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# Rainforest Alliance

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

PT. Tebo Multi Agro  
in  
Jambi, Indonesia

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*This report is based on following standard(s):  
FSC-STD-30-010 (version 2-0, approved 4th October, 2006)*

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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"<sup>1</sup> 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 audits<sup>2</sup>.

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 standard for forest management enterprises* (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. Tebo Multi Agro, located in Jambi, Indonesia, with a total area of ±19,770 ha (Ministry of Forestry Decree No. SK 401/Menhut-II/2006).

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<sup>1</sup>Further 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>

<sup>2</sup>The 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 type="checkbox"/> No <input checked="" 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"/>

<b>Based on Company's conformance with RA-Cert/FSC requirements, the auditor makes the following recommendation:</b>	
<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: TMA management system is built on a broad set of forest planning documents (10-year Forest Management Plan (RKU); Annual Work Plan (RKT) of 2017; report of HCV and HCS identification and analysis, ISFMP (Integrated Sustainable Forest Management Plan) which incorporate the results of HCV and HCS studies including consultations with a range of stakeholders). TMA also has developed procedures including Chain of Custody (CoC) and Controlled Wood implementation protocol which address controlled wood criteria specified in FSC CW standard. In addition, TMA has organized groups of procedures for Ecology criteria, Production criteria, and Social criteria. Each of these areas consist of detail procedures/work instructions for specific operations. TMA HR system includes documented job descriptions for all staff outlining responsibilities and authorities. Base on review of these systems, the audit team concluded that FME's management system as represented by all of those documents, if implemented as described, can meet the requirements of the FSC Controlled Wood standard over the whole forest area covered by the scope of the evaluation. The important note is that identified Major NCRs need to be fully addressed to adhere to all the requirements of the FSC Controlled Wood standard.	
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: Notwithstanding the areas of identified non conformances,	

audit team verified that TMA's management system is being implemented consistently over the concession. This conclusion was based on review of management plan activities (e.g. micro planning, harvest operations, plantation establishment and maintenance, protected areas monitoring, etc) and visually verifying SOP and policy implementation in the field. Interviews of TMA staff and contractors were also important evidence of TMA's ability to meet the requirements	
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

<b>MAJOR NCR#:</b>	01/17	<b>NC Classification:</b>	Major X	Minor
<b>Standard &amp; Requirement:</b>	FSC-STD-30-010, version 2-0 (Annex 3 point 1.1)			
<b>Report Section:</b>	Appendix II, 3.7			
<b>Description of Nonconformance and Related Evidence:</b>				
<p><i>3.7 FME procedures shall ensure that claims regarding FSC Controlled Wood or the statement 'FSC Controlled Wood' is used only in business to business communication with FSC certified Chain-of-Custody operations acquiring FSC Controlled Wood for the purpose of mixing with FSC certified material in mixed products (Annex 3 point 1.1).</i></p> <p>The TMA CoC procedure CoC COC/PK/01-TMA Rev. 1 dated June 2017 point 6.6.3.3 clearly mentioned that TMA shall not use "FSC Controlled Wood" claim or any FSC trademark on product or any promotional material. However, during audit, TMA was producing pamphlet that uses "Forest Stewardship Council", "FSC" and "FSC CW" trademarks. Interviewed staff could not clearly explain the procedure of trademark use. It was also an unclarity found on who has responsibility to ensure compliance on trademark usage produce. A major NCR was raised.</p>				
<b>Corrective Action Request:</b>	<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>			
<b>Timeline for Conformance:</b>	N/A			
<b>Evidence Provided by Organization:</b>	<p>Report on withdrawal of all leaflet and banner with FSC trademarks.</p> <p>Photos of removal of all leaflet and banner with FSC trademarks.</p> <p>Statement letter signed by the FME head about stop using FSC trademarks.</p>			
<b>Findings for Evaluation of Evidence:</b>	<p>During report writing phase, the FME provided additional evidences mentioned above. The evidences including withdrawal of all leaflet and banner with FSC trademarks. The FME also provided statement on stop using FSC trademarks prior receive FSC certificate. The statement is signed by the FME head. Based on the documents reviewed, this NCR is closed.</p>			
<b>NCR Status:</b>	CLOSED			
<b>Comments (optional):</b>				
<b>NCR Evaluation:</b>				
<b>Evaluation Method:</b>	Desk review	<b>Estimated Level of Effort:</b>	0.5 day	
<b>Auditor Specialty:</b>	Chain of custody			

