

Public Report Sustainable Forest Management System

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PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: PT SUMATERA RIANG LESTARI BLOK II GARINGGING

TOTAL HECTARES: 21,345.8 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 21,345.8 hectares of Plantation Forest in North Sumatra Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: September 10, 2019
 AUDIT END DATE: September 13, 2019

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

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan Zubaidi

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS : -

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Blok II - Garingging	Barumon Tengah, Lubuk Barumon, Huristak, and Hutaraja Tinggi Districts; Padang Lawas Regency, North Sumatra Province – Republic of Indonesia	September 10 to 13, 2019
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	
N/A		

Brief Description of the concession

PT Sumatera Riang Lestari Block II Garingging concession is based on Minister of Forestry Decree No. SK.208 / Menhut-II / 2007, dated May 25, 2007 covering a total area of approximately 215,305 ha, consisting of approximately 67,230 ha located in North Sumatra Province and an area of around 148,075 ha in Riau Province. The area of Garingging Block II covers an area of 41,910 ha.

The implementation of sustainable forest management is based on the Long-Term Work Plan Document for the Utilization of Timber Forest Products - Industrial Plantation Forests (RKUPHHK-HTI) for the 10-year period 2017 to 2026. The RKUPHHK-HTI 2018 document, was ratified by the Decree of the Minister of Environment and Forestry of the Republic Indonesia No. SK 265 / MenLHK-PHPL / uhp / hpl.1 / 2/2018 regarding the Approval of the Long-term Work Plan for the Utilization of Timber Forest Products - Industrial Plantation Forests (RKUPHHK -HTI) for 2017-2026 within the Framework of Improving Peat Management on behalf of PT Sumatera Riang Lestari in North Sumatra Province and Riau Province. Spatial Planning for the work area of PT Sumatera Riang Lestari Block II Garingging consists of: Staple Plant Area of 13,075 ha (31.20%), Livelihood Plant Area 6,623 ha (15.80%), Local Protection Area and other Protected Areas covering 8,989 ha (21.45%), while the area controlled by a Third Party is 13,223 ha (31.55%).

At PT Sumatera Riang Lestari Block II Garingging there was conversion of 20,564.2 ha of natural forest to plantation forest after 31 December 2010, so that from the concession area of 41,910 ha, the scope of IFCC certification was only 21,345.8 ha.

The work area of PT Sumatera Riang Lestari Blok II Garingging is located between coordinates 01° 10' 49" to 01° 20' 37" North and 99° 47' 31" to 100° 06' 28" East. The Forest Group is located on the Garingging River and the Mahato River, and the concession falls under the governmental administration of Sosa Subdistrict, Barumon Tengah, Huristak and Hutaraja Tinggi, Padang Lawas Regency, North Sumatra Province.

The work area of PT Sumatera Riang Lestari Block II Garinggig is in the form of dry (mineral) soil with a 93% flat topography (0-8%), and the remaining 7% having ramps (8-15%). The type of soil consists of Podsolik; Podsolik-Gleisol-regosol Association, and Gleisol-Kambisol-regosol association. The geological formation is in the form of volcanic, sedimentary rocks, alluvium and metasediment. Climate is classified as Type A (Schmidt & Ferguson) with an average rainfall of 2,259 mm / year. Hydrological conditions are included in the Garingging, Mahato and Kumu River watersheds.

Based on the foregoing, the species of plants cultivated are *Acacia mangium* and *Eucalyptus* sp.

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

There are 21 villages around the concession area that are included in 4 districts, namely:

1. Aek Nabara Barumon District has 9 villages: Aek Nabara Jae, Aek Nabara Tonga, Aek Nabara Julu, Padang Garugur Jae, Hadungdung Pintu Padang, Sidokan, Aek Rampa, Paranjulu and Tobing,
2. Huta Raja Tinggi District has 9 villages: Hutaraja Tinggi, Aliaga, Mananti, Panyabungan, Panyabungan Market, Korang River, including Ujung Batu IV Village, Ujung Batu V and Ujung Batu I,
3. Lubuk Barumon District has 1 village: Siali-Ali Village,
4. Barumon Tengah District has 2 villages: Unte Udang and Binanga Villages.

