (12 months from the closing meeting)

Description of indicator:
The FME shall demonstrate that each employee, contractor and sub-contractors enjoys the same basic rights and benefits (remuneration, training, etc.), which meet or exceed all legal requirements and those provided in comparable occupations in the same region.

Description of non-conformity:
Not all employees hold a contract (after the ownership changed in 2008, the people who kept working at the concession did not get a new contract with BRT/Intergra group).

Evidence:
> Interview worker union  
> Interview FSC coordinator

Corrective action request: It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

Evidence received, analysis of corrections and corrective actions provided for NC closure:

NC verification audit September 2015:
Contract could be shown of employees working at the concession before becoming part of the Intergra group.

Evidence:
- Interviews Mr. Jati en Mr. Poinjan  
- New contract for old worker for Mr. Jati Nusantara 1st April 2008  
- New contract for old worker for Mr. Ponijan 1st April 2008  
- New contract for old worker Mr. Suprayogi 1st April 2008  
- New contract for old worker Mrs. Lativah 1st April 2008

Status: Closed (18 September 2015)

Nº NC: 2015-04

<table>
<thead>
<tr>
<th>Standard Indicators:</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2.3/4/5/6/9</td>
<td></td>
</tr>
</tbody>
</table>

Date found: 21-06-2014  
Deadline for correction: 20-09-2015 (3 months from the closing meeting)

Description of indicator:
4.2.4: Workers shall be prohibited from working without the personal protective equipment that has been provided.
4.2.5: All tools, machines, and equipment, including personal protective equipment shall be in safe and serviceable condition.
4.2.6: Where workers stay in camps, conditions for accommodation and nutrition shall comply at least with those specified in the ILO Code of Practice on Safety and Health in Forestry Work.
4.2.9: There shall be a written emergency plan in case of serious injury to any forest worker or contractor, and which includes provision for timely evacuation to an appropriately equipped medical facility.

Description of non-conformity:
4.2.4: A worker was chain-sawing within the camp. Though no PPEs were used, nobody prohibiting him from working. According to employees the monitoring of PPEs is not
4.2.4: According to employees the monitoring of PPEs is not always adequate.
4.2.5: Replacement is not always arranged effectively (shortage of new boots).
4.2.6: The provision of sufficient proteins has been complained about but has not been settled according to the worker union and cooks.
There is no record of checking if sufficient food is arriving at the main camp.
4.2.9: There are no records of license for the new medic.

Corrective action request: It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:

NC verification audit
4.2.4 - The requirement to use PPEs, also when sawing trees within the companies camps was discussed. The person working without PPEs got a warning letter not to do this again. All people involved has been addressed (worker and supervisor)
4.2.4 – monitoring document shows monitoring of PPE in the forest. Employees confirm monitoring took place.
4.2.5 – replacement is carried out, stocks are inventoried and kept up to minimum levels (providing of PPEs, orders of PPEs). Employees could show appropriate PPEs and confirmed equipment has been replace where required.
4.2.6 – protein monitoring is conducted, and found improved by cook. The analysis focused on camp 115 as an indication, for all camps the analysis will be conducted in the next months.
4.2.9 – new medic has all required licenses.

Responsible managers and employees provide positive feedback on the implementation of the different corrective actions.
On all topics the extent has been identified and addressed.

Evidence:
4.2.4 - minutes of actions to prevent reoccurrence sawing logs (for use within the concession) without PPEs (17 sept 2015) – including warning letter for not using PPEs (22 June 2015);
- interview Mr. Ponijan (head of production) and Mr. Jati (Certification manager)
4.2.4/5 - monitoring report of PPEs (including inventory at camps (p2) and field monitoring (p3) (17 sept 2015), incl. distribution list of PPEs;
- Record of PPE Distribution of PT BRT Sungai Belinau Camp 30th August 2015
- Trousers Order for Chainsaw Operator and for operator assistant 21st August 2015
- Leather Boots Distribution 19th May 2015
- Rubber Boots Distribution 19th May 2015
- Helmet Distribution 19th May 2015
- Orange coulour vest Distribution 19th May 2015
- Monitoring of Camp KM 115 Nutrition Period 21st July - 2th August 2015
- PPE Distribution 2014 ( Boots, helmet, trousers)
- interviews with medic (Mr. Agus), 2nd manager workshop (mr. Hotmen), Mr. Elisa Lampung (chainsaw operator) and Mr. Dedi Natalis (driver)
4.2.6 – protein monitoring report (conclusions p2 and p3); interview cook base camp (Ms. Parmi), Ms. Supini (cook field camp)
4.2.9 – contract, licence of - and interview with - new medic Mr. Agus Satiawan;

