I. AUDIT PROCESS

Auditor, Qualifications: Titiek is a senior researcher at Forest Research and Development Agency, Ministry of Environment and Forestry, Indonesia. She has experiences working with PT. Sarana Wana Nusa Consult; Alas Kusuma Group; PT. Diamond Raya Timber for SFM certification assistance program; LEI (Lembaga Ekolabel Indonesia); CIFOR (Center for Internatinal Forestry Research); SGS for SFM certification and socialization, CITES Working Group for Endangered Plant Species; ITTO-CIFOR Project (since 1996 to now); member team for HCVF ToolKit 2003 Revision, FAO for a drought study, GIZ for Asian Heritage Parks in ASEAN country assessment, FSC for Centralized Risk Assessment for HCV 1-3 (biodiversity), UNDP-MoF-GEF project on SCBFWM (Strengthening Community Based Forest and Watershed Management, ITTO-Cendana and Ramin Project, FAO Project for Drought and Community in 2015, GTZ-ACB Project for Asian Heritage Park Assessment in 2014, member of Standard Development Group (SDG) for FSC Sustainable Forest Management National Standard Development, Lead for FSC CNRA (Centralized National Risk Assessment) with Remark Asia, and a number of HCVF studies in Indonesia. She also did some audit work for British Petroleum’s standard for sustainable biofuel and IFC’s (International Finance Corporation, the World Bank Group) Performance Standard in Environmental and Social Sustainability. She holds PhD from The University of Melbourne, Australia; MSc from Faculty of Forestry, Mississippi State University, USA, and Bachelor degree from Forestry Faculty, Bogor Agriculture Institute. She has been seconded to CABI-UNEP to lead Invasive Alien Species Management Project in Southeast Asia based in Forest Research and Development Center, Ministry of Forestry, Indonesia for 5 years (from September 2011 up to September 2016). Currently appointed as National Consultant for FAO TCP/FLR Project for Forestry Landscape Restoration for 2017 period. She holds ISO 9001-2008 certificate under IRCA-BSI and has participated in more than 30 audits, (re)assessments, and pre-assessment for SmartWood (currently Rainforest Alliance’s/RA) since June 2008.

Audit Date(s): 15 & 16 November 2017

CVA Type: Desk review ☐ On-site ☒

Location(s): Kalimantan Tengah

Audit Overview: The opening meeting was held on November 14 and attended by the management staff from Jakarta office, Pontianak office, and site office. The FME has sent corrective action documents prior to field evaluation and the document review was
II. NON-CONFORMANCE REPORT (NCR) EVALUATION

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<td>FSC-STD-IDN-01-01-2013 Indonesia Natural, Plantations and SLIMF EN Harmonised, Indicator 1.5.1</td>
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<td>Report Section:</td>
<td>Appendix IV</td>
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### Description of Nonconformance and Related Evidence:

1.5.1: The Forest Management Unit(s) (FMU) shall be protected by the FME from unauthorized harvesting activities, and other activities not controlled by the forest manager or local people with use rights. (E.g. settlement, illegal harvesting, poaching).

Findings in 2016 annual audit:

Based on previous audit, in order to protect the FMU, FME has built security posts: KM0 (branch A), KM34 (branch A), KM54 (branch B), and KM83 (branch D). Each post is guarded by 2-3 security. Patrol is conducted 2-4 times a month. The system has been implemented but still ineffective in preventing unauthorized activities in FME forest area. The security guards explained the importance of radio-HT for their communication in guarding the FME forest area, however during field observation and interview none of them brought their radio-HT.

It was reported that on April 25th, 2016, there was illegal tree felling at KM56 until KM58 branch B, where TPTJ area and roadside planting are located. On June 1st, 2016, there were illegal tree felling in TPTJ area KM50 branch C, left and right sides of main road KM56 to KM58 branch B and KPPN area (Kawasan Pelestarian Plasma Nutfah) KM52 branch B.

While, on 22th of July 2016, there was illegal tree felling within TPTJ area, located at the road side of KM75 to KM76 branch B. And on August 3rd, 2016, there was illegal tree felling at the edge of FME corridor road: KM68c, KM70c, KM71c, KM72c, KM73c, KM76c, KM80C, and KM81c. The staff interviewed stated that FME allows local people conducting shifting cultivation only at their bawas area even located within FME forest areas.

2017 reassessment findings:

Based on interview with General Affair Dept. Head and Security Head, currently FME has 30 security guards, consists of seven Forest security guards (Satpamhut), and the rest are Asset security guards. The asset security guards are distributed in 10 FME’s camps assisted by Police and BRIMOB officers for security at each camp. However, most of the asset security guards are placed at Camp Km 35 and camp Log pond. As for Satpamhut, four people are placed in four villages, with one Satpamhut for each who also acts as a FME’s extention worker (tenaga penyulu) for the village.

Three other Satpamhut are stationed at Camp Km 54 and conducted forest patrol around the forest regularly, four times a month or once a week. On patrol sometimes they are accompanied by police officers or BRIMOB from the nearest camp.

Based on interviews with security guards at the Camp Km 35 guard post, monitoring of people coming in and out is done by noting the names, purposes, origin, vehicle police number, and vehicle ID card as well as the goods brought by the motorcycle driver, while cars are not allowed entering the FME concession area. However, during the patrol they were not equipped with Handy Talky (HT), and only rely on their personal handphones. The security guards is not provided with vehicles specific for patrols, but they may use a company car or motorcycle from other Department/Division. Based on the review of the realization report of Satpamhut activities, the total number of HT provided by FME for the security guards were 5 units, but only 3 units were...
working. However, based on interviews with the Security Guards Head, from 3 units of existing HT, only 1 unit is still in good condition/functioned.

Based on interviews with staff, illegal mining activities are still going on inside FME area especially around Kejamae River.

FME also has forest fire team (Satgasdamkarhut) whose members are also members of Satpamhut and asset security guards. Based on the organizational structure of Satgasdamkarhut it is known that there are two main teams has established by FME. However, according to the Satpamhut members interviewed, currently only 3 Satpamhut that area actively patrolling as a forest fire team, while the other security guards (Satpamhut and Satpam assets) located in camps and villages are the support teams only. It is also found that fire fighting simulation has never been done by the forest fire team. The forest fire team also does not have a special operational vehicle and water tank vehicle. From field observations and workers interview results, the checking of the forest fire equipment condition is also not regularly done.