<b>NCR#:</b>	02/17	<b>NC Classification:</b>	Major	Minor X
Standard & Requirement:	FSC-STD-30-010, version 2-0, section 1.3 f			
Report Section:	Appendix II, 4.3			
<b>Description of Nonconformance and Related Evidence:</b>				
<p><i>4.3 FME shall be responsive to stakeholder questions or concerns (1.3 f).</i></p> <p>While overall TMA demonstrated a commitment to responding to stakeholders in constructive manner, during the audit, some cases were identified where TMA's response to stakeholders was inadequate. The specific cases identified include:</p> <p>1) TMA failing to provide the community (RT 17, Sub Village Singa Lau Hulu, Balerajo Village) with a copy of a conflict resolution MOU finalized six months earlier,</p> <p>2) Inadequate communication by TMA with community in relation to the pulling out the planted palm oil trees by TMA field staff that was not coordinated or communicated with RT 12 Pemberihan Sub Village, Sungai Abang Village. The community had assumed that the unplanted compartment was not to be used by TMA for Acacia production and had planted palm on the site. When TMA harvested this compartment, it removed planted palms without letting the community know. TMA had not followed their SOP for marking the harvest area on the ground before the operation to let community recognize the scope of their activities.</p> <p>3) TMA nonresponse to community's proposal to expand the livestock program from goats to cows in Pemberihan Sub Village, Sei Abang Village.</p> <p>The company has not been responsive in answering the community's question and concern from many stakeholders.</p> <p>Based on this finding TMA has not demonstrated conformance and a minor non-conformance is issued</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>			
<b>Timeline for Conformance:</b>	N/A			
Evidence Provided by Organization:	During report writing phase, the FME provided additional evidence: Draft of agreement with RT 15 Pemberihan village.			
Findings for Evaluation of Evidence:	Based on reviewed evidence, It is confirmed that the FME is in process drafting an agreement with RT 15 desa Pemberihan. However, it is still in draft process and has not address the non-conformance identified above. The NCR remains open.			
<b>NCR Status:</b>	OPEN			
Comments (optional):				
<b>NCR Evaluation:</b>				
Evaluation Method:	Field verification	Estimated Level of Effort:	1 day	
Auditor Specialty:	Social/Forestry auditor			

<b>MAJOR NCR#:</b>	03/17	<b>NC Classification:</b>	Major X	Minor
Standard & Requirement:	FSC-STD-30-010, version 2-0 Section 3, Table 1b & FSC-ADV-30-010-1: 1. Legal rights to harvest 1.4			
Report Section:	Appendix II, 5.1.6			
<b>Description of Nonconformance and Related Evidence:</b>				
<p><i>5.1.6 Evidence shall demonstrate that the FME is following the prescriptions of the management plan and is implementing the management plan in the field. (Section 3, Table 1b &amp; FSC-ADV-30-010-1: 1. Legal rights to</i></p>				

harvest 1.4)

TMA has developed the legally required RKU and RKT as well as the ISFMP as the basis and guideline in implementing their forest operation for the duration of the license which is valid through 2017. The management plan document (RKU and ISFMP) also has integrated environmental impact management and monitoring to reduce and mitigate environmental impact due its forest operation as set out under document of AMDAL and RKL/RP (Environmental Impact Analysis Study (AMDAL) and Environmental Management and Monitoring Plan developed in 2005). The auditor verified that TMA has followed their SOP to build buffer between harvesting site and local community land as well as conservation/protection area and these are all mapped into the micro-planning document. Micro planning is the most detailed site specific forest operational plan which is use by worker and supervisor. The micro-planning contains maps of scale 1:50,000 for their forest operation so that they can evaluate activities before harvesting and marking all the harvesting block on the ground, establish harvesting lane/strip, mapping the log-yard location, protected trees, mapping the conservation areas (KPPN, HCVs and HCS status, buffer zone, riparian areas), plan the felling and hauling direction and transportation, boundary of logging coupe and road network. The auditor observed active opening of riparian area along the Lansisip river for illegal gold mining and, based on the interview, this has been long taking place on the other site of the river and TMA has monitored and taken proactive action to stop this activity. TMA has implemented the management plan as further detailed in their annual working plan, standard procedures and micro-plan.