Status: Closed (18 September 2015)
**Report number:** 813447FSC.FM.CUSRPT-2015-01-BS ENG

<table>
<thead>
<tr>
<th>Nº NC: 2015-05</th>
<th>Standard Indicators: 4.3.3</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21-06-2014</td>
<td>Deadline for correction: 20-06-2016 (12 months from the closing meeting)</td>
<td></td>
</tr>
</tbody>
</table>

**Description of indicator:**
Workers shall be given information and access to participate in decision-making process that may affect their working terms and conditions

**Description of non-conformity:**
The Worker Union raised concerns, but complaint records did not clearly show the current status. Further it was not clear how the company communicates to the complainant after receiving comments.

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**NC verification:** No new information is available, NC remains open.

**Status:** OPEN

<table>
<thead>
<tr>
<th>Nº NC: 2015-06</th>
<th>Standard Indicators: 4.4.1</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21-06-2014</td>
<td>Deadline for correction: 20-06-2016 (12 months from the closing meeting)</td>
<td></td>
</tr>
</tbody>
</table>

**Description of indicator:**
There shall be systems in place that provide an evaluation of the social impact, appropriate to the size and intensity of their operations that:
- Identifies affected groups
- Includes consultation with affected groups
- Identifies the main impacts of the operation on those groups
- Specifies measures to ameliorate identified negative impacts

**Description of non-conformity:**
Not all local villages are consulted, which causes the risk of missing out on specific use rights. *(see also major NC of 2015-01 on indicator 3.1.1).*

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**NC verification audit**
Based on the documents found, and results from the last consultation, the company can show all villages have been consulted.

**Evidence:**
- report of HCV identification for Block C (2011)
- community boundary map (August 2015), as part of:
  - ‘Identification and Verification of Communities rights in BRT- in Block C’ (showing maps and consent of communities)
- Interviews Mr. Puguh (Social team leader) and Mr. Jati (FSC Coordinator)

**Status:** Closed (18 September 2015)
### Nº NC: 2015-07  
**Standard Indicators:** 6.2.1  
**Category:** minor  
**Date found:** 21-06-2014  
**Deadline for correction:** 20-06-2016 (12 months from the closing meeting)

**Description of indicator:**
Rare threatened and endangered species and their habitats (e.g. nesting and feeding areas) that are present or are likely to be present within the FMU shall be identified and listed using the best available expertise and information available (e.g. IUCN red list and government regulation PP no. 7/99).

**Description of non-conformity:**
The list of species and their IUCN status has not been updated since the HCVF consultation report in 2011.

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**
**NC verification:** No new information is available, NC remains open. (see also NC 9 and 12)

**Status:** OPEN

### Nº NC: 2015-08  
**Standard Indicators:** 6.2.8  
**Category:** minor  
**Date found:** 21-06-2014  
**Deadline for correction:** 20-06-2016 (12 months from the closing meeting)

**Description of indicator:**
The FME shall have systems in place in order to ensure that all measures are taken against illegal or unauthorized hunting, fishing, trapping or collection within the FMU.

**Description of non-conformity:**
The new employees (working since 1.5 months) have not been clearly instructed and monitored on the limitation of hunting; a small deer was observed to have been hunted.

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**
**NC verification**
According to the FSC coordinator, feedback has been provided to the responsible person.

There is no evidence to confirm this training nor the monitoring of preventing unauthorized hunting.

**Evidence:**
- interview Mr. Jati (FSC coordinator)

**Status:** OPEN
### Nº NC: 2015-09

<table>
<thead>
<tr>
<th>Standard Indicators:</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3.1</td>
<td>minor</td>
</tr>
</tbody>
</table>

**Description of indicator:**
The forest manager shall have site-specific data or published analyses of local forest ecosystems that provide information on the FMU with regards to:
- Regeneration and succession;
- Genetic, species and ecosystem diversity; and,
- Natural cycles that affect productivity.

**Description of non-conformity:**
Not all species groups are identified, e.g. fish, amphibians, flora (non-tree), insects (see also NC 7.1.9.)

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**NC verification:** No new information is available, NC remains open (see also NC 7 and 12).

**Status:** OPEN

---

### Nº NC: 2015-10

<table>
<thead>
<tr>
<th>Standard Indicators:</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.7.4</td>
<td>minor</td>
</tr>
</tbody>
</table>

**Description of indicator:**
Fuel tanks and stores shall be located so that spillages from damage, defects or refueling shall not enter watercourses.