According to the national regulation, Minister of Environment and Forestry Decree No. P.32/MenLHK/Setjen/Kum.1/3/2016, the requirement of forest fire team number (main team) for the natural forest concession license holder in production forest (IUPHHK-HA) is as follows:

- Concession area < 50,000 ha = minimum 1 team
- 50,000-100,000 ha = minimum 2 teams
- >100,000 ha = minimum 3 teams

From the findings above, it is found that FME’s forest security is still insufficient in terms of security mechanisms, personnel and equipment capacity in protecting the FME area from unauthorized harvesting activities and other illegal activities.

During the report writing phase, the FME provided the auditors with:
1. SOP of Forest Security (SOP/LLB/LK/O2O).
2. List of security personnel with total of 32 people and list of security personnel candidate with total of 16 people.
3. List of equipment provided for supporting the security personnel and fire fighting team, consisted of:
   a. Provision of additional 4 unit of handy talky (totally 6 unit HT are provided).
   b. Smartphone Android as many as 3 unit for SMART PATROL application.
   c. Operational vehicles dedicated for security patrol consisted of 2 unit of trail motorcycle and 1 unit of car.
   d. Security uniform and its equipment (i.e. flashlight, head lamp, whistle, police stick, water canteen) as many as 45 set.
   e. Fire fighting equipment consisted of 2 unit of water pump, 4 unit of hydrant system, and 20 unit of fire resistant clothes and shoes.

4. Letter of FME Director No. 149/PH/PTK/VIII/2017 dated on 28 August 2017 concerning on fire fighting training request to the Manggala Agni Head in Pontianak. And the respond letter from Head of Pontianak Operations Area, Center of Climate Change and Forest and Land Fire Control, Directorate General of Climate Change Control, Ministry of Environment and Forestry No. S.133/BPPKHL-KAL/PNK06/9/2017 dated on 15 September 2017 recommending the training for forest fire fighting team to be held on 28-30 September 2017.
5. Letter of Personalia Head to the Camp Manager No. Ad-97/SBK-NN/IX/2017 about list of workers to be selected as security guards dated on12 September 2017.

However, FME has not provided the fire fighter teams assignment decree and its structural organization issued by the FME management. Field verification is also needed to verify this corrective action, therefore this NCR upgraded to Major.

<p>| Corrective Action Request: | Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance. |</p>
<table>
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<tr>
<th>Timeline for Conformance:</th>
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<tr>
<td>Evidence Provided by Organization:</td>
<td>With 2017 reassessment:</td>
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<tr>
<td></td>
<td>- SOP Perlindungan dan Pengamanan Hutan (SOP/LLB/LK/020)</td>
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<td>- Berita Acara Hasil Patroli PAMHUT bulan April 2017 terkait temuan kegiatan penambangan emas liar, untuk dilaporkan ke kantor Pontianak</td>
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<td>- Laporan Rekapitulasi Tahunan Kegiatan Monitoring Kegiatan Perambahan Hutan (illegal Logging) dan Pertambangan Emas Tanpa Ijin (illegal Mining) oleh Satuan Tugas Pengamanan Hutan (Satpamhut) Periode Tahun 2016</td>
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<td>- Laporan Kegiatan Monitoring Kegiatan Perambahan Hutan (illegal Logging) dan Pertambangan Emas Tanpa Ijin (illegal Mining) oleh Satuan Tugas Pengamanan Hutan (Satpamhut) Periode bulan Januari, Februari, Maret, April, Mei, Juni 2017</td>
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<td>- Laporan Realisasi kegiatan Monitoring lalu Lintas Kendaraan di jalan Koridor Perusahaan Periode bulan januari, Februari, Maret, April, Mei, Juni 2017</td>
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<td>- Laporan Realisasi kegiatan Monitoring Kegiatan Pencegahan dan Penanggulangan Kebakaran Hutan Periode bulan januari, Februari, Maret, April, Mei, Juni 2017</td>
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<td>- Laporan Realisasi kegiatan Monitoring Kegiatan Pembukaan Hutan oleh Masyarakat Untuk Perladangan Periode tahun 2016 dan periode bulan Januari, Februari, Maret, April, Mei, Juni 2017</td>
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<td>- Laporan Realisasi kegiatan Monitoring Kegiatan Perburuan Satwa Liar dan Flora Dilindungi periode bulan Januari, Februari, Maret, April, Mei, Juni 2017</td>
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<td>With Nov17 CVA:</td>
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<td>The following additional evidence was verified during CVA:</td>
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<td>- Compilation of SOP for Forest Protection Unit/Brigade Damharhutla (Forest and land Fire Control), PT Sari Bumi Kusuma, Camp Nangan Nuak, Kalimantan Tengah, 2017. This SOP contain a number of procedure for: a) Data processing – Monitoring Information for Hotspot and Fire Danger Rating(SOP/Damkarhutla/PH/01), b) Fire break establishment (SOP/Damkarhutla/PH/02), c) Socialization for Forest Fire Control (SOP/Damkarhutla/PH/03), d) Time Awareness Determination (SOP/Damkarhutla/PH/05), e) Fire Material Management (SOP/Damkarhutla/PH/06), f) Prevention Patrol (SOP/Damkarhutla/PH/04), g) Fire Tower Guard (SOP/Damkarhutla/PH/07), Establishment Fire Awareness Community / In-house Training for Land Preparation without burning (SOP/Damkarhutla/PH/08), h) Fire Fighter Readiness (SOP/Damkarhutla/PH/09), i) Fire Extinguisher Technique (SOP/Damkarhutla/PH/10), j) Work Safety in Forest Fighting (SOP/Damkarhutla/PH/11), k) Ex-burned area monitoring (SOP/Damkarhutla/PH/12), and l) Utilization and Maintenance of Operational Vehicles (SOP/Damkarhutla/PH/03).</td>
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<td>- Berita Acara (Memo) for Monitoring Tools and Infrastructure for Forest Control Unit, PT Sari Bumi Kusuma, Kalimantan Tengah, Periode of October, 2017.</td>
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<td>- Berita Acara Pengecekan dan Pengambilan Titik Koordinat Perladangan yang Dilakukan oleh Oknum Masyarakat Desa Tumbang Kaburai di Areal PT. Sari Bumi Kusuma – Kalimantan Tengah, April 2017, 6 May 2017</td>
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</table>
- *Berita Acara Pengecekan dan Pengambilan Titik Koordinat Perladangan oleh Oknum Masyarakat Desa Tumbang Karuei di Areal PT SBK, Kalimantan Tengah, 30 Juni 2017*
- *Laporan monitoring pemetaan lokasi PETI dan perambaan liar yang di dokumentasikan melalui drone.*
- *List of Forest Guard (up dated September 2017)*
- *List of order for Forest Guard Uniform*
- *List of order for new equipment for patrol*
- *Letter to the Head of Forestry District Offices in Palangka Raya dated on September 20th 2017 concerning report of the presence of illegal mining inside and around the concession based on monitoring done by the FME during April and May 2017.*
- *Letter to the Head of Forestry District Offices in Palangka Raya dated on August 8th 2017 concerning report on the presence on forest encroachment for timber inside the concession.*
- *Surat Keputusan No. Dh-14/SBK-NN/X/2017 concerning job mutation for Forest Fighter Unit (Brigdalkarhutla) dated on October 1th 2017 signed by the Camp Manger Nanga Nuak.*
- *Job Description for Brigade of Forest Fire Control (Brigdalkarhutla) PT Sari Bumi Kusuma, Nanga Nuak Kalimantan Tengah, 2017. This document contains Organization Structure for Forest Fighter Unit (Brigdalkarhutla) which is leaded by the Head of Brigade namely Sepri Nander, Shut with 46 members.*

