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Rainforest Alliance

Forest Management **Controlled Wood** Assessment Report for:

PT Satria Perkasa Agung Unit
Serapung
in
Riau, Indonesia

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Glossary of terms

Bahasa term	English term
AMDAL (Analisa Mengenai Dampak Lingkungan)	Environmental impact assessment
BKSDA (Balai Konservasi Sumber Daya Alam)	Nature Conservation Agency; Indonesia
BPJS Kesehatan	Mandatory social security program for health
BPJS Ketenagakerjaan	Mandatory social security program for manpower
Desa	Village
DPSL (Daerah Perlindungan Satwa Liar)	Wildlife protection area
HTI (Hutan Tanaman Industri)	Plantation
ISFMP	Integrated Sustainable Forest Management Plan
IUPHHK	Forest Concession License
LHC (Laporan Hasil Cruising)	Cruising report
LHP (Laporan Hasil Produksi)	Production report
NPWP (Nomor Pokok Wajib Pajak)	Valid Tax Identity Number
PBB	Land and building tax
PHPL certification	Mandatory national scheme of sustainable forest management
PHTPK (Pengelolaan Hutan Tanaman Pola Kemitraan)	Plantation Forest Management with Partnership Pattern
PKB (Perjanjian Kerja Bersama)	Joint Work Agreement (between worker union and the FME)
Pos Faktur	Log administration Post
PSDH	Forest product fee
RKL (Rencana Pengelolaan Lingkungan)	Environment Management Plan
RKT (Rencana Kerja Tahunan)	Annual working plan
RKU (Rencana Kerja Usaha)	10 years working plan
RPL (Rencana Pemantauan Lingkungan)	Environment Monitoring Plan
SIPUHH (Sistem Informasi Penataan Usaha Hasil Hutan)	Forest Product Information System
SIUP (Surat Ijin Usaha Perdagangan)	Trading Business License
SKSHHK (Surat Keterangan Sah Hasil Hutan Kayu)	Mandatory Log Transport Document
SP (Serikat Pekerja)	Worker Union
SVLK	Mandatory certification on Timber Legality Assurance System
Tanaman Kehidupan	Livelihood Plantation (Mandatory for every concessions license 20% at minimum of total area)
TDP	Company Registration Certificate
TPK (Tempat Penimbunan Kayu)	Log yard
TPK Antara	Log yard transit
TPN (Tempat Penimbunan Sementara)	Log landing yard
TPS	Temporary Hazardous Chemical Waste Storage

1. INTRODUCTION

As a part of Asia Pulp & Paper Group's (APP) preparation to meet the Forest Stewardship Council's (FSC) conditionally approved "Roadmap towards ending the Disassociation from APP"¹ requirements, APP will undertake assessments on APP's own and a selection of supplier concessions in Indonesia. This will be one of fifteen assessments that will inform APP where its strengths and weaknesses lie in relation to the *FSC Controlled Wood Standard for Forest Management Enterprises – FSC-STD-30-010 version 2-0*. These assessments are not a formal part of the Roadmap. No certificates will be issued as a result of these audits².

This report presents the findings of an independent evaluation conducted by a team of specialists representing the RA-Cert Program of the Rainforest Alliance. The purpose of the evaluation was to evaluate the FMEs level of conformance to the Forest Stewardship Council (FSC) Controlled Wood requirements as defined in the *FSC Controlled Wood Standard for Forest Management Enterprise (FSC-STD-30-010, version 2-0)*. The intent of this standard is to allow forest management enterprises to supply FSC Controlled Wood to FSC chain-of-custody certified operations for mixing with FSC certified materials in production of FSC mixed products.

Conformance with the specified controlled wood standard allows forest management enterprises (FME) to demonstrate that the wood they supply has been controlled to avoid wood from the five controversial categories defined by FSC. Controversial categories include wood that is: 1) illegally harvested, 2) harvested in violation of traditional and civil rights, 3) harvested in forest management units in which high conservation values are threatened by management activities, 4) harvested in areas in which forests are being converted to plantations or non-forest use or 5) harvested from forests in which genetically modified trees are planted. FSC-STD-30-010 provides the basic requirements at the forest management unit level to demonstrate that wood from the FME's forest area(s) is controlled. Products from verified controlled sources can be used by manufacturers mixing FSC-certified wood and controlled wood.

