# ENVIRONMENTAL DUE DILIGENCE (EDD) REPORT

# SUMMARY

PT WIRAKARYA SAKTI

TANJUNG JABUNG BARAT, TANJUNG JABUNG TIMUR, BATANGHARI, MUARO JAMBI AND TEBO

JAMBI PROVINCE

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## 1. Company Under Examination

Company : PT. Wirakarya Sakti
Type of Industries : Perizinan Berusaha Pemanfaatan Hutan (PBPH)

## 2. Evaluation Objectives

The objective of Environmental Due Diligence is to ensure that ongoing business processes adhere to principles of the protection of environmental values, including efforts to:

- Ensuring the protection of environmental values.
- Preventing pollution and degradation of environmental quality.
- Preventing the occurrence of 6 unacceptable activities in FSC standards.

## 3. Audit Date

Date : 18-22 December 2023
Place : PT. Wirakarya Sakti (D1, D6, and D7).

## 4. Evaluator Team

The evaluator team from APP is consist of:

- Budi Krisna Kusumah (BKK) (Team Leader)
- Adrian Triandi (AT) (Team member)
- Yosa Reski Saputra
- Prayogo

## 5. Company Backgorund

### a. Company background

The management of PT Wirakarya Sakti implements an integrated Forestry Management System for Environmental Systems and Occupational Safety and Health by referring to the latest version of the Management System Standard, namely ISO 14001:2015, ISO 45001:2018 and SMK3 PP No.50 of 2012.

In addition, to ensure sustainable forest management, PT Wirakarya Sakti has implemented Sustainable Production Forest Management (PHPL) and Timber Legality Verification (VLK) certification, as well as a Voluntary Program for the Endorsement of Forest Certification (PEFC) certification. PT Wirakarya Sakti operates in the industrial forest plantation sector as a

supplier of wood raw materials for the pulp industry, namely PT Lontar Papyrus Pulp & Paper Industry.

PT. Wirakarya Sakti obtained the first HTI development permit on December 15, 1989, through the First Trial Planting Permit (IPP I) covering an area of 1,000 Ha. Based on the Decree of the Head of the Regional Forestry Office (KaKanwilhut) of Jambi Province No. 165/HTI/Wilhut/Iva/1989, concerning IPP I (1989/1990). Industrial Plantation Forest Concession (HPHTI) is carried out by companies related to the pulp industry in Jambi Province. As time goes by, the area of PT. Wirakarya Sakti is experiencing development. An overview of area development is as follows: In 1996, PT. Wirakarya Sakti obtained permission through the Minister of Forestry Decree No. 744/Kpts-II/1996 dated 25 November 1996 concerning the Granting of Industrial Plantation Forest Concession Rights over a Forest Area of ± 78,240 Ha in the Level I Province of Jambi to PT. Wirakarya Sakti. In 2001, PT. Wirakarya Sakti obtained Minister of Forestry Letter No. 64/Kpts-II/2001 dated 15 March 2001 concerning Amendments to the Decree of the Minister of Forestry No. 744/Kpts-II/1996 dated 25 November 1996 concerning the Granting of Industrial Plantation Forest Concession Rights over a Forest Area of ± 78,240 Ha in the Level I Province of Jambi to PT. Wirakarya Sakti. The area given to the company increased from ± 78,240 Ha to ± 191,130 Ha.

In 2004, PT. Wirakarya Sakti obtained Minister of Forestry Letter No. SK.228/Menhut-II/2004 dated 9 July 2004 concerning the Second Amendment to the Decree of the Minister of Forestry No. 744/Kpts-II/1996 dated 25 November 1996, the contents of which were to change the area given to the company from ± 191,130 Ha to ± 233,251 Ha.

### b. Management system in place

Management system at PT. WKS in general has met standards in preventing natural forest conversion, damage to HCV and wetlands, as well as GMOs and illegal logging. This is based on the availability of organizational commitments and policies not to convert natural forests, destroy HCV areas and convert wetlands (such as peatlands). This mechanism is contained in the form of procedures in the form of monitoring changes in land cover, structuring work areas, demarcating protected areas / HCV / wetlands, structuring key animal corridors, analyzing impacts and mitigation, managing and monitoring protected areas / HCV / wetlands,

mapping ecosystems and typology, Integrated Sustainable Forest Management Plan (ISFMP), and ensuring that there is no conversion of natural forests, destruction of protected areas / HCV / wetlands.

In the aspect of occupational safety and health (HSE), the company has completed organizational commitments and policies related to the K3 management system. This has been adjusted to the implementation of compliance with K3 practices referring to national law (Government Regulation No. 50 of 2012 concerning SMK3) and ILO practices. At PT. WKS has an K3 management system in accordance with government regulations and internationally applicable standards (ISO 45001, ILO), a clear organizational structure and main tasks & functions, a budget and regular training agenda to increase personnel capacity, a reward and punishment system based on performance of the K3 management system, and certification related to the environmental management system (an indication that the K3 management system is running). PT. WKS also has a mechanism for identifying hazards and assessing risks so that a system or program for controlling hazards and risks in the workplace can be developed. This is stated in the implementation of the Hazard Identification Assessment of Risk and Opportunities (HIARO) document which covers all stages of the company's operational activities, as well as the availability of procedures for preparing HIARO and evaluating its suitability periodically. This process is also carried out to maintain and improve environmental quality (water, land and air).