**Findings for Evaluation of Evidence:**

**Nov 17 CVA Finding:**

The auditor verified that the evidence submitted during the reassessment writing process was available during audit verification (both document and ground checking). Compilation of SOP for Forest Protection Unit/Brigade Damharhutla (Forest and land Fire Control), PT Sari Bumi Kusuma, Camp Nangan Nuak, Kalimantan Tengah, 2017. This SOP contains a number of procedures mainly for firefighting activities.

The auditor also verified these following equipment stored in the fires fighter building located in Km 35:

a. 4 unit of handy talky (totally 6 unit HT are provided).

b. Smartphone Android as many as 3 unit for SMART PATROL application.

c. Operational vehicles dedicated for security patrol consisted of 2 unit of trail motorcycle and 1 unit of car.

d. Security uniform and its equipment (i.e. flashlight, head lamp, whistle, police stick, water canteen) as many as 45 set.

e. Firefighting equipment consisted of 2 unit of water pump, 4 unit of hydrant system, and 20 unit of fire resistant clothes and shoes

f. One set of Drone

The FME has issued letter of decree No Dh-14/SBK-NN/X/2017 concerning assignment of 16 staff with various different works to be posted in their new position as *Darkamhutla* Brigade (unit for forest and land fire fighters). Presently there are 46 staff was assigned for *Darkamhutla* Brigade which is stated in the Organization Structure. These staffs are not new but they were moved from their previous job from various different division. They have received training for fire fighters programs and first aid accident. In September 2017, the FME held a forest fire fighting simulation including first aid accident handling, which is provide from the medical doctor from University of Tanjung Pura. The FME also issued structural organization for the fire fighter management.
Based on interview and document review (report from monitoring on illegal activities within the concession area) the FME has carried out mapping of forest encroachment and illegal mining location and their presence was officially reported to the Forestry District Office in Palangka Raya to request further action by the authorized agency. The auditor confirmed that the FME’s forest security is sufficient in terms of security mechanisms, personnel and equipment capacity in protecting the FME area from unauthorized harvesting activities and other illegal activities. The FME also conduct monitoring using drone to detect potential forest opening due to illegal activities within their concession. Report was also completed with map of location of the illegal activities. The FME also reported these illegal activities to the Forest District Offices in Palangka Raya for further action by the authorised institution ((1) Letter to the Head of Forestry District Offices in Palangka Raya dated on September 20th 2017 concerning report of the presence of Illegal mining inside and around the concession based on monitoring done by the FME during April and May 2017, 2) Letter to the Head of Forestry District Offices in Palangka Raya dated on August 8th 2017 concerning report on the presence on forest encroachment for timber inside the concession).

Based on these findings, the Major NCR is closed.

| NCR Status: | CLOSED |
| Comments (optional): | |

| Major NCR#: | 04/16 | NC Classification: | Major X | Minor |
| Standard & Requirement: | FSC-STD-IDN-01-01-2013 Indonesia Natural, Plantations and SLIMF EN Harmonised, Indicator 4.2.8 |
| Report Section: | Appendix IV |

**Description of Nonconformance and Related Evidence:**

4.2.8: An effective first aid programme shall be in place, including worker training in basic first aid and the provision of readily accessible first aid kits with up to date supplies

Findings in 2016 annual audit:

FME has provided first aid box in several places, such as workshop, house, and office in camp, operational transportation (logging truck and tractor), and chainsaw operator for felling activities. However, from field observation and interview with the workers, it was found that there was no first aid box in Production Camp (km93), the first aid was available in workshop near the camp, however the location between workshop and camp were not easily accessible. FME also has not provided first aid training to workers, especially to the worker who have high risk of accidents at their workplace such as in the workshops and in the harvesting sites.

2017 reassessment findings:

Based on observations in the Log pond area, the auditor found that the first aid box is only available in the office and in the workshop, but not found in the employee mess, pontoon loading area, fuel injection, raft assembly location, which are prone to accident, while the first aid box in the workshop is empty. This indicates that no periodic checking system has been performed for the availability of first aid kit and its supply of medicines.

From the interviews, there are also many workers in the field who have not received basic first aid training. At the workshop camps visited during the audit, there has been no evidence of evacuation routes and gathering point during disaster event. FME also does not have a structured training program related to first aid to the workers, especially those who are prone to work accidents.

Based on findings above, this NCR cannot be closed.

During the report writing phase, the FME provided the auditors with:
1. Revised SOP of First Aid (No. SOP/SOS/HR/09) with addition of Work Instruction (WI) of Checking of First Aid Box Availability.
2. Letter of FME Director No. 150/PH/PTK/VIII/2017 dated on 28 August 2017 to the Medical Faculty of Tanjungpura University requesting cooperation for Basic First Aid Training for FME’s workers. And the respond letter from Dean of Medical Faculty of Tanjungpura University No. 5428/UN22.9/TU/2017 dated on 12 September 2017 that expressed the willingness to conduct Basic First Aid training by sending two resource persons / instructors for the training.
3. Pictures of Basic First Aid training implementation for FME workers in the FME Main Camp.
4. Purchase receipt of First Aid box (10 pcs) and First Aid bags (200 pcs) for field works.

However, field verification is needed to verify this corrective action, especially for evacuation route and First Aid Kit provision in the working area and camp buildings, therefore this NCR upgraded to Major.