The scope of this evaluation is for the FME PT. Satria Perkasa Agung Unit Serapung, located in Riau, Indonesia, with a total area of ±11,927.15 ha (Ministry of Forestry Decree SK No. 60/Menhut-II/2013).

¹Further information about the Roadmap process can be found at <https://ic.fsc.org/en/what-is-fsc/what-we-do/dispute-resolution/current-cases/asia-pulp-and-paper-app>

²The issuance of FSC certificates will depend on the decision by the FSC Board to end the disassociation from APP and the subsequent demonstration of compliance by APP and its suppliers with the applicable FSC standards as part of a new, formal certification process.

2. AUDIT CONCLUSIONS

2.1. Auditor Recommendation

Controlled Wood Category	Conformance
1. Illegally harvested wood	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2. Wood harvested in violation of traditional and civil rights	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
3. Wood harvested from forest areas where high conservation values are threatened by forest management activities	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non- forest uses	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
5. Wood harvested from genetically modified trees	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Based on Company's conformance with RA-Cert/FSC requirements, the auditor makes the following recommendation:	
<i>Level of Conformance to FSC Controlled Wood Requirements:</i> Minor NCRs and Major NCRs issued	
FME's management system, if implemented as described, is capable of ensuring conformance with all the requirements of the FSC Controlled Wood standard over the whole forest area covered by the scope of the evaluation	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: The FME has a robust documented management system that covers all of the requirements of the FSC CW standard. If implemented as documented and subject to correction of identified nonconformances, the FME would be in conformance with the requirements of FSC-STD-30-010. Nearly 100% of the concession area is classified as deep peat and APP is pursuing the land swap option with the MOF as the revised RKU restricts the area available for plantation development to less than 10% of the total concession area.	
The FME has demonstrated, subject to correction of the identified non-conformances, that their management system is being consistently implemented over the whole forest area covered by the scope of the certificate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments: Subject to the correction of identified nonconformances the FME has demonstrated the implementation of their management systems over the forest area covered by the scope of this evaluation. See below related to legal compliance with Indonesian peat governance.	
Issues have been identified during the evaluation as controversial or hard to evaluate.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments:	

2.2. New nonconformity reports issued as a result of this audit

NCR#:	01/17	NC Classification:	Major	Minor X
Standard & Requirement:	FSC-STD-30-010 (Version 2-0) EN, Criterion 1.3 (a-d)			
Report Section:	Appendix II, 4.1			
Description of Nonconformance and Related Evidence:				
4.1. FME shall develop and implement procedures for stakeholder consultation as defined in this standard and include at least the following (1.3 a-d): a) key stakeholders shall be identified and invited to participate in the consultation with sufficient prior notice; b) excluded groups shall be given particular attention when identifying interested or affected parties; c) the consultation process shall be opened to parties claiming an interest in or affected by implementation of this standard; d) all identified parties shall be provided with access to sufficient information				
Finding:				
The FME has developed SOP number SOP-SRP-02-10 on identification/mapping and engaging stakeholders to conform to this criterion. However, the audit team found that the SOP has not been fully implemented. While the FME has developed a list of key stakeholders, they have not implemented the analysis of the degree of importance (degree to which they are affected by or interested in FME management activities) of the stakeholders to the FME, as defined in their procedures, and there is no information on how the stakeholders will be engaged based on their degree of importance. The stakeholder matrices (SOP-SRP-G2-010 7.4 and annexes 1-3) that consist of the scenario and plan to engage the stakeholders in the FME activities were also not available during the audit. These gaps in the implementation of the SOPs for consultation result in a nonconformance for this criterion.				
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:	Not Applicable			
Evidence Provided by Organization:	The FME has submitted the following documents: 1. Stakeholder Analysis on the degree of importance and potential contribution for the SPA Serapung (Analisa Tingkat Kepentingan dan Kontribusi Stakeholder di PT SPA tahun 2017) 2. List of stakeholders of SPA Serapung (Pemetaan stakeholder PT SPA unit Serapung) 3. Socialization to the communities (Surat, agenda, foto dan daftar hadir sosialisasi di Desa Labuhan Bilik dan Desa Serapung). 4. The first 7 pages of socialization report in Labuhan Bilik & Serapung village (Tujuh halaman pertama dokumen laporan sosialisasi terpadu di Desa Labuhan Bilik dan Desa Serapung)			
Findings for Evaluation of Evidence:	After reviewing documents provided by the FME, it was found that the FME has conducted stakeholder analysis based on the degree of importance and also potential contribution to the FME. The FME has also provided a list of stakeholder along with documentation of activities to socialize to the communities in Serapung and Labuhan Bilik villages about vision and mission of the FME, protected areas, HCV and HCS areas, management of			

	plants and wild life, spatial plan and boundaries of the FME, CD CSR program as well as the 2017 annual work plan.		
NCR Status:	CLOSED		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:		Estimated Level of Effort:	
Auditor Specialty:			