However, during the audit team observed the following:

1. Planting of oil palm inside the main plantation. This activity was done by local community as they did not know the clear boundary between the conflicted land and the felling coupe (evidence from Resort Salak, Felling Coupe No. SLK 0046, harvesting block 2017). This indicates that the microplanning is not done appropriately as prescribed under the SOP.
2. There was procedure for management and monitoring the protection and conservation area (SOP KSV/PK/01-TMA) but this need to be improved since it includes erroneous information in relation to the location of the protection program in Sembilang National Park. In fact, this national park is located nearby PT Sumber Hijau Permai in South Sumatra Province.
3. HCV 4.3 is present within the concession but this does not show in the working map, on the other hand HCV 1.4 is not present but, in some of the operational maps, this HCV is showed up in the legend. Thus, no monitoring was done for HCV 4.3.

Based on the above evidences TMA is found to be in **non-conformance** to the criterion.

Based on the above evidence, N/A is found to be in non-conformance to the 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:	N/A		
Evidence Provided by Organization:	PENDING		
Findings for Evaluation of Evidence:	PENDING		
NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:	Field verification	Estimated Level of Effort:	2 days.
Auditor Specialty:	Forestry		



MAJOR NCR#:	04/17	NC Classification:	Major X	Minor
Standard & Requirement:	FSC-STD-30-010, version 2-0 (FSC-ADV-30-010-1: 3. Timber Harvesting Activities, 3.4 Health & Safety)			
Report Section:	Appendix II, 5.1.11			
Description of Nonconformance and Related Evidence:				
<p>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 &amp; Safety):</p> <ul style="list-style-type: none"><li>a. proper personal protective equipment;</li><li>b. safe and proper felling and transport practice;</li><li>c. establishment of protections zones around harvest sites;</li><li>d. safety requirements for machinery used, and;</li><li>e. safety requirements in relation to chemical usage.</li></ul> <p>TMA has developed and implemented a number of procedures to ensure the health and safety of their staff and workers are protected during forest operation. However, based on the field visit during harvesting operation, forest tending/weeding and fertilization activity, the audit team observed the following inconsistency between SOP and implementation:</p> <ul style="list-style-type: none"><li>- Supervisor did not bring first aid kits for the contracted worker as evidence during fertilizing in felling Coupe PBH 0003500 harvesting block 2011</li><li>- Chainsaw operators did not wear hearing protection/ear plug and did not wear required safety boot</li><li>- Workers for weeding did not wear gloves during works</li><li>- Fuels was kept next to the worker bedroom in the worker camp</li><li>- Fire fighter and weeding team are not equipped with first aid kits</li></ul> <p>Interviews with workers identified several workers under contractor who indicated that they were working more than 40 hours a week, they did not have mandatory insurances and received payment less than minimum wages. Based on employment law no 13/2013, the maximum number of working hours per week is 40 hours. Any additional hours shall be considered as overtime with no more than 3 hours a day and 14 hours a week. Based on document review and interviews with HR, it was found that some security personnel were working 12 hours a day which does not comply with the Djambi Governor Decree No 919/KEP.GUB/DISSOSNAKERTRANS/2016. HR mentioned that incentive was given to these staff members, however, based on the documents provided and method of calculation, the system was not clear (ie. was not calculated as overtime as required by regulation).</p> <p>During employment contract and payroll documentation review, several cases were identified where records could not demonstrate that workers hours and corresponding compensation met legal requirements. The audit also identified workers who had not been provided with mandatory insurances, (BPJS kesehatan and BPJS Ketenagakerjaan). It was clear that the FME was not adequately monitoring contractor compliance with labor requirements.</p> <p>Based on the above evidences TMA is found to be in <b>non-conformance</b> to the criterion.</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:	N/A			
Evidence Provided by Organization:	During report writing phase, the FME provided additional evidence: <ul style="list-style-type: none"><li>• Report on fulfilment of washing and bath facilities for chemical</li></ul>			