<table>
<thead>
<tr>
<th>Corrective Action Request:</th>
<th>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</th>
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| Evidence Provided by Organization: | With 2017 re-assessment:  
  - Records of Training for Staffs in 2017 *(Daftar Pelatihan Staff Tahun 2017)*  
  - Records of Socialization and Training on Emergency Response and First Aid *(Daftar Sosialisasi dan Pelatihan Tanggap Darurat dan P3K)*  
  - Worker Health Monitoring Report *(Laporan Monitoring Kesehatan Karyawan)*  
  - Report summary of Work Accident in 2012-2016 *(Ringkasan Laporan Kecelakaan Kerja 2012-2016)*  
  - List of PPEs Procurement and Distribution in 2016 *(Daftar Pengadaan dan Distribusi APD 2016)*  

With Nov17 CVA:
  - First Aid Kits and First Aid Box distributes to all camps (operationl vehicles, logging truck, field workers, temporary worker camp, etc.)  
  - A number of poster related to Occupational Health and Safety was posted in all building in all camps.  
  - Revised SOP of First Aid (No. SOP/SOS/HR/09) with addition of Work Instruction (WI) of Checking of First Aid Box Availability  
  - Purchase receipt of First Aid box (10 pcs) and First Aid bags (200 pcs) for field works.  
  - Basic First Aid training held in main camp 35 and organized by the FME in collaboration with Medical Faculty of University of Tanjung Pura.  
  - Circulation letter signed by Camp Manager in Nanga Nuak dated on January 28th 2013 concerning the The Strict Implementation of PPE.  
  - Rencana dan Realisasi Training Karyawan Tahun 2017, Divisi Personalia |

Findings for Evaluation of Evidence: Nov 17 CVA Finding:
The FME has developed a structured program for all employees and workers in basic first aid, which is managed under the Human Resource Division. The company has three of their staff hold an Occupational Health and Safety (SMK3) certificate so that they can conduct in-house training to their staff on regular basis. The FME has provided 10 first aid box, 200 first aid pouch and 20 first aid bags (2 liters). During the verification assessment the auditor has verified that the FME has provided First Aid Kit in all building visited (main camp 35, Camp 72, camp 54, temporary worker camp in 62, kitchens, workshop, pontoon loading area, fuel injection and raft assembly, temporary storage waste, nursery, employee houses/mess) and operational vehicles. First aid kits pouch is used by 2 personals, while the first aid 2 liters bag is provided for forest survey team consist of 8-10 people. Office and workshop are equipped with first aid box, which is completed with necessary medicines. Building wall has posters containing information of occupational health and safety and emergency first aid. The auditor interviewed two of the vehicle guard in Km 62 who live in the temporary wooden hut and they are equipped with first aid kids and also receive training of basic first aid implementation from the FME’s staff with OHS licensed.

Based on interview with forest worker in the workshop and security guard including staff of Damkarhutla (fire fighter unit), the FME has provided training for occupational health and safety in collaboration with the University of Tanjung Pura, Pontianak and training was delivered by the medical doctor (dr. Muhammad Ini'am Ilmiawan and Agus Fitrangga MKM). This training was held in the main camp on 27th September 2017. The auditor reviewed document of Rencana dan Realisasi Training Karyawan Tahun 2017, Divisi Personalia that contains list of types of training for all employee.

The auditor also observed that all office building and worker housing has evacuation route (see picture below) showing on the wall for easy reading. Evacuation marking use a sticker that can be glow in the dark and assembly point during emergency in green and white color. The FME has revised SOP of First Aid (No. SOP/SOS/HR/09) with additional prescription under Work Instruction (WI) for checking the availability of First Aid Box including its content (medicinal stuff).

The auditor interviewed forest worker that prone to works accidents such as those working in the workshop, logging truck, fuel stations, and drivers. The interviewed staff received recent training in September 2017 related to fire fighting and health and safety.

Based on the above findings, Major NCR is closed.

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**Description of Nonconformance and Related Evidence:**

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.

Findings in 2016 annual audit:
FME has developed SOP of Waste Management (No. SOP/LLB/LK/011), which includes the management of domestic and toxic hazardous (B3) waste, solid and liquid. In the WI of Waste Management of Used Tire, Iron and Spare Parts (No. IK/LLB/LK/011/04), it is stated that all types of waste will be localized on the ground in a landfill located within the FMU area. While on WI of Waste Management of B3 (No. IK/LLB/LK/011/05), which includes used lubricant and batteries, it is described that the used lubricant will be sent out to the waste processor company (PT Panji Putra Borneo) in Pontianak within 90-day of storage period in the FMU area. While the used batteries are stored in a special warehouse in the workshop area within the FMU area.

However, based on field visit in the workshop of production camp at Km 93 and interviews with the workers in the workshop, it is found that the used lubricant collected in the underground storage tank was not planned to be sent outside the FMU area and will be reused for chainsaw machine, while the used lubricant that has been condensed was burned in a special place in the open area. It is also found that non-organic waste were dumped in a hole shelters that made for the organic waste and will be burned together with organic waste at that hole. Used iron and spare parts were also buried in the ground behind the workshop. Auditors also found a new hole for dumping the used iron and spare parts that have been filled with rain water mixed with used lubricant in tractor workshop camp 93. This condition is very dangerous because it can harm humans and animals and can contaminate the soil and groundwater.

After the oniste closing meeting the FME sent additional evidence of corrective actions as follow:
- Liquid waste (used lubricant) transport notice to FME’s industry in Pontianak.
- Report and documentation of hazardous waste monitoring, 10 Nov 2016. Based on this report, the FME has renovate the dumping hole in workshop camp 93, store the liquid waste in waste storage KM 54, and built separate organic and inorganic waste storage areas.

FME has had a Temporary Storage Permit for toxic hazardous (B3) waste from Katingan District Head based on District Head Decree No. 660.1/32/KPTS/I/2013 issued in January 2013 and valid for 5 years. The Decree gives permission for the Temporary Storage of B3 waste (solid and liquid waste) which includes used batteries, lubricant and lubricant filter. The permit also requires the permit holder to report the waste storage activities for every three months and submitted to the:

1. Minister of the Environment
2. Governor of Central Kalimantan Province
3. Head of Katingan District
4. Environment Agency of Katingan District
5. Forestry Office of Katingan District

There was no evidence of the reports had been prepared and submitted to the government as mentioned above provided by FME to the auditors. Based on the actions taken by the FME and additional evidence provided, this is graded as a minor NCR.

2017 reassessment findings:
Based on the report of Waste Management Report for 3rd and 4th Quarter of 2016, the B3 waste taken to Pontianak (CV Mitra Karya) was only used lubricant oil, however, there is no evident of the other B3 waste (used batteries, used fuel oil, used lubricant oil filter) have been delivered to Pontianak.