NCR#:	02/17	NC Classification:	Major	Minor X
Standard & Requirement:	FSC-STD-30-010 (Version 2-0) EN, Criterion 1.3 f			
Report Section:	Appendix II, 4.3			
Description of Nonconformance and Related Evidence:				
4.3. FME shall be responsive to stakeholder questions or concerns				
<p>Finding: Interviews with the village head of Labuhan Bilik and also with youth leader mentioned that the FME has been responsive to the requests from communities through CD-CSR program. However, there was a request from the communities to clean about 11 km canal/water ways in the village that was not fully realized. The FME has only cleaned about 3 km canal/waterways. The communities have already reminded the FME to clean the remaining canal/waterways as promised but up to now the communities did not get clear information. Another grievance from Labuhan Bilik communities was about impact on the river bank from tug boat activities. Numerous tug boats that pull the barges from SPA Serapung and other nearby APP concessions tie up at poles located adjacent to the village pier. This tug boat activity is impacting the river bank. The request from Labuhan Bilik to fortify the area for tug boat transporting logs has been submitted for several years but the community has not yet received a clear response from the FME on this request. The FME was unable to provide the audit team with any documentation related to these matters.</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.			
Timeline for Conformance:	Not Applicable			
Evidence Provided by Organization:	<p>The FME has submitted the following documents :</p> <ol style="list-style-type: none">1. Letter from Pelalawan District Environmental Office dated 13 October 2017 on Environment Document (Surat Dinas Lingkungan hidup Kabupaten Pelalawan kepada Arara Abadi tanggal 13 Oktober 2017).2. Letter from PT Arara Abadi on the follow up of plan to fortify the area for tug boat pier dated 25 September 2017 (Surat PT Arara Abadi kepada Kepala desa Labuhan Bilik tertanggal 25 September 2017.)3. Assignment Letter for Environmental Officials of Pelalawan District to verify the area for tug boat pier dated 4 October 2017. (SPT DLH Kabupaten Pelalawan tertanggal 4 Oktober 2017).4. Attendance list of meeting between environmental officer with community and PT Arara Abadi (Daftar hadir pertemuan masyarakat Desa Labuhan Bilik dan Dinas Lingkungan Hidup)			
Findings for Evaluation of	From the documents submitted by the FME, it was found that the FME has			

Evidence:	already made effort to the request from Labuhan Bilik village to fortify the area for tug boat transporting timber to temporary land and tied up at poles in the location near village pier. The FME has worked together with other concessions (PT Arara Abadi and SPA Merawang) in realizing this land fortification. However, the process needs government approval before proceeding to fortify land for installing poles for tying up the tug boat. The environmental officials were assigned to verify and check the areas for such development. The next step would be for the FME to prepare environmental document (a statement letter showing the ability to manage the environmental impact responsibly) as required by the environmental regulation. However, the FME has not provided any document related to the canal cleaning. The FME did not provide evidence that the current process and status has been communicated to the community. Moreover, most of the document was issued or received by PT Arara Abadi. This need to be evaluated in the field. Therefore, this NCR remains open.		
NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:		Estimated Level of Effort:	
Auditor Specialty:			

MAJOR NCR#:	03/17	NC Classification:	Major X	Minor
Standard & Requirement:	FSC-STD-30-010, version 2-0; criterion 3.1, FSC-ADV-30-010-01, 3.4.			
Report Section:	Appendix II, 5.1.11			

Description of Nonconformance and Related Evidence:

5.1.11 FME shall provide evidence that legally required occupational health and safety laws applicable to workers involved in forest operations are considered for the following (FSC-ADV-30-010-1: 3. Timber Harvesting Activities, 3.4 Health & Safety):

- a. proper personal protective equipment;*
- b. safe and proper felling and transport practice;*
- c. establishment of protections zones around harvest sites;*
- d. safety requirements for machinery used, and;*
- e. safety requirements in relation to chemical usage,*

Finding:

The FME has defined a comprehensive set of procedures related to health and safety which includes 12 procedure documents with document codes SOP-SRP-SI-001 – 012. However, during the audit, through document review, staff and worker interviews and site inspections, the audit team found a number of gaps in implementing SOPs and noncompliance with national regulations related to worker health and safety. Issues found include:

1. During inspections of active harvesting, planting and tending activities, auditors observed that not all workers were using required PPEs. In some cases, workers indicated that they were provided with old and broken equipment and in other cases the workers chose not to use the equipment provided. Two out of the three FME supervisors interviewed indicated that they had no responsibility to monitor PPE use by forest workers, while it is listed as one of their primary responsibilities in their job descriptions. One stated that he was required to report issues to the H&S Coordinator, but indicated that he had not done so. The H&S coordinator only conducts inspections to monitor PPEs on a monthly basis. The FME also does not keep a store of PPE on hand to replace lost or damaged equipment or to provide required PPEs to new workers.
2. The first aid kits observed in the field did not meet APP specified requirements and none of the first kits inspected met national legal requirements. APP SOP specifies a list of 16 items to be included in

<p>first aid kits, while national regulations specify 24 items (Peraturan Menteri Tenaga Kerja Dan Transmigrasi Republik Indonesia Nomor: Per.15/Men/Viii/2008 Tentang Pertolongan Pertama Pada Kecelakaan Di Tempat Kerja). Most of the first aid kits observed in the field were very poorly stocked despite monthly inspections. The H&S coordinator indicated that no supplies were kept on hand to restock first aid kits.</p> <p>3. National legislations specify that, based on the number of workers, the FME shall have 3 certified first aid providers employed, while the FME only has one (Peraturan Menteri Tenaga Kerja Dan Transmigrasi Republik Indonesia Nomor : Per.15/Men/Viii/2008 Tentang Pertolongan Pertama Pada Kecelakaan Di Tempat Kerja, Article 5).</p> <p>4. During an inspection of the nursery worker housing, the auditor found that both fire extinguishers were not in proper working order, despite being inspected 2 weeks prior. One was empty and the other had a broken seal and the pressure gauge was in the red. These were the only two fire extinguishers at the location.</p>	
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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>
Timeline for Conformance:	Not Applicable
Evidence Provided by Organization:	<ul style="list-style-type: none"> • Report of HSE induction and training to contractors dated 29 October 2017. (BA Pelaksanaan Sosialisasi dan Training <i>Health and Safety Environment Induction</i> pada pekerja kontraktor tertanggal 29 Oktober 2017) • Report of first-aid kits monitoring dated October 2017 (Laporan Monitoring Kotak P3K). • Standard of FME's first aid kit content. (Daftar isi kotak P3K PT SPA) • Pictures of socialization of the use of first aid kit to worker (Foto sosialisasi penggunaan P3K) • Report of dissemination and implementation of OHS in worker level dated September 2017 (Laporan Sosialisasi Pemahaman dan Implementasi K3 tertanggal September 2017) • Report of dissemination and implementation of OHS in staff level dated October 2017 (Laporan Sosialisasi Pemahaman dan Implementasi K3 tertanggal Oktober 2017) • Two designation letter to be first aid providers. (Surat penunjukkan petugas P3K) • Report of dissemination of Role Carter (Job Description) of staffs dated 30 October 2017. (BA Kegiatan sosialisasi tugas dan tanggung jawab karyawan tertanggal 30 Oktober 2017).
Findings for Evaluation of Evidence:	<p>During report writing phase, the FME provided additional evidences as listed above. Based on reviewed documents, the FME made an effort to disseminate information related to OHS including to staffs and worker. The FME also monitor and adjust their policy on first aid kits and first aid provider to comply with government regulation. It is including designate two staffs as first aid provider. Based on the report and pictures provided, the FME had conducted review of job description to address NCR related to safety monitoring. However, most of the report were not accompanied with the content of the dissemination nor minutes of meeting. Therefore, the exact content cannot be evaluated. Therefore, these evidences need to be verified in the field. Moreover, the FME did not provide evidences related to PPE availability and providing procedure nor evidence related to fire extinguisher. Therefore, this NCR remains open.</p>

NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:		Estimated Level of Effort:	
Auditor Specialty:			

MAJOR NCR#:	04/17	NC Classification:	Major X	Minor
Standard & Requirement:	STD-30-010 (Version 2-0) EN, Criterion 4.1			
Report Section:	Appendix II, 5.2.1			

Description of Nonconformance and Related Evidence:

5.2.1 There is evidence of no violation of the International Labor Organization (ILO) Fundamental Principles and Rights at Work in the FMU.