Management system at PT. WKS also regulates the system for preventing and controlling forest and land fires. This is followed by policies and procedures related to the Prevention and Control of Forest and Land Fires being conveyed to all parties related to company operations. The implementation process is carried out by creating an organizational structure and clear main tasks & functions. In the implementation process, this forest/land fire prevention and management system has also been implemented with a supervisory zoning system, monitoring posts available, communication networks and equipment in good condition, early detection procedures available, an adequate mobilization system, and establishment procedures. Incident Management Team (IMT).

## 6. Audit Schedule

| Activity | Location | Evaluators | Date/time |
|---|---|---|---|
| Refreshment on 6 UA of FSC and Discussion on HCV Loss located in D1 | D1 Office | BKK, AT | 19 Dec 2023 |
| Field Visit on rehabilitation area 6 Ha along with local farmer community | D1 Rehabilitation area | BKK, AT | 19 Dec 2023 |
| Dormitory and Warehouse (Fuel, Fertilizer, and LB3) visit | D1 Warehouse and dormitory area | BKK, AT | 19 Dec 2023 |
| Nursery visit related to waste water management | D1 Nursery Area | BKK, AT | 19 Dec 2023 |
| Refreshment on 6 UA of FSC and Discussion on HCV Loss located in D6 | D6 Office | BKK, AT | 20 Dec 2023 |
| Field Visit on protected area and signboard quality. | D6 protected area | BKK, AT | 20 Dec 2023 |
| Field Visit on Peat Dome Revegetation area | D6 revegetation area | BKK, AT | 20 Dec 2023 |
| Dormitory and Warehouse (Fuel, Fertilizer, and LB3) visit | D6 dormitory and warehouse area | BKK, AT | 20 Dec 2023 |
| Waste management check (domestic and industrial waste) | D6 TPA area | BKK, AT | 20 Dec 2023 |
| Refreshment on 6 UA of FSC and Discussion on HCV Loss located in D7 | D7 Office | BKK, AT | 21 Dec 2023 |
| Field Visit on protected area and signboard quality. | D7 protected area | BKK, AT | 21 Dec 2023 |
| Field visit on restoration area (+-5.7 Ha) with native species | D7 restoration area | BKK, AT | 21 Dec 2023 |
| Dormitory and Warehouse (Fuel, Fertilizer, and LB3) visit | D7 dormitory and warehouse area | BKK, AT | 21 Dec 2023 |
| Nursery visit related to waste water management | D7 nursery area | BKK, AT | 21 Dec 2023 |
| Waste management check (domestic and industrial waste) | D7 TPA area | BKK, AT | 21 Dec 2023 |
| Document Review and Report Preparation | | BKK, AT | 8-11 Jan 2024 |

## 7. Description of Overall Audit

The overall audit explanation can be divided into four main parts, namely relating to HCV loss validation, waste management (dormitory and warehouse aspects), nursery waste water treatment plant, and restoration.

### Grading of Supplier Performance:

The evaluation team used evidence gathered during document review, interviews with staff, stakeholders and contractors, and field observation to determine the level of APP Supplier's conformance with the requirements of the Environmental Due Diligence Framework. Based on this evidence each requirement or sub-requirement, where applicable, was graded as either as follows:

| | |
|---|---|
| | : Complied (100) -> total complied / total klausul. 1<br>(Has fulfilled the specified requirements) |
| | : Observation à total observation / total klausul. (partially complied)<br>(non-compliance with some indicators on a small scale and recommendations for corrective action are relatively simple and low cost) |
| | : Minor à total minor / total klausul. (partially complied)<br>(Non-compliance with medium scale indicators and requires substantial corrective action (minimum 3 months and maximum 6 months) |
| | : Major total major / total klausul. (not complied)<br>(Non-compliance with criteria and indicators on a very serious scale (such as fatalities and conversions) and requires substantial corrective action (more than 6 months) |

### Risk Assessment Review

| | |
|---|---|
| (1-15) | Low Risk |
| (16-30) | Medium Risk |
| (31-45) | High Risk |

## 8. Performance

Overall, from the four main points explained in the overall audit results, there are several gaps that need to be resolved. Gap that needs to be resolved by PT. Wirakarya Sakti, namely in the aspects of HCV – HCS management & monitoring, Waste Management, Wastewater Treatment Plant (WWTP), and Restoration.

### a. Comliance Review:

| Compliance Level | Total | Percentage |
|---|---|---|
| Complied | 18 | 82% |
| Partially Complied | 1 | 5% |
| Not Complied | 3 | 3% |

b. Risk Assessment:

| Total | Category |
|---|---|
| 17 | Medium Risk |

- High Conservation Value (HCV) Management

Areas designated as HCV have experienced conflict by third parties (social communities) or illegal logging in HCV areas. Spatial Planning Decision Letters, planning processes, and minutes related to social conflicts need to be explained in the form of minutes so that they can become justification documents.

- Waste Management

There needs to be a data collection form for oil and fuel brought by the contractor, including the amount of waste oil used. It is hoped that using this form can overcome the accumulation of hazardous waste in the form of used oil.

c. Waste Water Treatment Plant (WWTP)

There is a need to create a permanent, closed tank specifically for wastewater treatment in the nursery area. This is to prevent contamination of wastewater from nursery activities with rainwater and soil.

d. Restoration

It is necessary to create observation plots for restoration areas so that the population sampling process can be carried out efficiently. The tunnel eradication method can also be used to increase the success rate of restoration. Propagation and breeding of native species plants from site references is also necessary to continue to ensure the availability of seeds.