Main Evaluation Report 2010

FSC FOREST MANAGEMENT

PT. Suka Jaya Makmur

<table>
<thead>
<tr>
<th>Client number:</th>
<th>812699</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name contact person:</td>
<td>Mr. I.B.W. Putra</td>
</tr>
<tr>
<td>Address client:</td>
<td>Jl. Balikpapan Raya 14, Jakarta</td>
</tr>
<tr>
<td>Telephone:</td>
<td>(T)+62 (0)21 – 63863807,</td>
</tr>
<tr>
<td>Mobile:</td>
<td>(M)+62 (0)81 – 28110004,</td>
</tr>
<tr>
<td>Fax:</td>
<td>(F) +62 – (0)21 – 63863804,</td>
</tr>
<tr>
<td>e-mail:</td>
<td>E-mail: <a href="mailto:phalas@cbn.net.id">phalas@cbn.net.id</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name/location of forest area:</th>
<th>PT. Suka Jaya Makmur (SJM) concession West-Kalimantan, Indonesia.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of certificate:</td>
<td>✔ Single FMU</td>
</tr>
<tr>
<td>Date of issue of certificate:</td>
<td>01 July 2011</td>
</tr>
<tr>
<td>Certificate registration code:</td>
<td>CU-FM/COC-812699</td>
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</table>

<table>
<thead>
<tr>
<th>Date and length of audit:</th>
<th>26th March, 2010 – 2nd April, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of auditor(s):</td>
<td>Mr. Flavio Guiera, Mr. Bart W. van Assen, Mr. Pratama Agung Sedayu</td>
</tr>
<tr>
<td>Inspected sites:</td>
<td>Concession SJM, West Kalimantan, See Itinerary</td>
</tr>
<tr>
<td>Report finalized:</td>
<td>30 December 2010 (first draft report)</td>
</tr>
<tr>
<td></td>
<td>30 June 2011 (updated report, based on results verification audit)</td>
</tr>
</tbody>
</table>

Certificate issued by:
Address: Meeuwenlaan 4-6
8011 BZ Zwolle
Telephone: 0031 (0) 38 426 0100
Fax: 0031 (0) 38 423 7040
Email: fsc@controlunion.com
Website: www.controlunion.com/certification
Certifier (contact person): Mr. Gerben Stegeman
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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, Eurepgap, 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 EUREPGAP 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 evaluate the ecological, economic and social performance of PT. Suka Jaya Makmur with respect to the Forest Stewardship Council (FSC). The report is made in accordance with standard FSC-STD-20-007 (Forest certification reports).

The first part (chapters 1 - 8) is the public summary of the report, which is published on the FSC database (www.fsc.org) as well as on the website of CUC (www.controlunion.com/certification). 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.
3. Conversion table

<table>
<thead>
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<th>Metric</th>
<th>Imperial</th>
<th>Metric</th>
<th>Imperial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td></td>
<td>Area</td>
<td></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 cm²</td>
<td>0,1550 sq inch</td>
</tr>
<tr>
<td>30,48 cm=0,3048 m</td>
<td>1 foot=12 inches</td>
<td>0,9290 m²</td>
<td>1 sq foot</td>
</tr>
<tr>
<td>1,000 m</td>
<td>3,2808 feet</td>
<td>1,0000 m²</td>
<td>10,764 sq foot</td>
</tr>
<tr>
<td>0,9144 m</td>
<td>1 yard=3 feet</td>
<td>0,8361 m²</td>
<td>1 sq yard</td>
</tr>
<tr>
<td>1,6093km=1609,3m</td>
<td>1 mile</td>
<td>1,0000 m²</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>
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<tr>
<td></td>
<td></td>
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<td>0,3861 sq mile</td>
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<tr>
<td>Weight</td>
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<td>Volume</td>
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</tr>
<tr>
<td>28,350 g</td>
<td>1 ounce</td>
<td>0,02832m³</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. Description of forest management

4.1 Certified area, forest, land use history and regional context

171,340 ha in West-Kalimantan.

SJM is the central concession in a major forested area straddling the southern portion of the West / Central Kalimantan boundary area. This is Dipterocarp forest on gentle to moderately hilly terrain making up the southern extent of the Schwaner mountain range.

Steeper hill forests along the eastern and south-eastern boundary and along most of the northern sections of the boundaries are classified as protection forest (HL) and excluded from the concession area. A major HL enclave occurs around the mountainous area referred to as Bukit Perai.

In a landscape context, the SJM is strategic to the maintenance of significant contiguous forest area in this boundary region. A description of surrounding land use beginning in the northwest:

- Northwest portion of the concession has been separated from the original concession area around the Sungai Menurung since this valley is dominated by shifting cultivation.
- The West and Southwest is protection forest bordering the mountainous region, which forms the boundary of West and Central Kalimantan. This area includes the headwaters of numerous streams. Only the valley of the Sunggai Kawah contains shifting cultivation, which has penetrated the concession boundary.
The southwestern block of the concession is separated from the larger concession block by protection forest.  
The extreme southern portion of the concession borders on the former concession of PT Kayu Pesaguan, which is now active and is a mixture of heavily logged over area and shifting cultivation.  
The extreme southwestern boundary (in the area of the base camp) is mostly shifting cultivation and habitation.  
The West-Central boundary borders on the inactive concession of PT Kawedar Mukti Timber straddling the Sungai Biya valley and some protection forest in rugged terrain.  
The North Western boundary borders PT Kawedar Mukti Timber in the Sungai Kerabai valley.  The main access road in this valley was used by SJM to transport logs out of RKT 2005 and 2006.  
The Northern boundary borders PT Wanasoka Hasalindo, also an Alas Kusuma concession, as well as a large area of protection forest in rugged terrain.

Virgin forest areas still exist in various locations in the concession.

4.2 Management system

SJM’s approved management plan calls for continued implementation of the Indonesia Selective Cutting and Planting Silvicultural System, known as Tebang Pilih dan Tanaman Indonesia (TPTI) on remaining virgin forest areas under a 35 year rotation cycle. This system accounts for approximately 75% of the annual harvest area allocation. On the remaining 25% of the annual harvest area, SJM is now implementing the Intensive Indonesia Selective Cutting and Planting Silvicultural System (TPTII commonly referred to as “Silin”). This system is being applied only on previously logged land. Constraints on slope apply. Rotation cycle is set at 30 years.

The TPTII system is well documented and prescribed by the Ministry of Forestry, which is promoting this silvicultural system on a number of concessions as a pilot project under the direction of a special scientific advisory team.

4.3 Management plan

Minister of Forestry approved Management Plan of IUPHHK PT. SJM by SK.106/Kpts-II/2000 for 55 years, from 29 December 2000 – 29 December 2054, covering:
• Planning activities: boundary demarcation (207,747 km), maintain boundary lines (198,005 km), arrange block & compartment boundaries (225,053 ha), cruising (218,974 ha), road constructions (1,785,286 m);
• Felling plan: 3,900 ha/yr, volume 191,514 m3/year.
• Reforestation activities: cruising of stand after felling (219,465 ha), nursery (19,436,941 seedlings), enrichment & rehabilitation planting (219,566
ha), maintaining seedling/sapling of enrichment & rehabilitation planting 1st – 3rd year & pruning 10 yrs after felling activities (217,108 ha).
- Planting for TPTII (Intensive Silviculture) 1,000 ha/year (Dephut Pilot Project)
- Activities to protect forest in the whole area.
- Community Development Plan for 15 villages surrounding the area to express Corporate Social Responsibility (CSR).

4.3.1 The management objectives

**Vision**: Creating a robust forestry industry and producing high competitive products by implementing sustainable forest management.

**Mission**:  
1. Managing forests through the implementation of appropriate silvicultural system and reduced impact logging techniques to improve forest productivity (growth & yield) which are aligned with sustainable forest management principles.  
2. Operating an integrated wood industry professionally with wood raw materials sourced from the forests that are managed sustainably.  
3. Implementing and maintaining professional managerial practices at all production stages, supported by the competent staffs to produce high quality products.  
4. Encourage community involvement and collaboration to manage the forests in every production process.

**Objectives**:  
1. To implement sustainable forest management which taking into account economics, social and environment aspects equally and operate an integrated wood industry sustainably that will benefit the shareholders, employees, local communities and government.  
2. To fulfil public demand of high quality and sustainably wood products through sustainable and environmental friendly processes.

4.3.2 The forest resources

**Land ownership**

<table>
<thead>
<tr>
<th>Tenure status</th>
<th>Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concession</td>
<td>171,340 hectares</td>
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</tbody>
</table>

**Forest composition**
---|---|---
Logged Over Forest | 118,059 | 109,646
Virgin/Primary Forest | 43,572 | 56,700
Plantation Forest | 0 | 0
Conservation/Protected Forest | 4,715 | 0
Non Forest | 4,994 | 4,994
Degraded/Burnt Forest | 0 | 0
Total | 171,340 | 171,340

Profile of adjacent lands
See 4.1

4.3.3 Geographical location of the FMU(s) in the scope of the certificate

Latitude: E 110, 48 degrees, 255 minutes
Longitude: S 1, 29 degrees, 388 minutes

4.3.4 Management structures

The head office of the Alas Kusuma Group is in Jakarta. The SJM management is situated in Pontianak. The company has a local office in the concession area from where all the operational managers work. Within the concession various field teams operate.