**Description of non-conformity:**
Prevention and collection of leaking oil is not sufficient installed at generators at both forest camps, consequently small amounts of oil can leak into the soil or water.

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**NC verification:** The generator at the field camp has been removed since the audit, consequently the leakage is also stopped. Oil drums which still found on several places, some of them showing small amounts of leakage, which needs to be prevented and stopped in order to close this NC. The new forest camp is unchanged; though the distance from open water is larger, measures to collect leaking oil shall be installed. The main camp shows proper storage and follow-up.

**Evidence:**
- Interview Mr. Jati (FSC coordinator)
- Observations at old and new forest field camp
- Report of storage of oil at main camp - 18 September 2015

**Status:** OPEN
### Nº NC: 2015-11

<table>
<thead>
<tr>
<th>Standard Indicators: 7.1.3</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21-06-2014</td>
<td>Deadline for correction: 20-06-2016 (12 months from the closing meeting)</td>
</tr>
</tbody>
</table>

**Description of indicator:**
The management plan and/or supporting documents shall include:
- 7.1.3.1 A description of the forest resources to be managed,
- 7.1.3.2 environmental limitations,
- 7.1.3.3 land use and ownership status,
- 7.1.3.4 socio-economic conditions, and
- 7.1.3.5 A profile of adjacent lands (see also Criterion 5.5).

**Description of non-conformity:**
The social impact assessment is not complete as not all villages have been contacted, consequently the management plan is also lacking information. *(See also major NC of 2015-01 on indicator 3.1.1.)*

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

**Evidence received, and analysis of corrections and corrective actions provided for NC closure:**

**NC verification audit:**
Based on the documents found, and results from the last consultation, the company can show all villages have been consulted during the SIA.

**Evidence:**
- report of HCV identification for Block C (2011)
- community boundary map (August 2015), as part of:
  - ‘Identification and Verification of Communities rights in BRT- in Block C’ (showing maps and consent of communities).
- Social Impact Assessment 2015 (for the effected block C)
- social impact assessment (October 2010) - 3 villages *(by the Indonesian Research Institute)*
- Interviews Mr. Puguh (Social team leader) and Mr. Jati (FSC Coordinator)

**Status:** Closed (18 September 2015)

### Nº NC: 2015-12

<table>
<thead>
<tr>
<th>Standard Indicators: 7.1.9</th>
<th>Category: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21-06-2014</td>
<td>Deadline for correction: 20-06-2016 (12 months from the closing meeting)</td>
</tr>
</tbody>
</table>

**Description of indicator:**
The management planning and/or supporting documents include plans for the identification and protection of rare, threatened and endangered species (see also Criteria 6.2, 6.3, 6.4, 9.3).

**Description of non-conformity:**
The company does not have an overview of all rare, threatened and endangered species *(the list is mentioning tree species, mammals and birds, but no other groups such as fish, amphibians, insects, flora (non-tree species). There is no SOP showing how all endangered species shall be identified before harvesting (see also 6.2.1 and 6.3.1).*

**Corrective action request:** It shall be guaranteed that this NC is corrected and corrective
### Description of indicator:

All workers (including contractors and their workers) shall be supervised to ensure that they implement their tasks effectively and safely, and the FME itself monitors the quality of their work.

### Description of non-conformity:

There is no clear feedback mechanism from the monitoring back to the operational and planning division, e.g.:

- Mistakes in road construction have not been structurally communicated to the road planning team;
- Mistakes in inventory are not structurally shared with the 100% inventory team.

### Corrective action request:

It shall be guaranteed that this NC is corrected and corrective action(s) has/have been carried out on the causes of this NC to minimize recurrence.

### Evidence received, and analysis of corrections and corrective actions provided for NC closure:

**NC verification:** No new information is available, NC remains open.

**Status:** OPEN
7.2 Observations

Observations:
*The early stages of a problem which do not of itself constitute a non-conformity, but which the auditor considers may lead to a future non-conformity if not addressed by the client. Therefore an observation concerns a warning signal on a particular issue that, if not addressed, could turn into an NC in the future.*