	<p>applicators.</p> <ul style="list-style-type: none"><li>• Picture of workers using the washing facilities.</li><li>• Picture of chainsaw operator with appropriate PPE.</li><li>• Statement made by FME that PPE has been fully provided for chainsaw operator.</li></ul>		
Findings for Evaluation of Evidence:	The FME has made effort to provide safety facilities and PPE to chainsaw operator and chemical applicator. However, the evidences need to be evaluated in the field. Moreover, other non-conformance such as first aid kits, PPE for other job and working hours has not been addressed. The FME has not been able to demonstrate system that will ensure compliance to the criterion. The Non-conformance remains open.		
NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:	Field verification	Estimated Level of Effort:	2 days
Auditor Specialty:	Forester		

MAJOR NCR#:	05/17	NC Classification:	Major X	Minor
Standard & Requirement:	FSC-STD-30-010, version 2-0 (5.2 c)			
Report Section:	Appendix II, 5.3.1			
Description of Nonconformance and Related Evidence:				
5.3.1 High conservation values in the FMU shall be identified and precautionary measures shall be taken by the FME to eliminate potential negative impacts to high conservation values present (Annex 2; 5.2).				
TMA has a list of HCVs identified within their concession (HCV 1.1, 1.2, 1.3, 3, 4.1, 4.2 and 4.3) and also developed management and monitoring plan to eliminate potential negative impacts to these values. However, ISFMP and HCVF maps contain inaccuracies including specifically misidentified HCV attributes (HCV 1.4, 4.3 and 6). These errors are carried forward in the development of microplanning and harvesting prescriptions creating confusion and distrust of maps and planning tools by staff. In the example observed, border sections of a A. crassicarpa plantation were mistakenly classified as HCV/HCS and this designation was carried forward into the microplanning map and creating confusion for harvesting crews.				
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:	N/A			
Evidence Provided by Organization:	During report writing phase the FME provided additional evidence: <ul style="list-style-type: none"><li>• Acceptance letter from Dinas Kehutanan Kabupaten Tebo on FME report of forest destruction and request of investigation.</li><li>• Minutes of meeting between community of Pemberihan sub village and the FME regarding the destruction of KPPN (germ plasm conservation area)</li><li>• A police report by the FME on destruction of KPPN.</li><li>• 4 statement letters signed by member of Pemberihan Village not to expand palm oil plantation.</li></ul>			
Findings for Evaluation of	Based on reviewed evidences, it is clear that the FME made effort to stop or			

Evidence:	reduce pressure to their conservation areas. The effort made include meeting with community, report to forest agency and police including make an agreement with the local community. These evidences need to be verified in the field. However, the main issue raised as non-conformance on inaccuracy and misidentification of HCV has not been addressed. Therefore, the NCR remain open.		
<b>NCR Status:</b>	OPEN		
Comments (optional):			
<b>NCR Evaluation:</b>			
Evaluation Method:	Field verification	Estimated Level of Effort:	2 days
Auditor Specialty:	Ecology/Forester		

MAJOR NCR#:	06/17	NC Classification:	Major X	Minor
Standard & Requirement:	FSC-STD-30-010, version 2-0 (5.2 b)			
Report Section:	Appendix II, 5.3.3			
Description of Nonconformance and Related Evidence:				
5.3.3. FME shall have records demonstrating consultation with stakeholders in relation to the precautionary measures for the protection of identified values. Consultation shall include representatives and members of communities and indigenous peoples living in or adjacent to the FMU as well as NGOs and parties that are involved with or have an interest in the forest area with respect to social or environmental aspects. (5.2 b).				
<p>The auditor reviewed the HCV report and found record of consultation process, including public consultation to discuss precautionary measures for the protection and maintenance of identified HCVs. Preliminary and post consultation meeting was held during HCV assessment and meeting attended by various stakeholders such as local community inside and surrounding the concession and universities. From this record, it was verified that the consultation process has included representative of communities.</p> <p>However, the consultation with communities was not sufficient to ensure that their cultural resources were identified and mapped as HCVs to ensure their protection. The audit team found that one of the old village that becomes the historical and cultural identity of <i>Suku Anak Dalam Bujang Rimbo</i> (indigenous people of Jambi) had not been mapped and recorded as HCV 6. Based on the interview with the Bujang Rimbo group, they have never been consulted during HCVF study.</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:	N/A			
Evidence Provided by Organization:	During report writing phase, the FME provided additional evidence: <ul style="list-style-type: none"><li>• Picture on placement of signboard in the IP grave (Makam Bapak Soleh)</li><li>• Picture of FME staffs with the SAD.</li><li>• Report on the placement of signboard on IP's grave made and signed by the FME head and staffs.</li><li>• Report of dissemination of FME's conservation areas to the Bujang Rimbo group.</li></ul>			
Findings for Evaluation of	Based on review of additional evidence, it is clear that the FME made an			