Based on field observations, the auditor found in the Log pond area a leaked drum contained used lubricant oil is placed outside the oil warehouse and a number of used lubricant filter placed on the ground are still dripping oil directly to the ground. In addition, auditor also found a flow of used lubricant oil, near the location of electric generator, toward the river body (see pictures below).

In 2017, FME is no longer has contract agreement with B3 waste collector in Pontianak, so that no B3 waste can be disposed off-site.
FME has not yet reported on the activities of B3 waste management to relevant government agencies for the first quarter of 2017.

Based on findings above, this NCR cannot be closed.

During the report writing phase, the FME provided the auditor with the additional evidence, consisted of:
a. Letter of PT Sari Bumi Kusuma (SBK) Industrial site Head in Kumpai, Pontianak to the FME Forest Management Manager informing they have received and used the B3 waste (used lubricant, used lubricant filter, used battery and used tire) that shipped from the site, along with B3 waste balance of August 2017 period. FME management informed that they no longer have agreement with CV Mitra Karya or PT. Panji Putra Borneo in B3 waste management.


c. License of Waste Disposal No. 503/006/BPMPT-E/IPAL/2015 given by Investment Board and Integrated Services (Badan Penanaman Modal dan Pelayanan Terpadu) Kubu Raya District for Plywood Industry of PT SBK located in Pontianak dated on 16 December 2015 that valid for 2 years.

d. Pictures of environmental arrangement and improvement in Logpond area related to B3 waste management.

e. Pictures of B3 waste temporary storage construction in Logpond area.


g. FME Director Decree No. 488/PH/PTK/XI/2016 about Establishment of B3 Waste Management Team of PT SBK dated on 10 November 2016.

However, field verification is needed to verify this corrective action, therefore this NCR remain upgraded

### Corrective Action Request:
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.
Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

### Timeline for Conformance:
Prior to recertification

### Evidence Provided by Organization:
With 2017 reassessment:
- SOP of Waste Management and WI of Hazardous (B3) waste management (SOP Pengelolaan Limbah (SOP/LLB/LK/011) dan IK Pengelolaan Limbah B3 (IK/LLB/LK/011/05))
- Verification Report of License Extension of Temporary Storage of B3 waste from PT SBK by Technical Verification Team of Environmental Agency of Katingan District (Laporan Verifikasi Perpanjangan Perizinan Penyimpanan Sementara Limbah B3 PT SBK tanggal 24 Desember 2016 oleh Tim Verifikasi Teknis Badan Lingkungan Hidup Kab Katingan)
- FME Waste Management Report for 3rd and 4th Quarter of 2016 (Laporan Pengelolaan Limbah B3 Triwulan 3 dan 4 tahun 2016)
Evidence of used lubricant oil shipment to the collector in Pontianak in 2016 (Bukti pengiriman oli bekas ke pengumpul di Pontianak di tahun 2016).

With Nov 17 CVA:
2. License of Waste Disposal No. 503/006/BPMPT-E/IPAL/2015 given by Investment Board and Integrated Services (Badan Penanaman Modal dan Pelayanan Terpadu) Kubu Raya District for Plywood Industry of PT SBK located in Pontianak dated on 16 December 2015 that valid for 2 years.
5. New genset building and temporary storage room for hazardous waste located in the log pond.

Findings for Evaluation of Evidence:

Nov17 CVA findings:
With the absence of the B3 waste collection company in Pontianak, the FME is allow to use License of Hazardous (B3) Waste Temporary Storage No. 503/004/BPMPT-E/B3/2017 given by Investment Board and Integrated Services (Badan Penanaman Modal dan Pelayanan Terpadu) Kubu Raya District for Integrated Wood Processing Plant of PT SBK located in Pontianak to collect their B3 waste to be disposed in the Wood Processing Plant belongs to PT SBK in Pontianak. Thus, no B3 waste kept in the concession area. This license dated on 21 June 2016 is valid for 5 years.

The FME has provided all evidence to meet the standard to the auditor during field visit including 1st and 2nd quarter report of toxic hazardous waste management (completed by acceptance receipts from the Environment Office of Central Kalimantan Province (Dinas Lingkungan Hidup, Provinsi Kalimantan Tengah). The auditor also checked the manifest of the B3 waste delivery and letter of penalty/sanction to the log ponds staff due to the previous non-conformance related to hazardous waste management.

The pictures showed that the FME has a new construction or building for temporary B3 storage and for genset room. Filter was also organized by collect them in the plastic for further transported to the off-site disposal location. The genset room was designed to prevent direct leakage to the ground and also equipped by woody platform to easy transfer the material to the loading truck.

Based on the above evidence, the Major NCR is closed.

**NCR Status:** CLOSED

Comments (optional):
**Description of Nonconformance and Related Evidence:**

9.4.2: Records of monitoring are kept and used to adapt future management, in consultation with acknowledged experts, and local and national stakeholders.

Findings in 2016 annual audit:
Based on staffs interviewed and documents reviewed, there was no mechanism developed on how to use the monitoring records that are kept by FME for adapting their forest management in the future. Furthermore, no evidence was available to demonstrate that consultation with experts and stakeholders has been conducted by FME for the purpose above. From these findings, NCR Minor is raised for this indicator.

2017 reassessment findings:
Those evidences given by FME above are more related to the silvicultural system, and the result of research activity, meanwhile, the results of monitoring activity conducted by FME that related to HCV such as:

- Monitoring the presence of Orangutan
- Watershed Monitoring in the River Monitoring Station (SPAS)
- Monitoring of forest encroachment and illegal gold mining.
- Monitoring vegetation and wildlife in HCV Zone A of Bukit Mentewang area.
- Report of impact analysis of forest management activity to the forest structure and composition and fauna biodiversity.

has no evidence that it has been consulted with relevant experts nor with national and international stakeholders and how those monitoring results will be used to adapt future forest management of FME as described in the SOP of Utilization of Monitoring Result (No. SOP/PRO/PC/023)

Therefore, this NCR upgraded to Major.