SJM sells all of its log production to the SJM plywood and sawmill complex located in Ketapang. Downstream marketing of plywood and solid wood products from the Ketapang industry is controlled by the corporate group’s marketing division in Jakarta head office.

4.3.5 Silvicultural and/or other management systems being implemented
The TPTII system is promoting a silvicultural system based on selective cutting and line planting system.

4.3.6 Environmental safeguards

The company implements the legally required environmental safeguards, such as the identification of protection forest, buffer zones and riparian zones in the concession. In addition, the company implements the legally required monitoring and reporting procedures of environmental impacts (environmental monitoring and reporting). These reports are sent regularly to Ketapang Forestry Service and Ministry of Forests for further evaluation.

4.3.7 Management strategy for the identification and protection of rare, threatened and endangered species

In addition to the environmental safeguards and protection of RTEs above, the company has contracted NGOs to identify HCV and orang-utan habitat. Overall, the company is well aware of the need to protect RTEs and HCV.

4.3.8 Monitoring procedures

At the moment there are no complete monitoring procedures. Not all the required activities are monitored and in general the evaluation of the monitoring data is missing. See NC 2010-13 and 2010-14.

4.3.9 Chemical pesticides used within the forest area:

<table>
<thead>
<tr>
<th>Name pesticide</th>
<th>Quantity applied/year</th>
<th>Number of hectares treated/year</th>
<th>Reason for use</th>
<th>Valid FSC derogation</th>
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<tbody>
<tr>
<td></td>
<td>0 liters</td>
<td>0 ha</td>
<td></td>
<td>yes no n/a</td>
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4.4 Exclusion of areas from the scope of certificate

Applicability of FSC partial certification (i.e. not all forest areas owned or managed by the client is included in the scope of the certificate): Yes □ No □

If yes, complete the following sections:

Comments / Explanation for exclusion:

Control measures to prevent contamination:

<table>
<thead>
<tr>
<th>Other FMU</th>
<th>Location</th>
<th>Size (ha)</th>
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<tbody>
<tr>
<td>N/A</td>
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<td></td>
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</table>
Applicability of FSC excision policy (i.e. a portion of the FMU(s) is being excised from the scope of the certificate):  
Yes [ ] No [ ]
(although still to be demonstrated by the company; see NC 2010-17)

If yes, complete the following sections:

- Comments / Explanation for excision:
- Control measures to prevent contamination:

<table>
<thead>
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<th>Excised area</th>
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5. Standards

5.1 Standards used

CUC prepared the Interim Standard for Forest Management Assessments – Indonesia, version May 2010. This standard can be found as an Annex to this report (Annex 2) and is also available on the website of CUC (www.controlunion.com/certification) It can also be provided by CUC on request.

5.2 Adaptation of the standard

FSC-STD-20-002 was followed with respect to the process of local adaptation of the standard.

CUC sent the standard to stakeholders for comment, with the following results:

<table>
<thead>
<tr>
<th>Stakeholder Name - organization or individual</th>
<th>Contact Name</th>
<th>Type of organization</th>
<th>Full Postal Address</th>
<th>Comments received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lei – Lembaga Ekolabel Indonesia</td>
<td>Indra Setia Dewi</td>
<td>NGO</td>
<td><a href="mailto:indra@lei.or.id">indra@lei.or.id</a> <a href="mailto:ecolabelling@yahooogroups.com">ecolabelling@yahooogroups.com</a> <a href="mailto:komunitaslei@yahooogroups.com">komunitaslei@yahooogroups.com</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>Dinas Kehutanan Ketapang</td>
<td>Setyo Hernowo Adi Mulya</td>
<td>State Forest Service</td>
<td>Kepala Dinas Kehutanan Ketapang Indonesia Jl. Letkol M. Thohir No. 11, Ketapang, Kalimantan Barat</td>
<td>No comments received</td>
</tr>
<tr>
<td>Polda</td>
<td>AKB Suhadi</td>
<td>Statutory</td>
<td>Jl. Jend. Ahmad Yani,</td>
<td>No</td>
</tr>
</tbody>
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FSC.FM.CUCRPT.F01(05)
<table>
<thead>
<tr>
<th>Organization</th>
<th>Contact Person</th>
<th>Role</th>
<th>Contact Information</th>
<th>Comments Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalimantan Barat</td>
<td>Siswo Wibowo</td>
<td>Body</td>
<td>Pontianak, Kalimantan Barat T: +62-561-32465</td>
<td>No comments received</td>
</tr>
<tr>
<td>Kehakiman</td>
<td>Drs. Wanmenak Salimudin, SH</td>
<td>Statutory Body</td>
<td>Jl. KS. Tubun No. 26 Pontianak Telepon: (62-561) 732242, 32242, 32229 F: (62-561) 62624 E: <a href="mailto:kw-kalbar@depkehham.go.id">kw-kalbar@depkehham.go.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>AMAN Aliansi Masyarakat Adat Nusantara (AMAN)</td>
<td>Sujarni &quot;Alloy&quot;</td>
<td>National NGO</td>
<td></td>
<td>No comments received</td>
</tr>
<tr>
<td>AMAN Aliansi Masyarakat Adat Nusantara (AMAN)</td>
<td>Sujarni &quot;Alloy&quot;</td>
<td>National NGO</td>
<td></td>
<td>No comments received</td>
</tr>
<tr>
<td>FKKM</td>
<td>Christine Wulandari</td>
<td>National NGO</td>
<td><a href="mailto:seknas-fkkm@indo.net.id">seknas-fkkm@indo.net.id</a> <a href="mailto:fkkm@yahooogroups.com">fkkm@yahooogroups.com</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>FWI</td>
<td>Hapsoro</td>
<td>National NGO</td>
<td><a href="mailto:fwibogor@fwi.or.id">fwibogor@fwi.or.id</a> <a href="mailto:fwi@indo.net.id">fwi@indo.net.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>IHSA</td>
<td>Soelaiman Sembiring</td>
<td>National NGO</td>
<td><a href="mailto:ihsa@ihsa.or.id">ihsa@ihsa.or.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>LATIN Lembaga Alam Tropika Indonesia</td>
<td>Ahmad Suwarno</td>
<td>National NGO</td>
<td><a href="mailto:latin@indo.net.id">latin@indo.net.id</a>, <a href="mailto:latin@latin.or.id">latin@latin.or.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>Pelang</td>
<td>Bobby Agustiara Tamaela Wattimena</td>
<td>National NGO</td>
<td>Jl. Wijaya VI No. 14B, Jakarta - 12160 <a href="mailto:pelangi@pelangi.or.id">pelangi@pelangi.or.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>SKEPHI</td>
<td>Dr. Melati Ferianita Fachrul</td>
<td>National NGO</td>
<td><a href="mailto:skephi@cbn.net.id">skephi@cbn.net.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>Telapak</td>
<td>Khusnul Zaini</td>
<td>National NGO</td>
<td>Jl. Pajajaran No. 54 Bogor 16143, Jawa Barat, Indonesia Phone: +62 251 8393 245, 715 9902 Fax: +62 251 8393 247 <a href="mailto:kzaini@telapak.org">kzaini@telapak.org</a>, <a href="mailto:info@telapak.org">info@telapak.org</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>WALHI</td>
<td>Blasius Hendi Candra</td>
<td>National NGO</td>
<td>Jl. M. Syafei Komplek Untan No. P-30 RT.01/RW.05, Kel. Bangka Belitung, Kec. Pontianak Selatan, Kalimantan Barat 78124, Indonesia (West</td>
<td>No comments received</td>
</tr>
<tr>
<td>NGO Forestry Mailing list</td>
<td>Radityo Djajoeri</td>
<td>National NGO</td>
<td><a href="mailto:radityo_dj@yahoo.com">radityo_dj@yahoo.com</a>; <a href="mailto:Sobat-hutan@yahoogroups.com">Sobat-hutan@yahoogroups.com</a></td>
<td>No comments received</td>
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<tr>
<td>----------------------------</td>
<td>-----------------</td>
<td>--------------</td>
<td>-------------------------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Kahutindo</td>
<td>Rulita Wijayaningdyah</td>
<td>Labour organisation</td>
<td><a href="mailto:kahutindo@yahoo.com">kahutindo@yahoo.com</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>Serikat Pekerja Seluruh Indonesia (SPSI)</td>
<td>Aris, Head local chapter</td>
<td>National Labour organisation</td>
<td>SJM</td>
<td>No comments received</td>
</tr>
<tr>
<td>TFF, Tropical Forest Foundation</td>
<td>Art Klassen</td>
<td>Contractor</td>
<td><a href="mailto:tff@cbn.net.id">tff@cbn.net.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>TNC, The Nature Conservancy</td>
<td>Ben Jarvis</td>
<td>Contractor</td>
<td><a href="mailto:bjarvis@tnc.org">bjarvis@tnc.org</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>birdlife</td>
<td>Executive Director</td>
<td>International NGO</td>
<td>Jl. Dadali 32 Bogor, Indonesia PO Box 310/Boo, Bogor 16003, Indonesia T : +62-251-8357222 ext. 104 F : +62-251-8357961 E : <a href="mailto:info@burung.org">info@burung.org</a>; <a href="mailto:birdlife@burung.org">birdlife@burung.org</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>CARE International Indonesia</td>
<td>Wiwik Widyastuti</td>
<td>International NGO</td>
<td>CARE Indonesia TIFA Building, 10th floor, Suite 1005 Jl. Kuningan Barat 26, Jakarta 12710, Indonesia T : +62-21-529-222-82 F : +62-21-529-222-83 E : <a href="mailto:info@careind.or.id">info@careind.or.id</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>FFI</td>
<td>International NGO</td>
<td><a href="mailto:info@fauna-flora.org">info@fauna-flora.org</a></td>
<td></td>
<td>No comments received</td>
</tr>
<tr>
<td>ICCO</td>
<td>International NGO</td>
<td><a href="mailto:info@icco.nl">info@icco.nl</a></td>
<td></td>
<td>No comments received</td>
</tr>
<tr>
<td>RARE</td>
<td>Nigel Sizer</td>
<td>International NGO</td>
<td><a href="mailto:nsizer@rareconservation.org">nsizer@rareconservation.org</a></td>
<td>No comments received</td>
</tr>
<tr>
<td>Tropenbos international</td>
<td>Bapak Dr. Petrus Gunarso,</td>
<td>International NGO</td>
<td><a href="mailto:p.gunarso@tropenbos-indonesia.org">p.gunarso@tropenbos-indonesia.org</a></td>
<td>No comments received</td>
</tr>
</tbody>
</table>
6. The evaluation process