Finding:

The facilities within the contractor camps in plantation site are insufficient in numbers compared to the number of occupants such as rooms and beds and bathroom in main camps. In plantation block 192, the portable worker camp had eight workers staking in two small rooms. The camp only had 5 mattresses for the eight workers. The partition between bedroom and kitchen was broken so that there is almost no partition remaining. Such conditions are against the ILO requirements for worker camps, therefore this is a noncompliance.

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.
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Timeline for Conformance:	Not Applicable
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Evidence Provided by Organization:	<ul style="list-style-type: none"> Report of dissemination on freedom of association and introduction of Mitra Abadi Union to staffs dated 30 October 2017 (BA sosialisasi kebebasan berserikat dan Serikat Pekerja Mitra Abadi kepada staff tertanggal 30 Oktober 2017) October 2017 monthly employment report for contractors PT Anugrah Hosana, PT Cahaya Indah Sangsurya, PT Mitra Mutiara Sejati and PT Rezki Tiga Putera. (Laporan tenaga kerja bulan Oktober 2017 untuk kontraktor PT Anugrah Hosana, PT Cahaya Indah Sangsurya, PT Mitra Mutiara Sejati and PT Rezki Tiga Putera) Report of facility monitoring on mobile camp dated November 2017. (BA Monitoring kelayakan Camp Apung PT SPA unit Serapung tertanggal November 2017). Summary of mandatory insurance compliance for all contractors up to October 2017. (Rekapitulasi pemenuhan BPJS PT SPA unit Serapung sampai dengan Oktober 2017). Report of dissemination on freedom of association and introduction of Mitra Abadi Union to workers dated 27 September 2017 (BA sosialisasi kebebasan berserikat dan Serikat Pekerja Mitra Abadi kepada mitra tertanggal 27 September 2017) Draft of agreement between contractors and BPJS Kesehatan (mandatory insurances office) (Rancangan perjanjian antara kontraktor dan BPJS Kesehatan)
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Findings for Evaluation of Evidence:	Based on reviewed documents, It is reported that the FME has made effort to ensure no violation on ILO by conducting dissemination on right to
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	organized and monitoring the compliance with required mandatory insurances. It is also reported that the FME monitor the facilities of their floating camps and improve the facilities. These, evidences need to be verified in the field. Therefore, the NCR remains open until field verification.		
NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:		Estimated Level of Effort:	
Auditor Specialty:			

MAJOR NCR#:	05/17	NC Classification:	Major X	Minor
Standard & Requirement:	FSC-STD-30-010 (Version 2-0) EN, Criterion 4.2 and 4.5			
Report Section:	Appendix II; 5.2.2 and 5.2.4			
Description of Nonconformance and Related Evidence:				
<i>5.2.2 No conflicts shall exist relating to land tenure or land use rights of traditional or indigenous peoples in the areas managed by the FME. In case conflicts exist, the FME has agreed a resolution process with relevant parties as specified below in point 5.2.4.</i>				
<i>5.2.4 If there are conflicts relating to land tenure or land use rights of traditional or indigenous peoples, a resolution process shall be established by the FME and evidence regarding following aspects shall be presented by the FME:</i>				
<i>a) the process genuinely addresses the concerns and is aimed at resolving the disputes</i>				
<i>b) the process has the support of the parties involved in the dispute</i>				
<i>c) an interim process for addressing the dispute and for the management of the forest area concerned has been agreed with parties to the dispute</i>				
Findings:				
The FME has identified conflicts over land within their management areas. Two conflicts have been identified by FME which occurred in conservation and production areas. The conflict in production area has already been resolved with compensation payment to several claimants. The area of the conflict is now being planted with Acacia. The audit team verified that the conflict was resolved with the parties involved.				
The land tenure conflict in the conservation area is still going on. The conflict in conservation area has two different categories (land claim by community before FME concession was established and land claim by community after FME concession established). However, in the conflict mapping process, the conflicts were grouped into one category which eventually makes it difficult to find solution. Although there was a meeting with the claimants in conservation area, the FME has not presented evidence that affected parties agree with proposed conflict resolution process that has been initiated.				
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:	Not Applicable			
Evidence Provided by Organization:	The FME has submitted the following evidences: 1. Report on identification of claimed areas by Sofyan cs, 2017 2. Request Letter to Serapung village head to facilitate the conflict			
Findings for Evaluation of Evidence:	From the document provided by the FME, it was found that the FME has identified both the conflict areas and also land claimers in the conservation areas (DPSL). The claimed areas have been mapped and land cover condition was also identified for each claimer. However, the FME is still			

	working to get the claimer to agree on resolution process. The facilitation from head of Serapung village was not yet taking place.		
NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:		Estimated Level of Effort:	
Auditor Specialty:			

2.3. Observations

Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed.