<table>
<thead>
<tr>
<th>Nº Obs: 2015-01</th>
<th>Standard indicator: 4.1.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21\textsuperscript{st} of June 2015</td>
<td></td>
</tr>
<tr>
<td><strong>Description of observation:</strong> The company should respond on the complaint about unclear justification for differences in salary by the worker union. (see NC 2015-05)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nº Obs: 2015-02</th>
<th>Standard indicator: 7.2.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21\textsuperscript{st} of June 2015</td>
<td></td>
</tr>
<tr>
<td><strong>Description of observation:</strong> The company should ensure that the management review is conducted within 5 years, meaning the latest in 2016. The harvest planning has been structurally been behind the planning in the last years, causing an increasing delay of the harvest and the planned operations (as well as related revenues).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nº Obs: 2015-03</th>
<th>Standard indicator: 8.2.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 19\textsuperscript{th} of September 2015</td>
<td></td>
</tr>
</tbody>
</table>
| **Description of observation:** The company had developed a methodology for measuring fauna species to enable identification of changes in key-species. The company should look for justification of the efficiency of the methodology to optimize their efforts, specifically on:  
  - how much data is collected during 1 measurement (currently 2x 500 meter line with 25 plots (50 in total in bordering area), and 2 days after each other (2x 50 plots = 1 measurement));  
  - when data collection is repeated (currently each year for at least the first 3 years). |

<table>
<thead>
<tr>
<th>Nº Obs: 2015-04</th>
<th>Standard indicator: 4.2.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 21\textsuperscript{st} of June 2015</td>
<td></td>
</tr>
<tr>
<td><strong>Description of observation:</strong> 4.2.7: Protection trousers are mentioned for working with chain-sawing and chainsaw lumbering in the Indonesian RIL standard, but this PPE is not included in the company’s policy. (Due to the absence of a national minim requirement for safe working, the standard refers to the Indonesian RIL standard for guidance.)</td>
<td></td>
</tr>
</tbody>
</table>
**7.3 Issues hard to assess**
P1 was not under evaluation. However it was observed a government for Forest Legislation specifying slopes to be to Max 12 degrees uphill and downhill which is way below the thresholds set by RIL standards and FAO guidance.

Decree of General Director of Forest Business of the Ministry of Forestry Indonesia 151/KPTS/IVuiui-BPHH/1993 states the forest branch roads shall be as follows;

(3) Hardened branch roads:  
*Duration of usage: 5 years; Durability: Any weather; Width (including bahu jalan): 8 m; Width hardened: 4 m; Hardening thickness: 10-20 cm; Down Hill 12%; Uphill 10%; Minimum cornering radius: 50 m; Minimum vehicle weight: 60 tons*

(4) Non-hardened branch roads:  
*Duration of usage: 5 years; Durability: Dry season; Width (including bahu jalan): 12 m; Down Hill 10%; Uphill 8%; Minimum cornering radius: 50-60 m; Minimum vehicle weight: 60 tons*

CU further consulted this matter and later found out the following related legislation giving provisions to the FME to develop its own SOPs as long as they are efficient, effective, orderly, and environment friendly.

Regulation name: Decree of General Director of Forestry Production Development Number P9/V/ BPHA/2009  
In 4th page, point 3.1 principles in forest opening activities mentioned “efficient, effective, orderly, and environment friendly”  
In 5th page, point 3.3 execution mentioned “establish Standard Operational Procedure (SOP) for Forest Opening Activities (PWH) based on principles mentioned in point 3.1 above”

Therefore the matter is concluded.

**7.4 Possible issues related to the adaptation of the locally adapted standard**  
(Only applicable in case a CUC locally adapted standard has been used)

Not applicable: a harmonized standard is now in place instead of the CUC locally adapted standard.
8. Certification proposal

8.1 Statement

The forest management system, procedures, and techniques of PT Belayan River Timber have been assessed by CUC according to the standard(s) described in chapter 5 of this summary. In the opinion of the lead auditor:

☐ PT Belayan River Timber is in continued conformity with the certification requirements (all NC’s are closed), and certificate should be maintained

☑ PT Belayan River Timber is in conformity with the certification requirements, and certificate should be maintained provided that open NC’s are closed within the given timeframes as mentioned in section 7.1

☐ PT Belayan River Timber is not in conformity with the certification requirements and certificate should be suspended

*Note: the occurrence of five or more major non-conformities in one surveillance evaluation shall be considered as a total breakdown of the company’s management system and the certificate shall be suspended.*

Date of certification: 28-04-2012

Expiry date of certificate: 27-04-2017

8.2 Conditions for certification

Once certified, PT Belayan River Timber will be audited at least annually to monitor its continued conformity with all applicable certification requirements. PT Belayan River Timber will also be required to fulfill all the corrective actions (if applicable) within the given timeframes, as mentioned in section 7.1.