6.1 Pre-assessment

<table>
<thead>
<tr>
<th>Dates</th>
<th>20&lt;sup&gt;th&lt;/sup&gt; – 24&lt;sup&gt;th&lt;/sup&gt; July 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation team</td>
<td>Mr. J.F. Bastiaanse (lead auditor), Mr. Bart W. van Assen (local expert), Mr. Pratama Agung Sedayu (local expert)</td>
</tr>
<tr>
<td>Qualifications</td>
<td>CUC approved lead auditor.</td>
</tr>
<tr>
<td>Scope of pre-scoping</td>
<td>All activities related to the forestry operations of PT Suka Jaya Makmur.</td>
</tr>
<tr>
<td>Description of pre-assessment</td>
<td>All activities related to the forestry operations of PT Suka Jaya Makmur</td>
</tr>
</tbody>
</table>

6.2 Main assessment

<table>
<thead>
<tr>
<th>Dates</th>
<th>26&lt;sup&gt;th&lt;/sup&gt; March – 2&lt;sup&gt;nd&lt;/sup&gt; April 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of main assessment</td>
<td>All activities related to the forestry operations of PT Suka Jaya Makmur.</td>
</tr>
</tbody>
</table>
### Evaluation team

<table>
<thead>
<tr>
<th>Evaluation team</th>
<th>Mr. Flavio Guiera (Lead Auditor), Mr. Bart W. van Assen (local expert), Mr. Pratama Agung Sedayu (local expert)</th>
</tr>
</thead>
</table>

### Qualifications

<table>
<thead>
<tr>
<th>Mr. Flavio Guiera</th>
<th>Lead auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Engineer, Advisor for forest certification process and environmental management in the forestry sector. 10 years experienced in FSC Forest Management and Chain of Custody certification. Lead auditor by CUC since 2009.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mr. Bart W. van Assen</th>
<th>Local expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Engineer, Advisor for forest certification process and environmental management in the forestry sector. 10 years experienced in FSC Forest Management and Chain of Custody certification. CUC approved auditor with 15 year experience in Indonesia.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mr. Pratama Agung Sedayu</th>
<th>Local Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural engineer. CUC approved auditor with 2 years experience in auditing, especially with regards to social issues.</td>
<td></td>
</tr>
</tbody>
</table>

### Peer reviewer(s)

| Wishes identity to remain confidential |
| Comments in confidential part of report |

### People interviewed

See itinerary

---

### Itinerary

<table>
<thead>
<tr>
<th>Date &amp; time</th>
<th>Unit, Location, activity</th>
<th>Persons present</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 26th</td>
<td>Opening session</td>
<td>Mr. Guiera, Mr. Van Assen, Mr. Sedayu</td>
</tr>
<tr>
<td>March 27th</td>
<td>Ketapang, Discussion with local NGOs</td>
<td>Mr. Guiera, Mr. Van Assen, Mr. Sedayu</td>
</tr>
<tr>
<td>March 27th</td>
<td>Ketapang, Ketapang Regency Police office, Meeting with Ketapang Regency Police</td>
<td>Mr. Van Assen, Mr. Sedayu</td>
</tr>
<tr>
<td>March 28th</td>
<td>PT. SJM gate, Boundary stone, Gunung Bunga Nursery</td>
<td>Mr. Guiera, Mr. Van Assen, Mr. Sedayu</td>
</tr>
<tr>
<td>March 28th</td>
<td>PT. SJM office, Document checking</td>
<td>Mr. Guiera, Mr. Van Assen, Mr. Sedayu</td>
</tr>
</tbody>
</table>
March 29th | PT. SJM, Tanjung Asam Camp, Stakeholder consultation | Mr. Van Assen, Mr. Sedayu, Mr. Guiera
March 30th | Kayong Utara village, Visit and meeting with local communities | Mr. Sedayu
March 30th | PT. SJM, KM 93 Camp, Interview with workers | Mr. Sedayu
April 1st | Ketapang, Manpower service office - Ketapang Regency Court - Ketapang Forestry service office, Interviews with various stakeholder. | Mr. Sedayu
April 2nd | Log Pond, Kelik River, Checking CoC System | Mr. Guiera, Mr. Van Assen
April 2nd | Closing Session | Mr. Guiera, Mr. Van Assen, Mr. Sedayu

**Main management aspects reviewed by the audit team**

<table>
<thead>
<tr>
<th>Type of site</th>
<th>Number of sites visited</th>
<th>Type of site</th>
<th>Number of sites visited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archeological site</td>
<td>2</td>
<td>Permanent monitoring site</td>
<td>2</td>
</tr>
<tr>
<td>Bridges/stream crossing</td>
<td>5</td>
<td>Planned Harvest site</td>
<td>1</td>
</tr>
<tr>
<td>Buffer zone</td>
<td>7</td>
<td>Planting</td>
<td>3</td>
</tr>
<tr>
<td>Chemical storage</td>
<td>2</td>
<td>Pre-commercial thinning</td>
<td>0</td>
</tr>
<tr>
<td>Clearcut/Clearfelling</td>
<td>3</td>
<td>Recreational site</td>
<td>2</td>
</tr>
<tr>
<td>Commercial thinning</td>
<td>0</td>
<td>Riparian zone</td>
<td>2</td>
</tr>
<tr>
<td>Completed logging</td>
<td>3</td>
<td>Road construction</td>
<td>5</td>
</tr>
<tr>
<td>Cultural/religious site</td>
<td>1</td>
<td>Sanitation cutting</td>
<td>0</td>
</tr>
<tr>
<td>Direct seeding</td>
<td>0</td>
<td>Selective felling</td>
<td>4</td>
</tr>
<tr>
<td>Endangered species</td>
<td>2</td>
<td>Shelterwood management</td>
<td>0</td>
</tr>
<tr>
<td>Erosion/Steep slope</td>
<td>6</td>
<td>Skidding/Forwarding</td>
<td>2</td>
</tr>
<tr>
<td>Felling</td>
<td>4</td>
<td>Soil drainage</td>
<td>3</td>
</tr>
<tr>
<td>Historical site</td>
<td>0</td>
<td>Soil scarification</td>
<td>0</td>
</tr>
<tr>
<td>Illegal settlement(s)</td>
<td>1</td>
<td>Special management area</td>
<td>3</td>
</tr>
<tr>
<td>Key Biotope</td>
<td>2</td>
<td>Tree nursery</td>
<td>2</td>
</tr>
<tr>
<td>Local/indigenous community</td>
<td>4</td>
<td>Weed control</td>
<td>2</td>
</tr>
<tr>
<td>Logging camp</td>
<td>3</td>
<td>Wetland</td>
<td>0</td>
</tr>
<tr>
<td>Natural regeneration</td>
<td>3</td>
<td>Wildlife management</td>
<td>0</td>
</tr>
<tr>
<td>Nature Reserve</td>
<td>0</td>
<td>Workshop</td>
<td>3</td>
</tr>
<tr>
<td>Ongoing Harvest site</td>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Main documents reviewed by the audit team**
The names of the units (sites) visited are listed in the itinerary.