**Corrective Action Request:**
Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for Conformance:**
Prior to recertification

**Evidence Provided by Organization:**
With reassessment 2017:

1. Research report of Utilizing Enrichment Planting with Superior *Meranti* Species for Enhancement of Indonesian Forest Productivity, 2017 that conducted by Widiyanto from Faculty of Forestry, Gajah Mada University, in FME working area based on tree growth monitoring data in 10 permanent sample plots (PUP) in TPTJ-SILIN silviculture system. The research result shows that *Shorea leprosula*, *S. parvifolia*, *S. johorensis* and *S. platyclados* are the tree species that are adaptive to be developed in PT Sari Bumi Kusuma for TPTJ-SILIN silviculture system.
2. Research report of The Role of Intensive Silviculture Technology on Hydrology system (*Tata Air*) and Biodiversity in the Selective Cutting on the Rows Silviculture System (TPTJ) developed in 2017 by Research Team of Faculty of Forestry, Gajah Mada University.
3. Scientific publication with title of Impact of The TPTJ Silviculture System on Soil Fertility in Supporting the Sustainable Natural Forest Management developed by research team of Faculty of Forestry, Gajah Mada University that published in 2014.
|   | Scientific publication with title of Growth of meranti (Shorea spp.) in the selective cutting and line planting with intensive silviculture (TPTJ-SILIN) developed by research team of Faculty of Forestry, Gajah Mada University that published in 2011.  
5. Scientific publication with title of Recovery of Vegetation Structure, Soil Nutrients and Late-Succession Species After Shifting Cultivation in Central Kalimantan, Indonesia, developed by research team of Faculty of Forestry, Gajah Mada University that published in 2016.  
6. SOP of Utilization of Monitoring Result (No. SOP/PRO/PC/023) With Nov17 CVA:  
   - Results of consultation with experts from WWF and the University of Gadjah Mada containing reccomendation  
   - Report containing analysis of reccomendation that will be integrated into the next annual management plan |

| Findings for Evaluation of Evidence: | Nov 17 CVA findings:  
During field visit, the FME provided evidence to meet the standard and to close the previous findings in form of the analysis of monitoring report that has already been consulted with the expert. A number of experts were contacted by the FME to request feedback and recommendation with regard to the result of monitoring for HCVs as the following:  
1. Monitoring the presence of Orangutan  
   Result of the monitoring was consulted to Chairul Saleh from WWF Jakarta and received feedback and recommendation as the following:  
   - The FME shall developed a regular monitoring for the orangutan distribution within the SBK concession and considering the different season to see the dynamic and this can be done in collaboration with WWF  
   - The FME shall develop conservation education including role of wildlife to maintain the ecosystem integrity that support the orang utan habitat and this should be carried out continuously to the local community  
   - Integrate community empowerment program to reduce illegal hunting and introduce alternative income  
2. Watershed Monitoring in the River Monitoring Station (SPAS)  
The results of SPAS were consulted to Dr. Widiyatmo, MSc from the University of Gadjahmada and received feedback as the following:  
   - adding more information from the previous findings in the ongoing report to determine potential changes  
   - collecting rainfall data from the nearby location  
   - collection of more reference sample point to determine vegetation changes  
   - observation of hydrograph characteristics and erosion on SPAS  
3. Monitoring of forest encroachment and illegal gold mining.  
   Result of the monitoring was consulted to Chairul Saleh from WWF Jakarta and received feedback and recommendation as the following:  
   - need to add information of the illegal mining and encroachment location  
   - map should be develop for easy monitoring of forest opening  
4. Monitoring vegetation and wildlife in HCV Zone A of Bukit Mentewang area.  
The results of SPAS were consulted to Dr. Widiyatmo, MSc from the University of Gadjahmada and received feedback as the following:  
   - adding definitive map of Bukit Mentewang location |
- enclose the complete data set from each of the sample plots relevant to biodiversity observation
- develop analysis of flora for each of the plots to determine detail of differences among plots

5 Report of impact analysis of forest management activity to the forest structure and composition and fauna biodiversity. The results of SPAS were consulted to Dr. Widiyatmo, MSc from the University of Gadjahmada and received feedback as the following:
- need more time for observation to determine the stand dynamic after harvesting
- detail observation of seedling survival to the next stages
- detail observation of the local species for TON and ex-harvesting block

Based on the recommendation from the consulted experts, the FME has set up priority that is feasible to be implemented for the next RKT. A number of recommendation will be integrated into the next RKT such as the following:

1. The FME will collaborate with WWF to monitor orang utan, illegal mining and forest encroachment
2. Conduct SPAS observation by adding the sample plots and measuring rainfall from the nearby station
3. Deep analysis of the monitoring result by adding definitive map of all areas cover under Bukit Mentewang including develop flora and fauna distribution across the sample plots to determine differences in term of number of species, diversity and distribution.
4. Using drone to determine any forest opening with the HCVs areas

Based on this evidence, the Major NCR can be closed.

NCR Status: CLOSED
Comments (optional):

MAJOR NCR#: 01/17
NC Classification: Major X Minor
Standard & Requirement: FSC-STD-IDN-01-01-2013 Indonesia Natural, Plantations and SLIMF EN Harmonised, Indicator 4.1.4
Report Section: Appendix IV

Description of Nonconformance and Related Evidence:

4.1.4: 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.

Findings:
During the audit, auditors found that:

1. There is no clear and transparent policy for worker’s day off. There is no evidence that the FME provides day off rights for its workers automatically, day off permits only given based on request by the workers and the permit granted to workers tend to be discriminatory by applying day off permits based on workers’ origins with different number of days, for example; permission for workers from Nanga Ella area and its surrounding is granted permission for 2 days, workers from Nangan Pinoh is granted for 4 days, from Sintang for 5 days and from Pontianak or outside the island is 10 days.
2. Working time applied by FME exceeds the standard which set forth in the Manpower Law No. 13 year 2017 which are 8 hours 15 minutes for office employees, 9 hours 45 minutes for logistics employees and 10 hours 15 minutes for workshop employees. FME doesn’t give overtime payment for the worker that work more than 40 hours in a week as regulated by the Government.
These issues had been long discussion agenda between the Worker Union and FME Management. It has been running a long time and not managed well and emerging dissatisfaction among workers.

Hence, a Major NCR is raised for this indicator.

During report writing phase, the FME provided the auditor with a letter which stated the day off mechanism for worker. On the letter explained that all workers are granted options to take day off in 3 scenarios. First is 4 days off after 1 month work, second is 8 days off after 2 months work and third is 12 days off after 3 months work. The scenarios are in line with the national regulation No. Kep-234/Men/2003 regarding working time and day off for worker. Since it had been long discussion agenda between the Worker Union and FME Management, verification in the field is needed to verify the policy implementation.