No observations were issued

2.4. Actions Taken by Company after the audit and prior to report finalization

During report writing phase, the FME provided additional evidences as below:

- Stakeholder Analysis on the degree of importance and potential contribution for the SPA Serapung (Analisa Tingkat Kepentingan dan Kontribusi Stakeholder di PT SPA tahun 2017)
- List of stakeholders of SPA Serapung (Pemetaan stakeholder PT SPA unit Serapung)
- Socialization to the communities (Surat, agenda, foto dan daftar hadir sosialisasi di Desa Labuhan Bilik dan Desa Serapung).
- The first 7 pages of socialization report in Labuhan Bilik & Serapung village (Tujuh halaman pertama dokumen laporan sosialisasi terpadu di Desa Labuhan Bilik dan Desa Serapung)
- Letter from Pelalawan District Environmental Office dated 13 October 2017 on Environment Document (Surat Dinas Lingkungan hidup Kabupaten Pelalawan kepada Arara Abadi tanggal 13 Oktober 2017).
- Letter from PT Arara Abadi on the follow up of plan to fortify the area for tug boat pier dated 25 September 2017 (Surat PT Arara Abadi kepada Kepala desa Labuhan Bilik tertanggal 25 September 2017.)
- Assignment Letter for Environmental Officials of Pelalawan District to verify the area for tug boat pier dated 4 October 2017. (SPT DLH Kabupaten Pelalawan tertanggal 4 Oktober 2017).
- Attendance list of meeting between environmental officer with community and PT Arara Abadi (Daftar hadir pertemuan masyarakat Desa Labuhan Bilik dan Dinas Lingkungan Hidup)
- Report of HSE induction and training to contractors dated 29 October 2017. (BA Pelaksanaan Sosialisasi dan Training Health and Safety Environment Induction pada pekerja kontraktor tertanggal 29 Oktober 2017)

- Report of first-aid kits monitoring dated October 2017 (Laporan Monitoring Kotak P3K).
- Standard of FME's first aid kit content. (Daftar isi kotak P3K PT SPA)
- Pictures of socialization of the use of first aid kit to worker (Foto sosialisasi penggunaan P3K)
- Report of dissemination and implementation of OHS in worker level dated September 2017 (Laporan Sosialisasi Pemahaman dan Implementasi K3 tertanggal September 2017)
- Report of dissemination and implementation of OHS in staff level dated October 2017 (Laporan Sosialisasi Pemahaman dan Implementasi K3 tertanggal Oktober 2017)
- Two designation letter to be first aid providers. (Surat penunjukkan petugas P3K)
- Report of dissemination of Role Carter (Job Description) of staffs dated 30 October 2017. (BA Kegiatan sosialisasi tugas dan tanggung jawab karyawan tertanggal 30 Oktober 2017).
- Report of dissemination on freedom of association and introduction of Mitra Abadi Union to staffs dated 30 October 2017 (BA sosialisasi kebebasan berserikat dan Serikat Pekerja Mitra Abadi kepada staff tertanggal 30 Oktober 2017)
- October 2017 monthly employment report for contractors PT Anugrah Hosana, PT Cahaya Indah Sangsurya, PT Mitra Mutiara Sejati and PT Rezki Tiga Putera. (Laporan tenaga kerja bulan Oktober 2017 untuk kontraktor PT Anugrah Hosana, PT Cahaya Indah Sangsurya, PT Mitra Mutiara Sejati and PT Rezki Tiga Putera)
- Report of facility monitoring on mobile camp dated November 2017. (BA Monitoring kelayakan Camp Apung PT SPA unit Serapung tertanggal November 2017).
- Summary of mandatory insurance compliance for all contractors up to October 2017. (Rekapitulasi pemenuhan BPJS PT SPA unit Serapung sampai dengan Oktober 2017).
- Report of dissemination on freedom of association and introduction of Mitra Abadi Union to workers dated 27 September 2017 (BA sosialisasi kebebasan berserikat dan Serikat Pekerja Mitra Abadi kepada mitra tertanggal 27 September 2017)
- Draft of agreement between contractors and BPJS Kesehatan (mandatory insurances office) (Rancangan perjanjian antara kontraktor dan BPJS Kesehatan)
- Report on identification of claimed areas by Sofyan cs, 2017
- Request Letter to Serapung village head to facilitate the conflict