**Additional techniques used for evaluation**
No additional techniques were used during this Main Assessment.

**Total number of persons days spent on the evaluation** (=number of auditors participating X number of days spent in preparation* and on-site visit**)

3 (auditor) * 1 (preparation) * 5 (auditdays)

15 persons days.

*: including pre-evaluation
**: excluding travel to and from the region

6.3 Stakeholder consultation

6.3.1 Identification of stakeholders

More than 6 weeks before the audit started, with the help and cooperation of PT. Suka Jaya Makmur and WWF Indonesia, an initial list of stakeholders was developed and Control Union Certifications distributed the public announcement to them by email and by ordinary mail. This list also provided a basis for the assessment team to select people for interviews (in person or by telephone or through email). Also a public meeting was held.

<table>
<thead>
<tr>
<th>Stakeholder Type</th>
<th>Number of stakeholders Notified</th>
<th>Number of stakeholders consulted directly or provided input</th>
</tr>
</thead>
</table>
6.3.2 Stakeholder comments received

The table below shows the results of stakeholder comments provided through specific interviews and comments raised during the public stakeholder meeting.

<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>Ketapang Regency Police: No case in police. PT. SJM coordinate and reporting any illegal logging case. Ketapang Court: No case in court. Ketapang Manpower Service: No report on industrial dispute involving PT. SJM. PT. SJM has no outstanding payments of social insurance (Jamsostek). Worker: There is no outstanding payment of salary and/or allowance.</td>
<td>No follow-up needed</td>
</tr>
<tr>
<td>2 - Tenure and use rights and responsibilities</td>
<td>Ketapang Forestry Service: PT. SJM rights to utilize forest resource only for timber extraction; and it's based on IUPHHK and monitored regularly.</td>
<td>No follow-up needed</td>
</tr>
<tr>
<td>3 - Indigenous peoples' rights</td>
<td>Ketapang Regency Police: No report of violence upon local communities. Local communities: Local communities need a socialization of boundaries of PT. SJM work area.</td>
<td>No follow-up needed</td>
</tr>
<tr>
<td>Local NGOs: PT. SJM made lots of contribution to local communities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Ketapang Regency Police:</strong> Relationship between PT. SJM and police are good. PT. SJM is cooperative and proactive in helping community and police, transparent in providing information on RKT, accident report, production report, fire-fighting effort. Ketapang Manpower Service: All work agreements are in line with manpower regulations. PT. SJM acknowledge their worker union and reporting regularly to the service. Work and safety in workplace have fulfilled Manpower requirements. Workers: Worker generally feel good about the working conditions. Each worker has work agreement; transparent salary and allowance; get housing with standard facilities; get medical service; and are free to join worker union. Safety equipments are provided. Worker got training related to their work; health and safety. Workers feel free to communicate their grievance because there’s procedure for it. No discrimination. Local Communities: People from villages surround PT. SJM generally quite positive and welcome with the presence of PT. SJM in their area. Local communities have enjoyed a lot of facilities provided by PT. SJM. PT. SJM is always cooperative, helpful and transparent to the local community. Local communities understand that Tony Wong is accusing PT. SJM for his own mistake.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>No follow-up needed</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 - Community relations and workers’ rights

No follow-up needed
5 - **Benefits from the forest**

The contribution form needs to change, so that in the future the contribution will not create dependencies.

Ketapang Forestry Service: PT. SJM rights to utilize forest resource only for timber extraction; and it’s based on IUPHHK and monitored regularly.

Local Communities: Local communities suggesting the cooperation with the company to have forest inventory to identify medicinal plants in the forest, using local community’s knowledge.

Local NGOs: PT. SJM empowering local community to create territory patrol to minimize illegal poaching or illegal logging.

**No follow-up needed**

Request for identification of medicinal plants is linked to the NC 2010-27.

6 - **Environmental impact**

Ketapang Regency Police: PT. SJM cooperative and proactive to prevent and handle forest fire fighting.

Ketapang Forestry Service: PT. SJM activities related to timber extraction, identification, transportation and documentation, conservation, forest rehabilitation, and fee payment are according to forestry rules and regulations.

Workers: Worker received training on their work, waste disposal treatment.

Local NGOs: PT. SJM encourage community’s reforestation by providing seedlings to be planted.

**No follow-up needed**

7 - **Management plan**

Ketapang Forestry Service: PT. SJM management plans are good, always in line with government requirements. The production volume reported regularly.

**No follow-up needed**

8 - **Monitoring and assessment**

No comments received

**No follow-up needed**

9 - **Maintenance of high**

Local Communities: Local communities need PT. SJM to NC 2010-27 raised.
7. Observations

7.1 Strengths and weaknesses

**Principle 1: Compliance with laws and FSC principles**

**Strengths:**
- The company has good knowledge of the Indonesian legislation.
- There were no violations found against it.

**Weaknesses:**
- No weaknesses found in relation to this principle

**Principle 2: Tenure and use rights and responsibilities**

**Strengths:**
- The concession right of SJM are valid and well documented. Although a formal agreement with the indigenous people is not yet signed, there are no conflicts and the indigenous people are positive about SJM.

**Weaknesses:**
- The fact that non-reversible forestry operations (harvests, road construction, etc.) shall be suspended pending agreement between the different parties is not mentioned in a procedure.

**Principle 3: Indigenous peoples’ rights**

**Strengths:**
- There are no conflicts between SJM and the local indigenous people. SJM made an inventory of the holy sites of the local indigenous people.

**Weaknesses:**
- There is no written agreement with the indigenous people and no regular communication.
- Harvesting plans are not formally approved by the local community

**Principle 4: Community relations and workers’ rights**

**Strengths:**
- There is a workers union within SJM. Every employee is free to join it. The company is familiar with the ILO agreements and no violations were found.

**Weaknesses:**
- There is no work safety plan and this results in a poor safety in the field.
- Not all employees enjoy the same basic rights.

**Principle 5: Benefits from the forest**

**Strengths:**
- SJM has extended financial and control mechanisms for all its activities.

**Weaknesses:**
- The company produces only one single forest product. This is according to the Indonesian legislation. A timber concession is only used for the harvesting of timber, no other harvesting activities are allowed.
- There is no policy to reduce the amount of unused forest products after harvesting.
- There are no results from analyses, data evaluation or consistent data regarding volume increments, recruitment and mortality or other effects observed in the forests’ dynamic related to the harvesting and silvicultural treatments.

**Principle 6: Environmental impact**

**Strengths:**
- No chemical pesticides are used within the SJM concession.

**Weaknesses:**
- Reduce Impact Logging (RIL) performance in the forest is poor.
- Poor performance on waste management (especially oil used for various machines) and erosion control has been identified.
- Poor protection of rare, threatened and endangered species.

**Principle 7: Management plan**

**Strengths:**
- SJM has an extended and approved (by the Indonesian government) Management plan. Besides this plan, there are Standard Operating Procedures (SOP) which describe almost all SJM activities.

**Weaknesses:**
- There is training for the SJM employees, but not on a planned and regular basis.
- There is no complete description and justification of harvesting techniques and equipment to be used.

**Principle 8: Monitoring and assessment**
Strengths:
- Within the concession the company does a lot of monitoring and research.

Weaknesses:
- The monitoring records are not always available. There is also need to strengthen the monitoring activities, for example on erosion, harvesting activities and social – economic issues. Missing is clear evidence of evaluation of monitoring results.

Principle 9: Maintenance of high conservation value forests

Strengths:
- The company has a long track record of managing and conserving its concession and protection/conservation forest identified by law.

Weaknesses:
- An HCVF assessment was recently finalized, but the analysis of primary and secondary data is weak and the identification of HCVF is poorly justified. Consequently, it remains unclear if HCVFs are adequately identified and maintained.

Principle 10: Plantations

Strengths:
N/A

Weaknesses:
N/A

7.2 Identified 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).

Major non-conformities are considered as preconditions and therefore must be corrected before the certificate can be issued. Minor non-conformances do not prohibit issuing the certificate, but they must be addressed within the given timeframe to maintain the certificate.

Non-conformities (NC’s) identified during the Main evaluation are listed below. In case the client has provided sufficient evidence during the audit process (i.e. prior to the certification decision), 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: 2010-01</th>
<th>Standard Indicator: 2.3.1</th>
<th>Category: Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
If a conflict arises between the various parties about (area) rights of the local community, the non-reversible forestry operations (harvests, road construction, etc.) shall be suspended pending agreement between the parties. These conflicts shall be registered in a conflict register of the licensee.

Description of non-conformity:
No procedure is in place to suspend the non-reversible forestry operations under the conflict resolution procedure.
Corrective action request:
The company shall implement procedures to suspend non-reversible forestry operations in areas where conflicts occur.