Evidence:	effort to make contact and communication with IP Bujang Rimbo group. The FME also set measures by place a signboard on the grave. These evidences need to be verified in the field, especially in relation to the process of consultation of HCV. Therefore, this non-conformance remains open.		
<b>NCR Status:</b>	OPEN		
Comments (optional):			
<b>NCR Evaluation:</b>			
Evaluation Method:	Field verification	Estimated Level of Effort:	2 days
Auditor Specialty:	Social/Forester		

MAJOR NCR#:	07/17	NC Classification:	Major X	Minor
Standard & Requirement:	FSC-STD-30-010, version 2-0 (Annex 2; 5.2).			
Report Section:	Appendix II, 5.3.4			
Description of Nonconformance and Related Evidence:				
<i>5.3.4 FME shall have a list of the high conservation values identified in the FMUs, together with evidence indicating that precautionary measures have been taken to eliminate potential negative impacts to the high conservation values present (5.2 c).</i>				
<p>TMA has identified high conservation values through HCV assessment done by PT Asia Pacific Consultant Service done in 2014 and also HCS assessment done by PT Atamarie Consultant. Based on the HCV study, TMA areas contain HCV 1.1, 1.2, 1.3, 3, 4.1, 4.2, and 4.3. The assessment describes threats to the HCVs and also includes precautionary measures that should be taken by TMA to minimize negative impacts of forest operation. This is also supported by the development of Management and Monitoring Plan of HCV and HCS within TMA plantation area. Precautionary and protection measure was prescribed in detail under the SOP for HCV Management and Monitoring (SOP KSV/PK/03-TMA).</p> <p>However, during visit in KPPN and KPSSL areas, which also contain HCV 1.1, 1.2 and 1.3, the auditor team found oil palm plantation that has been already established within this conservation area for at least 5 or 6 years, before the HCVF assessment was done in 2014. Although HCV study has comprehensively recorded this activity, monitoring done by TMA, especially for the extent of oil palm, remains lacking. Based on the interview with the community living inside this conservation and field observation, there were a number of new houses being built and also some families that came recently</p> <p>Based on the management plan, (RKU and Monitoring Report of HCV and HCS), TMA only monitors the implementation of sign board installment, socialization of environmental impact, elephant and tiger conflict, presence of flora and fauna (biodiversity survey). Daily patrols are carried out only in relation to the boundary (checking the boundary marker) of TMA but not inside the conservation area, and there are no records of the human activities in the conservation area.</p> <p>Through interviews with staff and community members, audit team found that communication between TMA and local community residing the KPSSL and KPPN area is inadequate to protect these resources. Audit team also found easy access into the conservation area.</p> <p>* Refer to pictures in the findings section.</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:	N/A			
Evidence Provided by	During report writing phase, the FME provided additional evidence of 4 statement letters signed by member of Pemberihan sub-village not to			

Organization:	expand their palm oil plantation.		
Findings for Evaluation of Evidence:	Based on review of the additional evidences, it is evident that the FME has made efforts to reduce pressure to their conservation areas by engaging with relevant communities and obtaining written commitments to stabilize agricultural production. These evidences need to be verified in the field. However, the FME has not provide any evidences of system or precautionary measures to ensure potential negative impact are eliminated. Moreover, detail information on how many people and how many hectares of palm oil / other threat has not been provided. This non-conformance remains open.		
NCR Status:	OPEN		
Comments (optional):			
NCR Evaluation:			
Evaluation Method:	Field verification	Estimated Level of Effort:	2 days
Auditor Specialty:	Forester		