Based on the PT Sumatera Riang Lestari AMDAL document that was carried out in 2001, the company has identified

and respects the rights of the local community in regard to the use of non-timber forest products. These include durian fruits, cempedak, and utilization of the forest's honey bees.

PT Sumatera Riang Lestari Blok II Garingging also provides opportunities for members of the local community to be employed by the company. Based on interviews with the village heads, there are people who work as contractor labor or as planters.

The Management Unit has standard procedures for conflict resolution, which includes training of personnel to carry out mapping of potential areas of conflict, as well as record full details of all cases of conflict from initial report, through settlement negotiation to results of mediation actions taken. There are reports of areas that are still used by the community (claims), complete with maps of the location of these areas.

Notarized agreements have been signed between PT Sumatera Riang Lestari Blok II Garingging and the local communities in regard to the development of livelihood plants for the benefit of the local communities. In addition, there are documented agreements on the formation of Community Fire Awareness (MPA) groups.

PT Sumatera Riang Lestari Blok II Garingging implements CD-CSR programs for the benefit of the communities surrounding the work area. Documented records on the realization of these programs for 2018 and 2019 confirm material assistance for the construction of bathing and toilet facilities, aid for honey bee hives, and assistance with elementary schoolchildren's textbooks, as well as Ramadan packages.

Description of the ecological conditions of the concession

Management Unit has identified forest management activities that are likely to have significant impacts based on AMDAL. Environmental Management Plan (RKL), Environmental Monitoring Plan (RPL), which was approved based on the Minister of Forestry's Approval Letter No. 482.1 / Menhut-II / 2001 on March 23, 2001.

The Management Unit maintains careful monitoring at all stages of operations: pre-planting, cultivation, harvesting and post-harvest. This includes the study of physical and chemical components such as macro climate, soil analysis, to check density and fertility, as well as care being taken to avoid subsidence, maintain water quality, and manage water flow. Care is also taken to ensure that no environmental damage is caused by the logging activities.

The Management Unit also identifies high conservation value forests (HCVF), and maintains observation and mapping the biodiversity of native species of flora and fauna, plus keeps a careful watch over protected areas in order to prevent or limit damage to these areas. This is done in various ways ranging from socialization to the local community, the establishment and maintenance of bulletin boards that prohibit such actions as the lighting of fires, hunting, illegal incursion and logging, etc. Routine patrols help enforce these prohibitions, plus also provide early warning of fire hazards. Not all negative impacts come from human hands, however, as pests and diseases are also a threat. Depending on the type, these threats can be handled manually, mechanically, biologically or chemically, although in the latter case the usage is carried out in accordance with the defined procedures for the management of toxic and hazardous waste (B3).

Fire is a major danger to any plantation, and PT Sumatra Riang Lestari Block II Garaging signed joint agreements on the Community Fire Awareness (MPA) program in 2014. The Management Unit has fully trained personnel and has fire-fighting equipment readily available, plus potential hotspots are monitored both at ground level and by satellite.

Results of the Public Consultation

Prior to conducting the Surveillance 1 Audit 1, PT AJA Sertifikasi Indonesia carried out a Public Consultation commencing August 27, 2019 asking stakeholders to provide input and information about PT Sumatera Riang Lestari Block II Garingging. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website

(www.ajaindonesia.com), sent to the parties via email or postal letter, and published in the local newspaper. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Sumatera Riang Lestari Block II Garingging, the reported cases being given material consideration as part of the audit process carried out by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements needed for this certification process, comprising legal aspects that include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the field of certification, which is registered for an area of 21,345.8 hectares.

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

The results of Surveillance I Audit of PT Sumatera Riang Lestari Block II Garingging identified one (1) Minor Non-Conformity (NC) with the following description :

No	Non-Conformities	Corrective Action Performed	Category
1	Based on contractor data for the September 2019 period, not all the contractors could show proof of payment of BPJS for their employees. Clause Ref. I.11.1	Management Unit has registered those companies that were not previously registered with BPJS in Padang Lawas.	Minor

Conditions under which the certificate is issued

Certificate is valid until (September 5, 2021), provided that PT Sumatera Riang Lestari Blok li Garingging completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problems at the next Surveillance visit. If the non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time as AJA is able to perform a closeout visit.