Method of correction:
Status: OPEN

<table>
<thead>
<tr>
<th>Nº NC: 2010-02</th>
<th>Standard Indicator:</th>
<th>Category: Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
The harvesting of forest products shall be subjected to the approval of the local community. This approval shall be documented as a formal agreement, achieved during a general meeting.

Description of non-conformity:
There is no mechanism employed to have harvesting plans approved by the local community.

Corrective action request:
The company shall develop and implement procedures to have harvesting plans approved by the local community.

Method of correction:
Status: OPEN

<table>
<thead>
<tr>
<th>Nº NC: 2010-03</th>
<th>Standard Indicator:</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
The licensee shall demonstrate that each employee enjoys the same basic rights (remuneration, training, etc.).

Description of non-conformity:
The company applies categories for remuneration for some workers, but not for other employees.

Corrective action request:
The company shall demonstrate that each employee enjoys the same basic rights.
Method of correction:
May 3rd 2011 Main Camp SJM concession, West Kalimantan.
Documents reviewed:
   1) PT SJM management’s statement on facilities for employees.
      No.01 /PH/X/INT/2010, 1 October 2010.
   2) PT SJM’s system and amount of salary ranges for employees.
Besides this the payslips of the following employees we checked: Padrikus Dedy (harvesting supervisor), Hasan A. Oramahi (security), A. Evi Susanto (chainsaw operator), Hadi Murdjito (HR), Cahyadi (forest planning)
The company fulfils the FSC requirements in relation to indicator 4.1.3.
Status: CLOSED

<table>
<thead>
<tr>
<th>Nº NC: 2010-04</th>
<th>Standard Indicator:</th>
<th>Category: Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.2.1</td>
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</tr>
<tr>
<td>Date found:</td>
<td>Deadline for correction:</td>
<td>12 months from the date of certificate issued</td>
</tr>
<tr>
<td>1-4-2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
A risk inventory shall be drawn up including at least the following:
- All necessary measures taken to prevent bodily harm to employees.
- All necessary measures taken to prevent unnecessary damage to machines.

Description of non-conformity:
The risk inventory doesn’t include risks from biological, physic, and chemical aspects.

Corrective action request:
The company shall have an extended and complete risk inventory.
Method of correction:
Status: OPEN

<table>
<thead>
<tr>
<th>Nº NC: 2010-05</th>
<th>Standard Indicator:</th>
<th>Category: Minor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.2.1</td>
<td></td>
</tr>
<tr>
<td>Date found:</td>
<td>Deadline for correction:</td>
<td>before issuance of certificate</td>
</tr>
<tr>
<td>1-4-2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Description of indicator:
Forest management shall formulate measures how to market all products produced (all timber species, recreation, nature conservation and NTFPs).

Description of non-conformity:
There is no analysis and marketing plan for the various products from the concession. No market policy to promote the recreation services or conservation values is available, while the HCVF assessment has pointed out many values and resources in the FMU.

**Corrective action request:**
The company shall develop a marketing plan for all (feasible) products from the concession.

**Method of correction:**

**Status:** OPEN

<table>
<thead>
<tr>
<th>Nº NC: 2010-06</th>
<th>Standard Indicator:</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.3.1</td>
<td></td>
</tr>
</tbody>
</table>

**Date found:**

**Deadline for correction:** before issuance of certificate

**Description of indicator:**
Forest management shall incorporate in the management plan a policy aimed at reducing the amount of unused forest products after harvesting in the forest by creating other (sales) outlets for it.

**Description of non-conformity:**
No efforts or policies were implemented to reduce unused forest products, damages to the forest stand, or waste reduction from harvesting operations.

**Corrective action request:**
The company shall prepare clear procedures to reduce the amount of unused forest products after harvesting.

**Method of correction:**
Evidence received, and analysis of corrections and corrective actions provided for NC closure:
May 3rd 2011 Main camp SJM concession, West Kalimantan:
Checked the following documents:
- Policy on wood utilization efficiency in SJM concession area.
- SOP No. 01 / 12 on bucking
- SOP No. 01 / 18 on Production and Harvesting
- SOP No. 01 / 10 on felling

On May 3rd on two locations, the implementation of the policy was checked. Both TPTI and TPTJ system. There was a lot of improvement compared to the Main evaluation. Especially the chain saw operators showed the understanding of the policy and the SOP’s.
The company fulfils the FSC requirements in relation to indicator 5.3.1

**Status:** CLOSED

<table>
<thead>
<tr>
<th>Nº NC: 2010-07</th>
<th>Standard Indicator:</th>
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<td></td>
<td>5.6.1</td>
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**Date found:** 1-4-2010  
**Deadline for correction:** 12 months from the date of certificate issued

**Description of indicator:**
The data concerning increment (annual average increment, mean annual increment for each site-class and/or tree-species, age-class) and standing volume are evaluated during the periodic inventory. This data is a basis for the yield estimates and cutting rates in the medium-termed management plan. The yearly working plans respect these figures and do not exceed them.

**Description of non-conformity:**
There are no results from analyses, data evaluation or consistent data regarding volume increments, recruitment and mortality or other effects observed in the forests’ dynamic related to the harvesting and silvicultural treatments.

**Corrective action request:**
The company shall prepare analyses on growth rates and yields based on their permanent sample plots.

**Method of correction:**

**Status:** OPEN

<table>
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<th>Nº NC: 2010-08</th>
<th>Standard Indicator:</th>
<th>Category: Minor</th>
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<td>6.1.1</td>
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</table>

**Date found:** 1-4-2010  
**Deadline for correction:** 12 months from the date of certificate issued

**Description of indicator:**
The licensee is obliged to specify and implement a system that ensures an assessment of environmental impacts, before the commencement of site disturbing operations. The system:
- Is appropriate to the scale and intensity of the forest management.
- Is appropriate to the uniqueness of the affected resources.
- Takes account of landscape level considerations.
- Takes account of the impacts of on-site processing facilities. For low intensity forest management units: not applicable

**Description of non-conformity:**
The system to assess the environmental impacts has deficiencies to detect, prescribe and implement measures before the commencement of site disturbing operations to avoid impacts in an appropriate scale and intensity of the forest management. The uniqueness of the affected resources, like soil, water, remaining trees and flora has been surpass in the forest management operation.

Corrective action request:
Company shall clearly demonstrate that environmental assessment system is appropriate to the scale and intensity of the forest management and is implemented to avoid the impacts specifically to the uniqueness of affected resources.

Method of correction:
Status: OPEN

<table>
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<tr>
<th>Nº NC: 2010-09</th>
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<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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</table>

Description of indicator:
In case of occurrence of rare, threatened and endangered species and their habitats conservation zones, protection areas/sites have to be established to avoid disturbance of the species and their habitats.

Description of non-conformity:
Rare, threatened, endangered species and their habitats occur in the concession (e.g. orang-utan; see also HCV assessment) but conservation/protection measures remain poorly justified.

Corrective action request:
The company shall prepare a clear justification for the conservation/protection of rare, threatened, endangered species.

Method of correction:
Status: OPEN

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<th>Nº NC: 2010-10</th>
<th>Standard Indicator: 6.3.3</th>
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<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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</table>

Description of indicator:
Silvicultural measures enhance bio-diversity and therefore include:
- Using at least two species for planting and preferring native species
- Promotion of natural regeneration
- Creating forest edges with native species
- Keep high value sites (e.g. swamps) free from planting of non-native species

Description of non-conformity:
There is insufficient information to prove that TPTI and SILIN promote natural regeneration.

Corrective action request:
The company shall provide a detailed rationale on natural regeneration under TPTI and SILIN.

Method of correction:
Status: OPEN

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<th>Nº NC: 2010-11</th>
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<tr>
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<td>Deadline for correction: 12 months from the date of certificate issued</td>
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</table>

Description of indicator:
Silvicultural guidelines shall be developed that respect natural cycles and avoid clear cuts. Tree felling shall be rotated and shall take into account: growth and yield classes, periods of tree felling, and methods of tree felling and suggestions of forest inventory. Tree felling plans are also necessary for clear cutting systems.

Description of non-conformity:
Silvicultural guidelines of Pilot Project TPTI and TPTII require clear cuts for its establishment. There are not enough results from the monitoring data (PSP) of these systems to ensure that the natural cycles of the forest are not being negatively affected.

Corrective action request:
The company shall prepare a detailed analysis of the available monitoring data in order ensure that silvicultural guidelines developed do not affect natural cycles negatively.

Method of correction:
Status: OPEN

<table>
<thead>
<tr>
<th>Nº NC: 2010-12</th>
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<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
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</table>

Description of indicator:
Road construction may not cause erosion.

**Description of non-conformity:**
Procedures for road construction, maintenance and closure standards are not implemented in the forest. Consequently, road construction is causing serious erosion.

**Corrective action request:**
The company shall implement strict road construction procedures to avoid erosion in the forest.