### 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.*

OBS 01/17	Reference Standard & Requirement: FSC-STD-30-010, version 2-0 1.4 Report reference 3.4
<p>TMA has draft of procedure entitled “Timber selling of HTI FSC Controlled Wood” (Penjualan Kayu HTI FSC Controlled Wood) that covers all requirements in this criteria in SOP point 5.11. The draft procedure also includes a template that cover point A to E. However, it was not explained in the body of the draft SOP. The SOP only explains that point A, B, D and E are to be included in trading agreement between TMA and WKS as trader. Moreover, interviewed responsible staff stated that never read the draft and do not understand the content or the use of invoice.</p>	
<p>Observation:</p> <p>TMA SOP should clearly explain the invoicing process. TMA also should ensure that responsible staff fully understand the implementation of the SOP.</p>	
OBS 02/17	Reference Standard & Requirement: FSC-STD-30-010, version 2-0 1.3 c-d (report section 4.1)
<p>Interviews with stakeholders in Jambi remarked that they were invited by TMA to participate in consultation on different management issues (e.g. ISFMP) they feel too little information was provided in advance by TMA which limited the effectiveness of their input/feedback. Stakeholders also noted that TMA failed to provide them with outcomes of the ISFMP process that they provided input to.</p>	
<p>Observation: TMA should work to provide stakeholders with sufficient information during consultation to ensure input into processes is informed and consistently provide the results of the consultation.</p>	
OBS 03/17	Reference Standard & Requirement: FSC-STD-30-010, version 2-0 1.3 c-d (report section 4.1)

Despite broad consultation during the HCVF assessment process in 2013, one of the nomadic Suku Anak Dalam groups was not contacted.	
Observation: TMA should work to make better use of regional NGO groups who represent indigenous issues to minimize risks that hard to contact groups are not missed during planning and consultation efforts.	
OBS 04/17	Reference Standard & Requirement: FSC-STD-30-010, version 2-0 6.2 (report section 5.4.1)
Massive development of oil palm plantation is present inside the conservation area (KKPPN, HCV and HCS). There was evidence of newcomers and new housing construction built within these areas and also newly planted oil palm. Although no on-going conversion was found by the audit team, given the lack of monitoring of these human activities, there is a risk of potential further conversion of the conservation area.	
Observation: A Major NCR has been raised for lack of monitoring of the human settlement inside the conservation area, however, the audit team wants to point out that there is a potential risk of further conversion of natural forest inside the conservation area. TMA should work to minimize this potential risk.	

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

The FME has provided some additional documents as follows prior to the finalization of the report:

- Evidence of withdrawal of nonconforming leaflets and banners with FSC trademarks.
- Improvement of facilities for washing of pesticide equipment and bathing facilities for applicators.
- Provision of PPE for chainsaw operators.
- Documentation from MOF and Police on KPPN destruction,
- Statements from villagers who agree not to expand palm oil plantations.
- Evidence of engagement with Bujang Rimbo group and HCV protection measures.
- Draft of agreement with RT 15 Pemberihan village.

### 3. AUDIT PROCESS

#### 3.1. Audit schedule/Itinerary

Location	Date(s)	Activities
Jambi	17 September	Travel to Jambi, team planning
Jambi	18 September	Stakeholder interviews
Base Camp Lansisip	19 September	Travel from Jambi to TMA concession Opening meeting and planning for the audit program
TMA concession	20 September	Document review and interview with staff  Field visit to Block RKT 2017, checking for riparian zone, river buffer, ex-fire areas, HCV area, Lansisip river and Silabau River, elephant corridor, elephant food planting, newly planting area.  Field visit to HCV 6 site protected by TMA, economic development CSR Goat project, visit to 2 conflict groups with interviews.  Visit to NTFP honey gathering group supported by TMA in Perambahan sub villages
TMA concession	21 September	Observation in active harvesting block, riparian and buffer river, worker camp inspection, planting and weeding activities  Interview with workers  Visit to ongoing or unresolved land conflict Sei Abang village and interaction with TMA in recent timber harvest.  Interview with Suku Anak Dalam, indigenous group
	22 September	Field inspection Document review and interview,  Closing meeting
Base Camp Lansisip	23 September	Travel to Jambi, report preparation
	24 September	Report preparation
Total number of person days used for the audit: 24 days, of this 4 days for pre-evaluation and preparation 16 days for onsite document review and field inspection 4 stakeholder consultation		