3. AUDIT PROCESS

3.1. Audit schedule/Itinerary

Location	Date(s)	Activities
Pekanbaru, Riau	14 August 2017	Stakeholder consultation with Government agencies and NGOs.
Travelling to Serapung	20 August 2017	
Base camp PT SPA Serapung	21 August 2017	Opening Meeting, Interview, document review, nursery inspection, worker housing inspection
Concession area, Angau River, KPPN, Buffer zone, rehabilitation site, Serapung Village, conflict area	22 August 2017	Field visit to verify forest operation and HCV/HCS management and monitoring, rehabilitation activity. Stakeholder consultation with local communities.
Base camp PT SPA Serapung	23 August 2017	Interviews with workers and stakeholders, document review, CoC evaluation and closing meeting.
Total number of person days used for the audit:22, of this 4 days for pre-evaluation and preparation 12 days for onsite document review and field inspection 6 stakeholder consultation		

3.2. Audit team and qualifications

Name	Qualifications	Role / Audit Focus
Gabriel Bolton	Bachelors of Science in Forestry from the University of Vermont (1996). Over 10 years of experience working as a forester in the Northeastern US with 15 years of experience related to forest certification. Employed by Rainforest Alliance since 2006 and currently is Rainforest Alliance's global technical expert on forest management certification. Gabe has participated in more than 40 audits and assessments on six continents in addition to completing Rainforest Alliance CoC and FM Lead Assessor Training.	Audit Leader Team
Titiek Setyawati	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 International 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	Auditor, Forestry/Ecology

	<p>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.</p>	
Yudi Iskandarsyah	<p>Yudi earned his forestry degree from Bogor Agricultural University in 1997 and his Master's degree in environmental management from Yale University in 2003. He has experience as an auditor in forestry, forest products industry and palm oil plantation in environmental and social aspects.</p>	Social Expert
Pratama Bagus Kurniaji	<p>Kurniaji, graduated from Universitas Gadjah Mada with Forest Resource Conservation major. Experienced in FSC FM/CoC assessments and audits in Indonesia, Thailand and Malaysia and conducting Indonesia mandatory forest certification audit (PHPL) as prerequisite aspect auditor. He has completed FSC FM Lead auditor training in 2016, SAN lead auditor training, Trademark Training for certification bodies and FSC Chain of Custody lead auditor training. Experienced in conducting PRA, SIA, social conflict mapping and environmental monitoring for FMUs in Sumatera, Kalimantan and Papua. Previously work as forestry consultant that assist FMUs to achieve FSC Certification through TBI coaching scheme. Currently work in Rainforest Alliance as Forest Management and Verification service coordinator that managing clients in Asia Pacific except Indonesia.</p>	Support Auditor/ Translator

3.3. Audit detail

Overview of Inspection and sampling method used:	FME system documents were selected and reviewed based upon their relevance/applicability to the CW-FM requirements. Likewise, the implementation of relevant management activities was the focus of field inspections. Site selection for inspection focused on the ongoing management activities (ILO/safety conditions) as well as protection and monitoring of defined HCVs and natural forest areas. The community areas with identified conflicts were visited in addition to the community of Serapung where no conflict is recorded to verify community consultation and conflict resolution processes. x
FMUs selected for evaluation and rationale for selection.	PT Satria Perkasa Agung manages three forest concessions. The scope of this evaluation was restricted to the Serapung unit. The other two units underwent independent evaluations.
Approach to evaluation of management system:	The audit evaluated SPA Serapung's management system through a review of the documented management system and verifying the consistent implementation of the management system on the ground. This was achieved through interviews with staff, communities and other stakeholders and audit observations of implementation and the impacts of management in the field via samples across the FMU. The audit also focused on the implementation of conflict and dispute resolution procedures.
Additional techniques used for evaluation (e.g. flyover):	The audit team used maps and collector/GPS application with satellite imagery when conducting field visits. A drone was used to flyover remote in accessible areas to view activities on mapped HCV areas and buffer retention on protected areas.