**Method of correction:**
On May 3rd and 4th Road construction was checked in the forest. Compared to the Main evaluation, the company improved the construction and maintenance of its roads. What appeared was that the company improved its methods and techniques, but that SOP’s on road construction and maintenance were not yet updated. For example on the construction on side drains, cross drains, erosion traps and monitoring, (distances, frequency, etc.) during RIL and in HCV areas.

The company shall update its SOP’s on road construction and maintenance and shall have a clear strategy on how to achieve implementation of the updated SOP’s
- SOP no. 01/7 on Road , bridge and decker construction
- SOP no. 01/21 on Road Maintenance and Repair

24-6-2011: The seize of roads, drains are mentioned, including the use of hollow timber. Clear pictures and examples are given for better understanding of the construction of the roads. Seizes of the drains are given.
Monitoring documents, including monitoring forms are presented.
The following SOP’s were checked:
SOP Pemantaun erosi dan pendugaan erosie_24.
SOP Perawatan dan perbaikan Rev_20
SOP 7_Pembuatan jalan jembatan rev

**Status:** CLOSED

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<td>6.5.4</td>
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</table>

**Date found:** 1-4-2010

**Deadline for correction:** before issuance of certificate

**Description of indicator:**
No damage shall be inflicted on the natural condition of existing waterways
and in rainfall catchment areas.

**Description of non-conformity:**
Erosion prevention measures are poorly implemented, and waterways are damaged during skidding, and road maintenance results in run-off into waterways.

**Corrective action request:**
The company shall implement strict erosion control procedures.

**Method of correction:**
On May 3rd and 4th the implementation of strict erosion control procedures were checked in the field. The company improved the implementation, but the relevant SOP’s were not yet completely updated. For example how often is erosion monitored and where, what happens if a landslide arises, construction of secundairey roads, etc.?

The company shall update its SOP’s on erosion control and shall have a clear strategy on how to achieve implementation of the updated SOP’s.

- SOP no. 01 Production /16 on post skidding supervision.
- SOP no. 02 Ecologi /24 on Monitoring and Erosion estimation
- SOP no.02 Ecologi /25 on Erosion Traps Control construction
- SOP no. 02 Ecologi /27 on Management of Land Cover which regulates side roads and TPN rehabilitation.

24-6-2011 Evidence sent by the client per email
Implementation is based on the monitoring program, mentioned in the SOP?s. Updated SOP?s are present.
The following SOP?s were checked:
- SOP Pemantauan erosi dan pendugaan erosie_24.
- SOP Perawatan dan perbaikan Rev_20
- SOP 7_Pembuatan jalan jembatan rev
Landslides are also mentioned. There is a reference to other SOP?s.
Implementation of strategy shall be checked again during the upcoming surveillance audits.

28-6-2011: This indicator will be checked again during the upcoming surveillance audit.
For now this NC can be closed.

**Status:** CLOSED

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| Nº NC: 2010-14 | Standard Indicator: 6.5.5 | Category: **MAJOR** |
Date found: 1-4-2010  | Deadline for correction: before issuance of certificate

Description of indicator: Damming waterways for road construction is prohibited. The natural purpose of waterways shall be upheld.

Description of non-conformity: Road maintenance results in damming of waterways.

Corrective action request: The company shall implement strict road construction procedures to prevent damming of waterways.

Method of correction: Especially on May 4th the implementation of this NC was checked in the field. Evidence was provided by the company that road construction did not cause damming of waterways anymore.

FOTO ADDED LATER
Erosion trap, km 71

Waterway crossing dammed during the Main Evaluation, were redesigned and the water course restored. The update of the SOP’s is still missing. Especially in relation to future waterway crossings and construction of the crossings.

- SOP No. 02/24 on erosion monitoring and projection.
- SOP no 01/07 on Road, Bridge and decker construction.
- SOP no 01/21 on Road maintenance and repair.

The company shall update its procedures on waterway crossings.

24-6-2011 Documents received by mail.28-6-2011: clear updated documents available. Documents now describe clearly how roads and crossings are constructed.

28-6-2011: This NC can be closed. The SOP describes how the river crossings should be constructed. Already witnessed in the forest that the construction had improved. Now is described how they do it.

Status: CLOSED

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<th>Nº NC: 2010-15</th>
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<td>Date found:   1-4-</td>
<td>Deadline for correction: 12 months from the</td>
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</table>
### Description of indicator:
Tree fellers shall be trained in managing the felling and removal of trees. Tree felling is done on the basis of a clear, detailed felling instruction (working order).

### Description of non-conformity:
Directional felling is poorly implemented. Remaining trees, waterways and safety felling strategies are not being considered by the operators.

### Corrective action request:
The company shall train its tree fellers and make sure directional felling is implemented in the forest based on a clear and detailed felling instruction.

### Method of correction:
Status: OPEN

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<th>Nº NC: 2010-16</th>
<th>Standard Indicator: 6.7.2</th>
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<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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### Description of indicator:
It shall be recorded in management documents that steps are taken to prevent leaks and that, should they occur, cracks would be repaired forthwith.

### Description of non-conformity:
No emergency plan is found in case of fuel or lubricants leakages from machines in the field. Repairing machines at field are not followed by instructions for the operator and mechanic regarding collecting contaminated material and other preventive measures to avoid contamination of soil or water streams.

### Corrective action request:
Company must provide clear instructions in the operational procedures regarding the steps to be taken in case of leakages in the field and the disposal of contaminated material.

### Method of correction:
Status: OPEN

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<th>Nº NC: 2010-17</th>
<th>Standard Indicator: 6.10.4</th>
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<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
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</table>
Description of indicator:
A. There are impacts on a forest management area which are beyond the full control of the forest managers or
B. There are parts of a forest management area for which the management objectives do not meet the requirements for certification, but the managers wish to seek certification for the remaining areas

Description of non-conformity:
During the inspection it became clear that an area of 4,994 hectares within the concession exists of Non-forest land.

Corrective action request:
The company shall make clear that they are in full compliance with the FSC-POL-20-003 (2004) in relation to the 4,994 hectares of non-Forest land.

Method of correction:
May 3rd 2011 visit to the non-forest area in the south of the concession (S1 34.423 E110 43.994)

During this visit it was clear that the area is used for shifting cultivation. Near the main road, local people have their houses and their own cultivations. Some of the local people also work in the concession. The company has a plan to provide rubber trees and Meranti to help the local community improve their income. They planned this over a period of 30 years. In total the shifting cultivation area is 2,9% of the total concession area. This area is included to the concession area by law, but not included in the harvesting planning.

The company fulfils the FSC requirements in relation to indicator 6.10.4

Status: CLOSED

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<th>Nº NC: 2010-18</th>
<th>Standard Indicator: 6.7.2</th>
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<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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Description of indicator:
Changing oil shall take place at a location specially equipped for that purpose (not in the forest) and any oil waste shall be disposed of. This also applies to machinery parts that are exchanged.
Description of non-conformity:
No emergency plan is found in case of fuel or lubricants leakages. Repairing machines at field are not followed by instructions for the operator and mechanic regarding collecting contaminated soil and other preventive measures to avoid contamination of water streams.

Corrective action request:
The company shall make sure that changing oil takes place in a specially equipped location and that any oil waste is disposed of in a environmentally appropriate manner.

Method of correction:
Status: OPEN

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<th>Nº NC: 2010-19</th>
<th>Standard Indicator:</th>
<th>Category: MAJOR</th>
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<tr>
<td></td>
<td>7.1.16</td>
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Date found: 1-4-2010  
Deadline for correction: before issuance of certificate

Description of indicator:
Procedures for the description and justification of harvesting techniques and equipment to be used are documented and implemented.

Description of non-conformity:
Procedures are documented, but in various cases not implemented. This includes procedures for felling, skidding and loading by heavy tractors (D7), and road construction.

Corrective action request:
The company shall develop and implement procedures for all activities and monitor implementation of these procedures.

Method of correction:
May 3rd, 2011 visit to harvesting blocks in the two silvicultural management system (TPTJ and TPTI). Harvesting techniques and equipment used by harvesting crew were documented and implemented. See document: 01 Produksi and Felling Procedure.

The company fulfils the FSC requirements in relation to indicator 7.1.16  
Status: CLOSED

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Page 34 of 47
**Date found:** 1-4-2010  
**Deadline for correction:** before issuance of certificate

**Description of indicator:**  
The training and instructions provided are relevant and applicable to the tasks and responsibilities of the people involved.

**Description of non-conformity:**  
The company does not have a formal training plan, adapted to the needs of the various employees and that explicitly identifies the contents given and the timeline across annual operational plan.

**Corrective action request:**  
The company shall have a formal training plan, explicating the contents by categories and the timeline of implementation. Records of the training and monitoring shall be maintained.

**Method of correction:**

**Status:** OPEN

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**Nº NC:** 2010-21  
**Standard Indicator:** 7.3.3  
**Category:** MAJOR

**Date found:** 1-4-2010  
**Deadline for correction:** before issuance of certificate

**Description of indicator:**  
Implementation and effectiveness of training and sufficient supervision is evident in the field during forest management operations.