<table>
<thead>
<tr>
<th>Corrective Action Request:</th>
<th>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</th>
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<tbody>
<tr>
<td>Timeline for Conformance:</td>
<td>Prior to recertification</td>
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| Evidence Provided by Organization: | Letter of day off policy for worker No. 150B/PH/PTK/IX/2017 With Nov CVA 17:  
  - Circulation letter for employees/staff/worker discipline and working hours signed by the Director of SBK (No. AS-103/SBK-NN/X/2017 dated on October 16th 2017.  
  - Circulation letter of day off policy for employee/staff/worker No. 150B/PH/PTK/IX/2017 dated on September 2017  
  - Circulation letter from Director of PT SBK dated on July 12th 2017 concerning Office Hours in Main Camp 35 |
| Findings for Evaluation of Evidence: | Nov17 CVA findings:  
The FME has revised their policy on working hours as described under the circulation letter signed by the director or PT SBK (No. Ad-103/SBK-NN/X/2017 dated October 16 2017) concerning Work Discipline and Working Hours. This policy stipulates right of staff for days-off, working hours, annual off and other issues related to permit for leaving the work place. The discipline and working hours is part of the Work Agreement (Perjanjian Kerja Bersama/PKB). Under this new policy, there are three options for days-off: 1) 4 days off after 1 month work, 2) 8 days off after 2 months work and 3) 12 days off after 3 months work. This days-off scheme is in accordance to the national regulation No. Kep-234/Men/2003 regarding working time and day off for workers. Interview with staff and worker demonstrate that they are happy with the current policy. However, with regard to the working hours, some division has their own policy to adapt with the situation but the decision is made upon consultation with all workers within the respective division. For example, mechanic who often need to start working earlier can adjust to start earlier and finish the working hours later as long as the working hours does not exceed the company policy or 40 hours per week. This is not stated in the procedures but it is an internal commitment and agree by the members. The company policy on working hours has been implemented since October 16th with the issuance of the circulation letter for employees/staff/worker discipline and working hours signed by the Director of SBK (No. AS-103/SBK-NN/X/2017 dated on |
October 16th 2017. The auditor interviewed staff, security guard, and field worker and verified that the FME has implemented the policy accordingly. The interviewed staff and worker also demonstrated that they receive fair treatment in term of remuneration compensation and opportunity for training.

Based on this evidence, the Major NCR is closed.

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<td>Standard &amp; Requirement:</td>
<td>FSC-STD-IDN-01-01-2013 Indonesia Natural, Plantations and SLIMF EN Harmonized, Indicator 4.2.6</td>
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<tr>
<td>Report Section:</td>
<td>Appendix IV</td>
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**Description of Nonconformance and Related Evidence:**

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.

**Finding:**

Based on interviews with field workers of the TPTJ planting team members who lived in the work lodge in the field, it is found that they were assigned to do the planting activities for 15 days with the provision of food supplies provided by the FME only in the form of:

- Rice
- Instant noodle
- Cooking oil
- Seasonings
- Salt
- Coffee and sugar

While cooking utensils, such as stoves, pans, fryers etc. are privately owned by the workers, including mattresses used for sleeping. According to the workers interviewed, to meet the needs of their side dishes they tried to fish or put a trap in the forest.

The same is true for the security guards of heavy equipment that put at the site of new road construction. For food supplies they are only given:

- Rice
- Coffee and sugar
- Seasonings
- Salt

Cooking utensils and mattresses are private property of the workers. They are not equipped with lights and flashlights. The guard post is also not equipped with first aid kit.

Based on interviews with some of the workers living in the Production Camp of Km 93 also found that they only provided with rice and instant noodles for daily meals, although at certain times (not every day) they get eggs and vegetables.

The above conditions are not in accordance with the ILO Code of Practice on Safety and Health in Forestry Work which states that the food should be balanced between carbohydrates, fats and animal protein. Given these findings have been Major NCR in the previous audit, this finding automatically becomes Major NCR.

The FME provided additional evidences during drafting report such as list and schedule of food supply and documentation of vegetable and protein distribution to the employee. However, since this issue is recurrence from last audit, field and comprehensive verification is needed to verify this corrective action.
**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.

**Timeline for Conformance:**
Prior to recertification

**Evidence Provided by Organization:**

2017 reassessment findings:

- Updated daily meals supply for employee

**With Nov17 CVA:**

- Updated daily meals supply for employee/staff/worker
- Order receipts for cooking utensils for forest survey team
- Order receipts for lamp, flashlight and first aid kid for forest survey team
- List of updated daily meals for all employee
- Revised SOP for surveyor team ransom which is stated under SOP Kegiatan Pengadaan Bibit (Seedling Provision Activities) (SOP/PRO/PHT/03 Revised on 26 September 2017).

**Findings for Evaluation of Evidence:**

Nov17 CVA findings:

The FME has developed SOP for standard of ransom for forest survey team and also revised the list of food supply and equipment for the surveyor team (SOP/PRO/PHT/03 Revised on 26 September 2017). This standard follows guideline as prescribed under ILO code of practices. Based on the document review and interview with kitchen staff and employee including field worker, the FME has improved the food quality and quantity in accordance to ILO Code of Practice on Safety and Health in Forestry Work requiring balance nutritive food that contains carbohydrates, fats and animal protein. The FME provide evidence of daily menu arranged for all camps which already meet the requirements. Field observation to five out of 24 kitchens spread in all of the workers station and showed that the menu is met the standard. Based on the interview with workers, they also stated that daily menus has been improved significantly. The auditor also observed truck that load vegetables seller from the nearby villages and the FME bought the food supply from the local community. Some kitchen has their own fish pond and garden to meet the food supply during the the absence of food materials from the nearby villages. The FME provides the list and schedule of food supply for each of the camp.

The FME has demonstrated that they improved the employee nutritive condition including provision of kitchen and cooking utensils. All kitchen and worker mess was equipped with APAR, first aid kits and box, electricity, refrigerator to keep the fresh food materials. The guard post is also equipped with first aid kit and flashlight. The auditor also visited the employee housing and kitchen staff bed room and verified that the FME provide adequate mattress for sleeping. All security guard also provided with new uniform. The auditor interviewed two of the vehicle guard in Km 62 which lives in the temporary wooden hut and they informed that the quality of meals is better and they also equipped with first aid kids and cooking utensils. Based on these evidences, the Major NCR can be closed.

**NCR Status:**
CLOSED

**Comments (optional):**
### Description of Nonconformance and Related Evidence:

**4.3.3L: Workers shall be given information and access to participate in decision making process that may affect their working terms and conditions**

**Findings:**

Based on the results of interviews with field workers and management staff, there are currently conditions related to the rights and welfare of employees that are not met properly, namely:

1. Late payment of salary, which is above the 25th of date for the previous month’s salary, that normally not more than the 5th of date every month.
2. Food conditions that do not meet the balanced of nutrition, which consists only of rice and instant noodles, which at the level of certain workers while working in the field provided only rice and salt.
3. Permanent daily worker, only work for 15 days in a month, that normally work in average for 30 days in a month.