### 3.2. Audit team and qualifications

Name	Qualifications	Role / Audit Focus
Jon Jickling	Jon Jickling, Technical Director of Rainforest Alliance Certification, based in Richmond Vermont. M.Sc. Forestry- Forest Economics, (Univ. of Minnesota, USA); B.S. Forestry (Univ. of Michigan, USA). He is a qualified lead auditor for FSC certification and has conducted more than 20 forest management assessments, preassessment, and/or audits; conducted over 30 chain of custody assessments and/or audits. Jon is also an experienced instructor of forest and chain of custody assessor-training courses. Participated in ISO 9001:2000 Lead Auditor training.	Audit Team Leader
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 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 Forest 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.	Auditor, Forestry/Ecology
Taryanto Wijaya	Senior Trainer, and experienced facilitator in community development, gender mainstreaming, participatory planning, CBED (Community Based Economic Development), Community Organizer (CO), advocacy, conflict resolution, training need assessment, project monitoring and evaluation, production auditor for SCBFM (PHBML), Sustainable Plantation Forest Management (PHTL) with LEI Standard, social auditor for SLIMF, Controlled Wood, Full Sustainable Forest	Social Expert



	Management Certification with FSC Standard , and social auditor for RSPO.	
Pratama Bagus Kurniaji	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.	Support Auditor/Translator

### 3.3. Audit detail

Overview of Inspection and sampling method used:	<p>Evaluation was based on sampling across TMA system documentation system, interviews with staff, contractors and stakeholders and visits across the concession. System documents (policies, SOPs and WIs) 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 to plantation harvesting, planting and maintenance activities, camp facilities including housing and warehouses.</p> <p>Community areas with identified conflicts, as well as some groups without conflicts, were sampled to verify conflict resolution processes</p>
FMUs selected for evaluation and rationale for selection.	TMA is a single FMU. All evaluation was done inside or immediately adjacent to the TMA concession.
Approach to evaluation of management system:	Evaluation focused on key issues in CW-FM requirements (e.g. protection of HCV, engagement with stakeholder, access control, staff competency) and assessed management's ability to implement their documented system on the ground. Traditional auditing techniques of data triangulation was used to verify TMA performance across all requirements.
Additional techniques used for evaluation (e.g. flyover):	Audit team used drones repeatedly to expand coverage of HCV, riparian, conservation area assessment. Auditors used handheld smartphone data collectors utilizing ArcGIS collector with HCV, land use, riparian zone, community data layers.

## 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	5
Local Community members	15
Govt agency	7 agencies
Labor Union	1
Contract workers	17
Farmers Union	1

### Description of the stakeholder consultation activities and methods

Stakeholder Consultation utilized email, telephone and face to face meetings to engage with stakeholders during the evaluation process. As per FSC consultation requirements, on August 12, 2017 a stakeholder briefing notice (Bahasa Indonesia and English versions) was submitted to a stakeholder list which combined the list of RA's Indonesia, FSC Indonesia's and TMA's list (provided by APP Jakarta). APP was also asked to distribute the notice to local and regional stakeholders without email addresses.

Face to face meetings were organized in Jambi, provincial capital with government agencies, social and environmental NGOs, regional labor union. Onsite visits were made to local communities and farmers groups, particularly those that have registered conflicts with TMA.

### 4.2. Stakeholder comments received

The stakeholder consultation was organized to give stakeholders opportunity to comment the activities of TMA 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	TMA received mandatory certificate (PHPL) as well as other voluntary certification initiatives (IFCC and LEI) and eligible for self-approval of their annual harvesting plan (RKT) through SIPUH-On line. So far,	Report of environmental and social monitoring was also produced and submitted to the local government. There is a lack of supervision to ensure that management plan is properly implemented on