**Description of non-conformity:**  
Workers (tree fellers, roads maintenance and construction, skid track planning, skidding, tagging etc) do not show effectiveness of training in RIL methods in the field during forest management. Some of them had never been formally trained. Company has periodically provided training for the workers in the FMP but results in the field show that it is not being sufficiently absorbed by the operational staff in order to develop field activities according the operational procedures.

**Corrective action request:**  
The company shall ensure the effectiveness of the training plan and its satisfactory implementation mirrored on the results of fields activities so as the guidance from operational procedures.

**Method of correction:**  
During the forest visits on May 3rd, the effectiveness of training was witnesses in the field. Also sufficient supervision was available. The forest operations supervisor is every day in the forest. He has good overview of all activities. Monitoring of the operations and safety is done on a regular basis.
The company fulfils the FSC requirements in relation to indicator 7.3.3

**Status:** CLOSED

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<th>Nº NC: 2010-22</th>
<th><strong>Standard Indicator:</strong> 7.4.1</th>
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<td><strong>Date found:</strong> 1-4-2010</td>
<td><strong>Deadline for correction:</strong> before issuance of certificate</td>
<td></td>
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</tbody>
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**Description of indicator:**
A public summary of the forest management plan (including those listed in criterion 7.1) is prepared and available for the public.

**Description of non-conformity:**
No public summary of the forest management plan is available.

**Corrective action request:**
The company shall have a public summary prepared and available for the public.

**Method of correction:**
April 29th 2001, Public summary was available on the company website (www.pt-sjm.com)

The company fulfils the FSC requirements in relation to indicator 7.4.1

**Status:** CLOSED

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<th><strong>Standard Indicator:</strong> 8.2.3</th>
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<td><strong>Date found:</strong> 1-4-2010</td>
<td><strong>Deadline for correction:</strong> 12 months from the date of certificate issued</td>
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</table>

**Description of indicator:**
Records of the condition (presence of pests, diseases, evidence of soil compaction, erosion, invasive unwanted species etc.) of the forest are regularly collected.

**Description of non-conformity:**
No regular records of the condition of the forest were available.

**Corrective action request:**
The company shall implement procedures to regularly record the condition (presence of pests, diseases, evidence of soil compaction, erosion, invasive unwanted species etc.) of the forest.

**Method of correction:**
Status: OPEN

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<tr>
<td>Description of indicator:</td>
<td></td>
<td>Where reliable information on the composition and observed changes in the flora and fauna is not available, an inventory system is documented and implemented. The inventory system is attuned to the extent and intensity of the forest management, and the rarity and fragility of the forest ecosystem and known species within it.</td>
</tr>
<tr>
<td>Description of non-conformity:</td>
<td></td>
<td>Information on changes on flora and fauna is unreliable, and insufficiently monitored by the company.</td>
</tr>
<tr>
<td>Corrective action request:</td>
<td></td>
<td>The company shall have a documented and implemented monitoring system to observe changes in the flora and fauna.</td>
</tr>
<tr>
<td>Method of correction:</td>
<td></td>
<td>Flora and fauna monitoring is available. Documents checked on May 3rd and 4th. In relation to Fauna the company has a OCSP / WWF management and document procedure for orang-utans. Also other fauna species are monitored. During the upcoming surveillance audits, monitoring in general will be a point of attention.</td>
</tr>
<tr>
<td>The company fulfils the FSC requirements in relation to indicator 8.2.4</td>
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<td>Deadline for correction: 12 months from the date of certificate issued</td>
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<tr>
<td>Description of indicator:</td>
<td></td>
<td>Conservation and protected (see 6.2) areas are monitored regularly.</td>
</tr>
<tr>
<td>Description of non-conformity:</td>
<td></td>
<td>Company has monitored conservation and protected areas regularly against non authorized activities but did not present any inventory system or relevant data regarding eventual changes in composition of flora and fauna in those special zones.</td>
</tr>
</tbody>
</table>
Corrective action request:
The company shall extend monitoring system to the conservation and protected areas in order to detect eventual changing in composition of flora and fauna in such special zones.

Method of correction:
Status: OPEN

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<th>Nº NC: 2010-26</th>
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<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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Description of indicator:
Where reliable information on environmental and social impacts of harvesting and other operations is not available, an inventory system is documented and implemented, attuned to the scale and intensity of the forest operations. The system should include a regular consultation of local communities and other parties involved.

Description of non-conformity:
There's insufficient proof/justification that all environmental and social impacts are documented. No regular consultation with local communities occurs.

Corrective action request:
The company shall clearly inventory and monitor all environmental and social impacts.

Method of correction:
Status: OPEN

<table>
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<tr>
<th>Nº NC: 2010-27</th>
<th>Standard Indicator: 8.3.1</th>
<th>Category: Minor</th>
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<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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Description of indicator:
A system of marking and identification of forest products as originating from certified origin is documented and implemented.

Description of non-conformity:
Significant mismatches between the harvest map and the tagged trees were found in the field.
Corrective action request:
The company shall improve the quality of the tree maps used in the forest.

Method of correction:
Status: OPEN

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<th>Nº NC: 2010-28</th>
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<td>Date found: 1-4-2010</td>
<td>Deadline for correction: 12 months from the date of certificate issued</td>
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</tbody>
</table>

Description of indicator:
The management has a documented and implemented system that ensures the incorporation of the monitoring results into the implementation and revision of the management plan.

Description of non-conformity:
Results from social and environmental data collected are not being systematically implemented in the management plan revisions.

Corrective action request:
The company shall develop clear procedures to analyze social and environmental data collection and incorporate these analyses in the management plan.

Method of correction:
Status: OPEN

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<th>Nº NC: 2010-29</th>
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<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
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</table>

Description of indicator:
Summary of the results of monitoring is available for the public and for stakeholders.

Description of non-conformity:
No public summary is available.

Corrective action request:
The company shall prepare public summaries on social and environmental monitoring
Report number: 812699FSC.FM.CUCRPT -2010-02-FG

Method of correction:
April 29th 2011, Public summary was available on the company website (www.pt-sjm.com), also for social and environmental monitoring. The company fulfils the FSC requirements in relation to indicator 8.5.1

Status: CLOSED

<table>
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<th>Nº NC: 2010-30</th>
<th>Standard Indicator: 9.1.1</th>
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<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
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</table>

Description of indicator:
The definition of High Conservation Value Forest for the applicable region is available. The existence of areas that meet the definition is assessed in the areas covered by the scope certificate.

Description of non-conformity:
The HCVF assessment is poorly executed and contains significant errors. For instance, local communities requested that sites with important herbal plants are identified and conserved, but the HCV Assessment (HCV5) remains unclear about this.

Corrective action request:
The company shall revise the HCVF assessment conform the methods identified in the 2008 HCV Toolkit for Indonesia.

Method of correction:
An external consultant revised the HCVF assessment, but it continues to limp on different approaches (the 2008 Proforest Guidance and the 2008 HCV Toolkit for Indonesia). The assessment remains weak on reporting field observations and stakeholder consultation, and consequently its analysis on the occurrence of HCVFs remains theoretical. Discussions with company staff and local communities suggest that extensive field data and stakeholder inputs was collected for much – if not all – HCV’s. However, the HCV assessment remains unclear on if and how these inputs affected the assessment results. The auditors particularly noted the absence of identification of HCV 6, and require that the relevant areas must be identified, or a strategy to identify these in future logging areas must be in place. These short-comings were discussed with the consultant and he agreed with the issued raised.

21-6-2011: Evidence received by email from Mr. Putra.
28-6-2011: The revised HCVF assessment now clearly balances secondary data against primary data, and - where appropriate – reclassified HCVs
based on the primary data. Where the procedures proposed in the toolkit lead to misclassification of HCV, this is explained and alternate methods are used. A review of the decision-making process for HCV1.3, HCV3 and HCV6 indicates the HCV assessment is now well founded in primary data. This NC can be closed.

Status: CLOSED

<table>
<thead>
<tr>
<th>Nº NC: 2010-31</th>
<th>Standard Indicator: 9.1.2</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
<td></td>
</tr>
<tr>
<td>Description of indicator:</td>
<td>High conservation value forests are described (tree-species structure, ground-vegetation, natural forest-society, deadwood, and habitats) and documented on maps.</td>
<td></td>
</tr>
<tr>
<td>Description of non-conformity:</td>
<td>HCVFs are not clearly described and mapped.</td>
<td></td>
</tr>
<tr>
<td>Corrective action request:</td>
<td>The company shall describe and map the HCVFs in/near the concession.</td>
<td></td>
</tr>
<tr>
<td>Method of correction:</td>
<td>Some areas identified by the HCVF assessment have been identified on maps, but not described in detail. The company fails to move beyond the HCV assessment, from HCV's to HCVF’s. Consequently, it fails to identify/describe the various forests and HCV’s in them and provide practical regimes for the management thereof.</td>
<td></td>
</tr>
</tbody>
</table>

21-6-2011: Evidence received by email from Mr. Putra.
28-6-2011: The revised HCV assessment covers a description of the main flora and fauna, based on literature and primary data (paragraph 3.7). This information is cross-referenced in the assessment of HCV (chapter 6). Maps detailing the all HCVs throughout the concession are available. This NC can be closed.

