

Public Report Sustainable Forest Management System

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AJA EUROPE
PUBLIC AUDIT REPORT - SFM
TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: AJA/IFCC-006

TOTAL HECTARES: 262,473

SCOPE OF REGISTRATION: Sustainable Forest Management of Plantation Forest covering an area of 262,473 hectare in the province of Riau, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 27, 2016

In signing this document the Audit team confirms that they have had no involvement with the company under audit in terms of consultancy, training, direct employment etc. within the last 2 years and have no other involvement (financial, shareholding or commercial) that would constitute a Conflict of Interest

AUDIT END DATE: November 2, 2016

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
HO PT RAPP	Jl. Lintas Timur, Pangkalan Kerinci, Pelalawan District, Riau Province, Indonesia	October 27, 2016
Estate Pelalawan	Pelalawan Village, Pelalawan Sub-District, Pelalawan District, Riau Province - Indonesia	October 28 to 29, 2016
Estate Logas	Petai Village, Singingi Hilir Sub-District, Kuantan Singingi District, Riau Province - Indonesia	October 30 to 31, 2016
Estate Cerenti	Munsalo Village, Kuantan Tengah Sub-District, Kuantan Singingi District, Riau Province - Indonesia	November 1 to 2, 2016
SITE NAME (Legal Name):	ADDRESSES OF ADDITIONAL SITES NOT VISITED BUT STILL COVERED BY THE REGISTRATION INCLUDING COUNTRY - TO BE COMPLETED IF CLIENT IS UNDER A SITE SAMPLING AUDIT PLAN	
Estate Baserah	Gunung Melintang Village, Kuantan Hilir Sub-district, Kuantan Singingi District, Riau Province - Indonesia	
Estate Langgam	Segati Village, Langgam Sub-District, Pelalawan District, Riau Province - Indonesia	
Estate Ukui	Lubuk Kembang Bungo Village, Ukui Sub-District, Pelalawan District, Riau Province - Indonesia	
Estate Teso	Gunung Sari Village, Gunung Sahilan Sub-District, Kampar District, Riau Province - Indonesia	
Estate Mandau	Lubuk Jering Village, Sungai Mandau Sub-District, Siak District, Riau Province - Indonesia	
Estate Meranti West	Teluk Binjai Village, Teluk Meranti Sub-District, Pelalawan District, Riau Province - Indonesia	

Document: Report Format Public - IFCC

Issue: D

Date: 15 September 2016

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Brief Description of the concession

PT Riau Andalan Pulp and Paper obtained the concession by Ministerial Decree No. 130 / Kpts-II / 1993 dated February 27, 1993 for an area of 338,536 hectares. PT Riau Andalan Pulp and Paper has a management plan that documents the Work Plan for Utilization of Forest Wood Industrial Plantation Forest (HTI-RKUPHHK) for the 10-year period from 2010 to 2019. Document Revision RKUPHHK-HTI 2016 was approved by the Decree of the Minister of Environment and Forestry No. SK. 771 / MenLHK-SFM / UHP / PHPL.1 / 2/2016 dated February 22, 2016 for the Revised Work Plan for Utilization of Forest Wood Industrial Plantation Forest (HTI-RKUPHHK) Year 2010-2019 on behalf of PT Riau Andalan Pulp and Paper in Riau Province.

Document management plan in the short term is the Annual Work Plan for Utilization of Wood Industrial Plantation Forest (HTI-UPHHK CTR). Based on the document RKUPHHK-HTI, the Spatial Planning of PT Riau Andalan Pulp and Paper is as follows: Staple Plant Area of 216,214 ha (63.9%), Livelihood Plant Area of 70,547 ha (20.8%), Protected Areas of 51775 ha (15.3%) for a total area of 338,536 ha. Spatial arrangements for individual Estates visited were as follows:

1. Estate Pelalawan: Staple Plant Area of 56,988 ha (66.4%), Livelihood Plant Area of 20,042 ha (23.3%), Protected Areas 8,825 ha (10.3%) for a total area of 85,855 ha
2. Estate Logas: Staple Plant Area of 15,353 ha (63.7%), Livelihood Plant Area of 2,264 ha (9.4%), Protected Areas of 6,493 ha (26.9%) for a total area of 24,110 ha
3. Estate Cerenti: Staple Plant Area of 20,452 ha (68.1%), Livelihood Plant Area of 3,577 ha (11.9%), Protected Areas of 6,011 ha (20.0%) for a total area of 30,040 ha

There has been no conversion of natural forest to plantation forest since December 31, 2010, thus the total working area is registered for PEFC certification.