Field workers interviewed during the audit said that they had never been given an explanation about the reason or policy taken by FME regarding the above conditions. Based on interviews with management staff, this condition has been going on since November 2015. The information of the company's condition was ever given by the Camp Manager in 2015 to the Section Heads, however, it did not specifically address the policies or actions to be taken for the workers.

Based on the document of the employment problem description at PT SBK made by the Head of the Working Unit of the Federation of SPKAHUT (Worker Union of Forest Worker) Indonesia, the Confederation of SPSI (Indonesia Worker Union) of PT SBK, the SPKHAHUT has once delivered a letter to the Director of PT SBK with No. 09 / SPKAHUT / PUK-SBK / V / 2017 dated on 15 May 2017 to request an explanation of the company’s policy regarding conditions affecting employees. The meeting between the FME’s management and the Worker Union was conducted in Pontianak on 6 June 2017, and one of the results was asking the union and management to socialize the results of the meeting as well as the company's condition to the employees. However, according to this document, the socialization has not been done until now, because the union is still waiting for the management to do it together.

Given the number of employees affected:

1. Most of the permanent daily workers, related to the policy of 15 working days in a month
2. All FME employees, related to salary delays and unbalanced food conditions.

Based on the above findings and the fact that this indicator has received NCR Minor in the annual audit in 2015, an NCR Major is raised for this indicator.

During report writing phase, the FME provided the auditors with the following:

- Video of Bipartit (Company and Labor Union) Socialization.
- Powerpoint of FME Company Policy Socialization, containing material on company policy and regulations, worker’s rights and obligations, company problems, impact of company problems to the workers.
- Purchase receipts of First Aid boxes and bags and cooking ware.

However, field verification is needed to verify this corrective action to make sure that all workers has given information and access to participate in decision making process that may affect their working terms and conditions, mainly for issues found during the audit as mentioned above. Therefore, this NCR remain open.

**Corrective Action Request:**

Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.
### Timeline for Conformance:

**Evidence Provided by Organization:**

**With Nov17 CVA:**
- The FME circulation letter dated on July 28\(^{th}\) 2017 regarding to working time for all staff and worker (No. 12/PH/INT/PTK/VII/2017)
- The FME circulation letter dated on September 20\(^{th}\) 2017 regarding day-off/holiday for all staff and worker (No. 150/PH/PTK/IX/2017)
- The FME announcement letter No. Ad-103/SBK-NN/X/2017 concerning Staff/Worker Disciplin (Tata Tertib Karyawan) dated on October 16\(^{th}\) 2017. Letter was copied to PUK FSP-KAHUT/Labor Union.
- Record of Biparties (Company and Labor Union) Socialization
  - *Berita Acara Sosialisasi Peraturan dan Kebijakan Perusahaan kepada Karyawan camp Logpond Popay, Camp PH-TPTI Km 93, camp PHL and PMDH Km 54, Camp Produksi and PWH Km 64 and Base Camp 35 PT SBK, Nanga Nuak dated on September 17\(^{th}\) 2017*
  - *Berita Acara Sosialisasi Peraturan dan Kebijakan Perusahaan kepada Karyawan camp logging 72, Base Camp PH-TPTJ Km 53 and Workshop Km 54, PT SBK, Nanga Nuak dated on September 18\(^{th}\) 2017*
  - *Berita Acara Sosialisasi Peraturan dan Kebijakan Perusahaan kepada Karyawan camp produksi dan PWH Km 93 PT SBK, Nanga Nuak dated on September 19\(^{th}\) 2017*

### Findings for Evaluation of Evidence:

**Nov17 CVA findings:**

The FME has revised their policy on working hours as described under the circulation letter signed by the director or PT SBK (No. Ad-103/SBK-NN/X/2017 dated October 16 2017) concerning Work Discipline and Working Hours. This policy stipulates right of staff for days-off, working hours, annual off and other issues related to permit for leaving the work place. The discipline and working hours is part of the Work Agreement (*Perjanjian Kerja Bersama/PKB*). As requested by the Head of the Working Unit of the Federation of SPKAHUT (Worker Union of Forest Worker) Indonesia, the FME conducted socialization during September 2017 in all camps (Base camp 35, Camp TPTI 93, Camp Production 64, Camp TPTI 53, Camp Logging 72, Camp Binhut 54, and Log Pond Popay). Berita Acara (Memo) of the socialization meeting in all camps was verified by the auditors.

Based on the document review, the FME described and explained the company condition with regard to the delay salary payment and also issue of meeting the nutritive food to the employee.

The auditor interviewed a number of staff such as forest guard (securities), staff of Damkarhutla, chainsaw operator, helper, tractor drivers, staff of workshop and B3 storage, and verified that all staff and worker has already aware on their right to have access and information of the company condition. They were also informed in any decision which may affect to their working...
term and condition such as changes of working hours and also recruitment process. Interview with staff in the kitchen also demonstrates that they are fully aware on the company condition with regard to food supply (during certain time meat or fish is not available) so that they were encouraged to modify the menu as to meet the national health standard.

Based on these evidence, the Major NCR is closed.

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### III. CONCLUSIONS

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<th>NCRs Closed:</th>
<th>☒ No follow-up required related to closed NCRs (Major NCRs closed)</th>
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<tbody>
<tr>
<td></td>
<td>☐ Original NCRs closed and new NCR(s) issued, see section IV below</td>
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<tr>
<td>NCRs Open:</td>
<td>☐ Certification/Verification/Validation not approved; conformance with NCRs required</td>
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<td>☐ Major NCRs not closed; suspension of certification/verification required</td>
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<td></td>
<td>☐ Minor NCRs are upgraded to Major; see section IV below</td>
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<tr>
<td></td>
<td>☐ New NCR(s) issued, see section IV below</td>
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<tr>
<td>Comments/Follow-up Actions:</td>
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### IV. OPEN NCRs

Newly issued or upgraded NCRs: None; only minor NCRs remain open from the last reassessment 2017.

### V. AUDIT REPORT APPROVAL

*Note: a formal Q-09 Report Review and Approval (RRA) Checklist conducted by an independent, authorized reviewer is required when the CVA results in certificate/verification/validation issuance or suspension/termination, or when there is a change in scope. In all other cases, the report may be approved with the 2nd checkbox below by an authorized RRA reviewer which may be the CVA auditor, or by a Senior Auditor.*

☑ Refer to separate Q-09 RRA Checklist

☐ Report approved by way of this checkbox

Approved by:

Date:

☐ Salesforce has been completed with applicable files uploaded, and is updated based on any changes to the Organization details or other areas relevant to the CVA.