Status: CLOSED

<table>
<thead>
<tr>
<th>Nº NC: 2010-32</th>
<th>Standard Indicator: 9.2.1</th>
<th>Category: MAJOR</th>
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<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
<td></td>
</tr>
<tr>
<td>Description of indicator:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
During the certification process (inclusive stakeholder consultation), the licensee provides information about these forests and his ideas for maintenance of them.

**Description of non-conformity:**
The assessment and management of HCVF has not undergone a public consultation.

**Corrective action request:**
The company shall execute a public consultation of the assessment and management of HCVFs.

**Method of correction:**
Stakeholder consultation for the assessment of HCVF’s appears to be in good order, but is poorly documented in the assessment report. (The public consultation presented by the consultant breaches several of the requirements set forth by FSC and was not suitable for the purpose of consultation.) Consultation on the management of HCVF’s has not yet been done.

21-6-2011: Evidence received by email from Mr. Putra.
28-6-2011: Stakeholder consultation is now well documented and cross-referenced against the various HCVs and management recommendations. This NC can be closed. But stakeholder consultation regarding the management of HCV remains a issue for verification during the next audit

**Status:** CLOSED

<table>
<thead>
<tr>
<th>Nº NC: 2010-33</th>
<th>Standard Indicator: 9.3.1</th>
<th>Category: MAJOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
<td></td>
</tr>
</tbody>
</table>

| Description of indicator: |
| In the management plan or an appendix to it, measures for all types of high conservation value forests within the responsibility of the licensee, are laid down how to maintain and/or enhance the typical attributes of each type of high conservation value forest (Policy on forest conservation and maintenance). The precautionary approach has to be taken into consideration. On sites where harvest is in accordance with maintenance the AAC calculation is discussed. |

| Description of non-conformity: |
| The management of HCVF is not yet integrated in the management plan. |

| Corrective action request: |
The company shall revise or append the management plan to include the management of all HCVF.

**Method of correction:**  
The company prepared a plan for the management of HCVF’s, based on the draft assessment. This plan is rather general, and very demanding of the (human) resources the company has available. Consequently, few of the planned activities are implemented so far and management of HCVF appears to develop organic rather than through practical management planning.  
Field observations suggest that the identified management options for HCVF’s are much weaker than the actual forest management. For instance, the company aims to maintain 25 (commercial) trees/h in HCVF’s, whereas it now maintains up to 60 trees/ha under normal management.

21-6-2011: Evidence received by email from Mr. Putra.  
28-6-2011: A detailed management and monitoring plan was prepared by the company and its lead consultant (TFF). This plan appears to cover all HCVs and the best management practices for each HCV. The management detailed appears to be practical and well justified. This NC can be closed. But this indicator will be checked during the next surveillance audit.  
**Status:** CLOSED

<table>
<thead>
<tr>
<th>Nº NC: 2010-34</th>
<th>Standard Indicator: 9.4.1</th>
<th>Category: MAJOR</th>
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<tbody>
<tr>
<td>Date found: 1-4-2010</td>
<td>Deadline for correction: before issuance of certificate</td>
<td></td>
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</tbody>
</table>

**Description of indicator:**  
In management plan the necessity of yearly documentation of measures in these forests is pointed out.

**Description of non-conformity:**  
The company cannot prove that all HCVF is monitored and maintained.

**Corrective action request:**  
The company shall develop an authoritative plan to monitor HCVF.

**Method of correction:**  
Given the significant weaknesses in the assessment and management of HCVF’s, no authoritative plan for the monitoring (and evaluation) thereof is available.

21-6-2011: Evidence received by email from Mr. Putra.  
28-6-2011: Plan for monitoring and evaluation of HCVFs is available.
Implementation already started and now it is well documented. For this moment the NC can be closed, but it will be checked again during upcoming surveillance audits.

**Status:** CLOSED

### 7.3 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: 2010-01</th>
<th>Standard indicator: 3.3.1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date found:</strong></td>
<td>1-4-2010</td>
</tr>
<tr>
<td><strong>Description of observation:</strong></td>
<td>Special sites of indigenous cultural or religious, like places with significant concentration of important herbs for the communities, should be identified in conjunction with them, considered in the maps and maintained by the forest manager.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nº Obs: 2010-02</th>
<th>Standard indicator: 4.4.1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date found:</strong></td>
<td>1-4-2010</td>
</tr>
<tr>
<td><strong>Description of observation:</strong></td>
<td>In conjunction with local stakeholders and other interested parties, the company should evaluate socio-economic impacts associated with forest management activities. The evaluation shall be in accordance to the scale and intensity of operations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nº Obs: 2010-03</th>
<th>Standard indicator: 6.3.5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date found:</strong></td>
<td>1-4-2010</td>
</tr>
<tr>
<td><strong>Description of observation:</strong></td>
<td>Results of reforestation in the inactive base camp are not satisfactory once the mortality is bigger than 50%. The company should foster the restoration practices with appropriate measures in order to enhance the effectiveness of trees planting.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nº Obs: 2010-04</th>
<th>Standard indicator: 6.6.1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date found:</strong></td>
<td>1-4-2010</td>
</tr>
<tr>
<td><strong>Description of observation:</strong></td>
<td></td>
</tr>
</tbody>
</table>
The company does not have any description when chemicals can be applied in case of plagues infestation where biological control is not promoting suitable results. The company should have such a description.

**Nº Obs:** 2010-05  
**Standard indicator:** 6.7.1  
**Date found:** 1-4-2010  
**Description of observation:**  
Used tires are stored in the open air, this can result in a health threat to local workers and population. The company should take this health threat away.

**Nº Obs:** 2010-06  
**Standard indicator:** 6.7.3  
**Date found:** 1-4-2010  
**Description of observation:**  
Company should pursue another way to dispose solid waste instead burning at open sky, despite supposed legislation regulating against other method. Burning plastics and other material that produces toxic smoke and ashes is definitively not an environmental friendly manner to dispose these kinds of waste material.

**Nº Obs:** 2010-07  
**Standard indicator:** 6.9.1  
**Date found:** 1-4-2010  
**Description of observation:**  
Company is responsible for the rubber trees seedling distribution for local communities. A monitoring system should be in place to ensure that there is no ecological disturbance occurrence caused by those plantations.

**Nº Obs:** 2010-08  
**Standard indicator:** 7.2.1  
**Date found:** 1-4-2010  
**Description of observation:**  
The management plan is revised and updated regularly, but a detailed standard operating procedure for this appears to be missing. The management plan should include a standard operation procedure for this.

### 7.4 Issues hard to assess
The use of the 2008 HCV Toolkit for Indonesia proved hard to assess against the FSC requirements regarding HCVF. The definitions of HCV1-6 used by the Toolkit are significantly different from the definitions used by FSC, namely:

- **HCV 1** Areas with Important Levels of Biodiversity
- **HCV 2** Natural Landscapes & Dynamics
- **HCV 3** Rare or Endangered Ecosystems
- **HCV 4** Environmental Services
- **HCV 5** Natural Areas Important for Meeting the Basic Needs of Local People
- **HCV 6** Areas Important for Maintaining the Cultural Identity of Local Communities

There’s no independent analysis of the similarities and differences between both sets of definitions yet. However, the HCV assessments using the Toolkit result in very dubious decisions, such as 100-200 m wide riparian zones WITHOUT any natural habitat or ecosystem being classified as HCV 1. CUC is therefore not convinced that the Toolkit contains the necessary rigour to ensure an adequate classification of HCVF.

Therefore it is advised to seek further guidance from FSC, and commission an independent review/analysis of the Toolkit and assessments using it against the requirements set for the identification and management of HCVF.

**8. Certification proposal**

**8.1 Statement**

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

- the certificate holder’s system of management, if implemented as described, is capable of ensuring that all of the certification requirements of the applicable standard(s) are met over the whole forest area covered by the scope of the evaluation;
- the certificate holder has demonstrated, subject to correction of the identified non-conformities, that the described system of management is being implemented consistently over the whole forest area covered by the scope of the certificate.

After consulting the peer reviewer(s) and the client about the certification proposal, a positive certification decision is made by CUC.

Date of certification: 01 July 2011

Expiry date of certificate: 30 June 2016
8.2 Conditions for certification

Once certified, PT. Suka Jaya Makmur will be audited at least annually to monitor its continued conformity with all applicable certification requirements. PT. Suka Jaya Makmur will also be required to fulfil all the corrective actions (if applicable) within the given timeframes.