	<p>PT TMA does not have problems with meeting all the government requirement including AMDAL implementation through RKL/RPL (environmental monitoring report) and report submitted on time. TMA has been facing with serious threat of illegal logging and requires more proactive effort in mitigating the illegal activity issue within their concession.</p> <p>TMA also does not report the result of conflict mapping including the extent of forest encroachment to the Jambi Forestry District Office (JFDO)</p>	<p>ground, such as improper PPE usage, new land occupation and house building inside the conservation areas. This was verified by the auditor with the issuance of Major NCR 03/17 and 04/17</p> <p>During the audit, it was found that TMA always send their report on conflict mapping including the extent of forest encroachment to the Governor of Jambi which was the agency requesting it. The FMU was not aware that this report was not delivered or passed on to the JFDO. TMA was recommended to copy JFDO on these reports in the future. It was, however confirmed that each month JFDO receives report on TMA's Forest Safety and Protection activities.</p>
2. Wood harvested in violation of traditional and civil rights	<p>TMA imposes no restriction in joining union, however, contractors were not members of the union. Union is open to anyone including contractors. However, many contractors are not transparent and welcome union. Joining union may affect their contract (as worker in contractor).</p>	<p>Based on evaluation, TMA adheres to APP's Forest Conservation Policy which includes ensuring freedom for their worker to associate and undertake collective bargaining. Evidence of this commitment is found with the Joint Working Agreement (PKB) signed on 2016-2018 by Management and Worker Union of PT TMA Worker Union, which is affiliated with Indonesian Wealth Labor Association of Worker on Forestry, General Industry, Woodworking, Agriculture and Plantation (PK FSBSI HUKATAN).</p> <p>Interview with contractor workers found little worker awareness of labor unions but found no evidence of persecution of workers who wanted to join a union.</p>
3. Wood harvested from forest areas where high conservation values are threatened by forest management activities	<p>TMA concession contain tiger (<i>Panthera tigris sumatrae</i>) and elephant (<i>Elephas maximus sumatrae</i>) home range and thus has collaborated with YKSLI, FKGI, and Harimau Kita as well as with BKSDA Jambi to carry out some activities to</p>	<p>The auditor confirmed that TMA has undertaken efforts to protect the area that has been set to HCVF and identified HCV 1.1, 1.2, 1.3, 3, 4.1, 4.1 and 4.3 within the working areas. There are some reports on wildlife (tiger and elephant) and human</p>

	<p>maintain the habitat and home range of these rare threatened and endemic animals. PT TMA still has not adequately followed the stakeholders' recommendation as described under ISFMP document and conflict resolution is only stated on the paper rather than implemented on the ground.</p> <p>There was an indication of heavy damage along the riparian and river buffer within the concession and the stakeholders aware of the cause of damage which mainly due to illegal logging.</p> <p>General APP comment received: A significant part of APPs plantations 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>conflict. TMA also maintains the wildlife corridor. Auditor found that TMA has not yet fully addressed the recommendation as stated under the ISFMP program, and there are also some errors in mapping and lacking in monitoring (Major NCR05/17, NCR 06/17 and NCR 07/17).</p> <p>See response to stakeholder on riparian issues below.</p> <p>There is no peatland within the FMU.</p>
<p>4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non- forest uses</p>	<p>No report of conversion done by TMA, however weak patrol of the company may lead to the potential conversion of forest to oil palm.</p> <p>Stakeholder indicates that riparian areas along the Kubu, Solok and Pemerihan rivers have been damaged and converted to plantation. Concern that TMA was not adequately securing their FME.</p>	<p>There was no evidence of active conversion. However, a Major NCR 07/17 has been raised due to lack of monitoring of the human activities within the conservation area. In addition, an Observation 04/17 has been raised due to potential risk of conversion.</p> <p>The audit team visited riparian zones and other conservation areas to evaluate ongoing protection. Riparian zones along the Lansisip river were damaged extensively by gold</p>

		mining. Riparian areas on the other rivers are being protected by TMA. Not all rivers have riparian protection zones notably in some of the areas which older/existing settlements where palm and other crops are planted in these zones.
5. Wood harvested from genetically modified trees	No comments received	
6. FME's stakeholder consultation process	<p>Stakeholders indicated that while invited to participate in consultation they did not receive adequate information ahead of time which limited their ability to contribute in detail to the process.</p> <p>Stakeholders indicated that they had not received final results from the ISFMP consultation.</p>	<p>TMA stakeholder consultations procedures were documented and their implementation verified through stakeholder interviews and documentation. To ensure that stakeholder relationships are cultivated TMA should be more responsive to their needs in terms of consultation outreach and sharing of process results. (see observation 02/17)</p>