PT Riau Andalan Pulp and Paper is incorporated as part of the APRIL Group and is thus committed to the policies of the APRIL Group in Sustainable Forest Management 2.0 (APRIL SFMP 2.0) dated June 3, 2015, as follows:

- Creating prosperity and sustainable raw materials in lands designated by the Government for the development of forest plantations; support the Government to achieve and maintain the status of conservation in the area of operations. Guarantee that only legal wood fibers will enter the company production line and support the Government's actions in the fight against illegal logging and hunting.
- Manage concession in accordance with the concept of sustainable forest mosaic plants to produce wood fibers, and to maintain or increase the representation of ecosystems within the concession.
- Promote and protect the health, safety and welfare of employees, labor contractors and the communities around the area of operations of PT. RAPP, improve the performance of Environmental, Social, Health and Safety in a sustainable manner, and achieve sustainable forest management certification and K3

The working areas of PT Riau Andalan Pulp and Paper (PT RAPP) have boundaries with other plantation companies, community gardens, and also the National Park. The working areas of PT RAPP are divided into two types of land, wetland / peat and mineral soil / dry. Different species therefore feature as main crops for cultivation: *Acacia crassicarpa* for wetlands,, and *Eucalyptus* sp. and *Acacia mangium* for mineral and dry soil areas.



Description of the socio-economic conditions of the concession and the concession's social programs

In accordance with the APRIL Group Policy in Sustainable Forest Management 2.0 (APRIL SFMP 2.0) dated June 3, 2015, PT Riau Andalan Pulp and Paper recognizes and respects the legal rights of tenure systems of the people residing around its working area. There are no indigenous peoples as defined under the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999) to be found around the working areas. For this second surveillance audit, the Pelalawan, Logas and Cerenti estates were visited. As with the other estates, there are numerous village communities surrounding the working areas and the Management Unit has entered into cooperation agreements for the management of livelihood plants, utilization of non-timber forest products, and the implementation of the Community Development program.

As part of the APRIL Group, PT Riau Andalan Pulp and Paper has in place conflict resolution mechanisms to resolve possible areas of conflict with the surrounding communities. The Management Unit documents claim and complaint reports, mapping of stakeholders and civil society, and a map of the area in the case of land claims.

The PT Riau Andalan Pulp and Paper Community Development Program (CD) focuses on improvement of community economic income through assistance with an integrated farming system and local small and medium enterprises. From the social standpoint, meanwhile, it ensures the provision of community healthcare and educational facilities, as well as improvements in the provision of basic infrastructure. The Management Unit is also very sympathetic to requests for assistance that relate to observance of religious responsibilities.

Training and Integrated Business Development (BPPUT) plays a key role in regard to the location and production of agricultural crops, cattle farms, and fish ponds, as well as a workshop of batik cloth. The company also has an outlet to sell the food and other goods produced in the communities around the concession. A current approach to the CD program is the implementation of agricultural schools being conducted in the fields immediately around the community homes. PT Riau Andalan Pulp and Paper has also been carrying out the planning of a participatory community development program for one of the villages.

Description of the ecological conditions of the concession

PT Riau Andalan Pulp and Paper has environmental documents that serve as guidelines for its environmental management, which involves consideration of physical-chemical, biological and socio-cultural components. These environmental documents include: EIA (Environmental Impact Assessment), RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan).

Among the impacts monitored are micro-climate changes and air quality (carbon emissions), as well as various indicators relating to the health of the soil and the quality of the water. Each estate has also allocated protected areas for the protection of flora and fauna, including protected and endangered species, and the protection of the surrounding ecosystem. Pelalawan Estate has an area of 8,825 ha, Logas Estate an area of 6,493 ha and Cerenti Estate an area of 6,011 ha. Protection of these areas includes marking and monitoring their boundaries, socialization of the areas to the public, employees and their families, maintaining an inventory of their contents and implementing regular patrols.

Fire watch patrols are also carried out on a regular basis, while plants in all areas are monitored for any outbreak of disease or infestation by pests. Installation of information boards prohibiting the lighting of fires in the forest and regular patrols are also carried out to minimize negative impacts due to illegal incursions or forest/land fires.



Results of the Public Consultation

Prior to carrying out the Stage 2 Surveillance Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing October 17, 2016, asking stakeholders to provide feedback and information on PT Riau Andalan Pulp and Paper. The public consultation was uploaded to PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation.

The audit team also gathered information from the mass media about PT Riau Andalan Pulp and Paper. Such reported cases are considered to be part of the audit process by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with regulations and international rules and conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of an area of 262,473 hectares.

Findings on the certified client conformity with the certification requirements and description of critical issues in relation with the conformity.

The results of the Surveillance 2 Audit of PT Riau Andalan Pulp and Paper did not identify any Non-Conformity (NC). The management system of PT Riau Andalan Pulp and Paper is still running effectively. No time-critical issues were identified.

Conditions under which the certificate is issued

SFM IFCC certificate PT Riau Andalan Pulp and Paper, certificate number: AJA/IFCC-PEFC/FMC-HT/00001/XII/2014 remains valid until 09/12/2017