4. STAKEHOLDER CONSULTATION

4.1. Stakeholder consultation process

The purpose of the stakeholder consultation for this evaluation was to ensure that the public is aware of and informed about the assessment process and its objectives and to assist the RA-Cert audit team in identifying potential issues in relation to the operations conformance with the Controlled Wood standard.

The table below summarizes the extent of the stakeholder consultation for this Controlled Wood assessment process.

Stakeholder Type Contacted	Stakeholders consulted directly or provided input (#)
NGOs	6
Local Community members	8
Labor Union	1
Govt agency	12
Other (University faculty, contractors, etc.)	32

Description of the stakeholder consultation activities and methods

Consultation with stakeholder involved email notification and face to face meetings or interviews. Following FSC consultation requirements, on July 14, 2017 a stakeholder briefing notice (Bahasa Indonesia and English versions) was sent to stakeholders included on RA's Indonesia list, FSC Indonesia's list and the FME's stakeholder list (provided by APP Jakarta). APP was also asked to distribute the notice to local and regional stakeholders without email addresses.

Meetings were set up in Pekanbaru, the provincial capital with government agencies, social and environmental NGOs and research organization. Onsite visits were made to neighboring communities, particularly those that have registered conflicts with the FME.

4.2. Stakeholder comments received

The stakeholder consultation was organized to give stakeholders opportunity to comment the activities of the FME in relation to the five controlled wood categories. The table below summarizes the issues presented by the stakeholders and the response of the assessment team to each comment.

CW Category	Stakeholder comment	RA-Cert response
1. Illegally harvested wood	PT SPA received mandatory certificate (PHPL and VLK) and eligible for self-approval of their annual harvesting plan (RKT), So far, PT RAL does not have problems with meeting all the government requirement	No response needed.

	including RKL/RPL (environmental monitoring report) report on time.	
2. Wood harvested in violation of traditional and civil rights	<p>A stakeholder submitted a written comment in response to the public stakeholder notification. The complaint was that the water from outlet canal from the concession has created erosion/abrasion to the land near by his house and damaged a bridge which he uses for his access to the property.</p> <p>2. Feedback received from interview with a NGO indicated that there was a grievance from Labuhan Bilik village concerning the tug boat docking location in the village.</p>	<p>The audit team verified that the FME has already responded to the grievance and sent a team to thoroughly investigate the case. Although the damage to the access road and bridge to the house was not entirely because of the FME activities, the FME made commitment to take action.</p> <p>From the document of July 15, 2017, the FME took immediate action by rebuilding the bridge. The team visited the location and confirmed that the bridge is being renewed although it was not yet finished. The team also spoke with the stakeholder through a phone call. He mentioned that he was happy with the response from the FME.</p> <p>The audit team confirmed that there was a grievance from Labuhan Bilik to not only the FME but also to others (Arara Abadi and SPA Merawang). There has been effort to respond to the grievance.</p>
3. Wood harvested from forest areas where high conservation values are threatened by forest management activities	<p>A significant part of APPs plantations (including SPA Serapung) occupy peatlands which are drained for the production of Acacia wood pulp. Drainage of peatlands leads to high GHG emissions, increases fire risk, and drainage leads to peatland subsidence resulting in serious environmental, social and economic consequences. Drainage based plantations on peatlands should be rewetted and used in an environmental and economic sensible way involving communities.</p>	<p>Almost all the concession is categorized into peat swamp ecosystem. Based on the overlay, the FME will only managed 2.83% as the main Acacia plantation, while 97,17% of their concession will be allocated for protection function. With regard to recent Indonesian peat governance (P 15, 16, 17 years 2017), the FME has followed all the obligations including revising their RKU (P 17/2017). the FME is in the process of revising the RKU and seeking approval from the Ministry of Environment and Forestry and therefore determination of water level will be done after the RKU is approved.</p>

		Regarding the peat regulation P 14/2017 and P 17/2017 and based on overlay of Peat Ecosystem Function Map and the proposed spatial arrangement of the revised RKU, core plantation that will be turned into protection function is more than 80%, and therefore the FME is now proposing "Land Swap". Under the guidelines of PermenLHK 40/2017 concession license holders with forest concessions with more than 40% of the area classified as protected peatlands to apply for a land swap.
4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non- forest uses	No comments received	
5. Wood harvested from genetically modified trees	No comments received	
6. FME's stakeholder consultation process	No comments received	