

# Public Report Sustainable Forest Management System

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CLIENT NAME: PT Sumatera Riang Lestari Blok V Rangsang

TOTAL HECTARES: 13,354.40 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 13,354.40 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

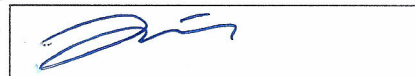
AUDIT START DATE: September 24, 2019

AUDIT END DATE: September 27, 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

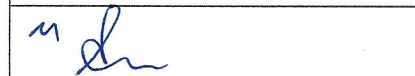
LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:



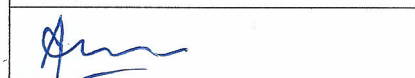
AUDIT TEAM: Utomo

SIGNATURE:



Agung Utama Lubis

SIGNATURE:



MAJOR CARS : 0

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Blok V Pulau Rangsang PT SRL	Rangsang District, Kepulauan Meranti Regency, Riau Province, Republic of Indonesia	September 24 to 29, 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 Blok V Rangsang is based on PT Sumatera Riang Lestari's timber production forest (IUPHHK) business license issued based on Ministerial Decree No. SK.208 / Menhut-II / 2007, dated May 25, 2007 concerning Amendments to Minister of Forestry Decree No. SK.262 / Menhut-II / 2004 jo No. SK.99 / Menhut-II / 2006 concerning Granting Business License for Timber Forest Product Utilization (IUPHHK) in Plantation Forests to PT Sumatera Riang Lestari over a Forest Area of around 65,000 hectares in North Sumatra Province. The change in decision regarding PT Sumatra Riang Lestari's IUPHHK-HTI working area was to around 215,305 ha consisting of 67,230 ha located in North Sumatra province and 148,075 hectares in Riau Province. The total area of PT Sumatera Riang Lestari Blok V Rangsang as determined by Decree No. 208 / Menhut-II / 2007 dated May 25, 2007 is around 18,890 ha.

There was a conversion of 5,535.60 ha of natural forest to plantation forest after December 31, 2010, so the overall scope for IFCC certification is for an area of 13,354.40 hectares. The Management Unit has prepared a Non-IFCC and IFCC area map of scale of 1: 90,000 and lists its compartments, plus has made physical demarcation of boundaries in the field.

The Management Unit has a management plan documented in the Adjustment of the Business Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) for the period of 2017 - 2026, Activity Year 2018-2019. Approval is based on MenLHK Decree No. SK.8910 / MenLHK-PHPL / UHP / HPL.1 / 12/2018 dated December 28, 2018. Spatial layout consists of a Staple Plant Area of 8,757 ha (46.36%), Livelihood Plant Area of 3,860 (20.43%) and Function Area for Peat Ecosystem Protection covering 6,273 ha (33.21%).

PT Sumatera Riang Lestari - Blok V Rangsang falls under the governmental administration of District of Rangsang and Rangsang Pesisir of Kepulauan Meranti Regency, Riau Province, while its geographical location lies between 00° 52' 43.0" to 01° 05' 27.0" North and 102° 52' 54.0" to 103° 07' 17.0" East.

The area of PT Sumatera Riang Lestari Blok V Rangsang consists of Tropohemit, Tropofibris and Troposaprist soil types, while its geology consists of young Alluvium and old Alluvium. The Management Unit area is largely a wetland ecosystem (peatland) type. Peat type areas are found in the area of staple crops and protected areas, where the management of peat areas is closely related to 'water management'. The species being cultivated is *Acacia crassicarpa*.

The area of PT Sumatera Riang Lestari Blok V Rangsang based on 1: 250,000 scale Peat Ecosystem Function Map issued by the Ministry of LHK (Attachment of Minutes No.BA.046 / UHP / RKUPHT / HPL.I / 3/2017 dated March 20, 2017 show all work areas having peat soils. Detailed Plan for the restoration of peat ecosystem functions is explained in the Peat Ecosystem Recovery Plan Document based on Decree of the Director General of Pollution and Environmental Damage Control No. SK.135 / PPKL / PKG / PKL.0 / 11/2018 dated 29 November 2019.

PT Sumatera Riang Lestari (including Blok V Rangsang) is in the process of revising the RKUPHHK Documents based on the above Recovery Documents and the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.10 / Menlhk / Setjen / Kum.1 / 3/2019 regarding Determination and Management of Peat Dome Peat Based on Peat Hydrological Unity.

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

Communities around PT Sumatera Riang Lestari Blok V Pulau Rangsang are local communities, there being no customary law communities around the company's concession area.

PT Sumatera Riang Lestari Blok V Rangsang has undertaken conflict resolution efforts, as reported in the Potential Mapping and Conflict Resolution of PT Sumatra Riang Lestari Block V Semester I of 2019. There is an indicative map of encroachment and claims areas in the work area of PT Sumatra Riang Lestari Block V. Based on interviews with Management Unit staff, there is a tendency for the claim area to increase along with the expansion of villages. Originally there was one district, District of Rangsang, but with the establishment of Rangsang Pesisir District, there are now two districts. The number of villages around the company has also increased, from the original 9 to today's 17 villages. In the meantime, the company's efforts to conduct conflict resolution have been constrained by the existence

of government policies relating to peatlands. In 2017, when peat policy first emerged, the entire concession area was designated a Peat Ecosystem Protection Function area and thus could not be used as a production area. There is now a new policy that allows activities to resume.

A livelihood plant management cooperation agreement was set up in 2012, the MoU being signed by the Managing Director of PT Sumatra Riang Lestari and the nine (9) village heads.

The Management Unit has also entered into partnerships with local contractors in a number of fields, for example, provision of labor to work on the plantation, rental providers of speed boats and land vehicles, and the provision of ambulance services.

PT Sumatera Riang Lestari Blok V Pulau Rangsang has carried out corporate social responsibility (CSR) activities in respect to the surrounding communities, although responses from the individual villages was mixed. One Village Secretary who was interviewed said that over the last three years, there had been no realization of CD / CSR funds for the village, although there were Minutes of Handover of Assistance for two sacrificial cows to the community through the regency government, on August 21, 2018. Based on an interview with another Village Secretary, meanwhile, the company has implemented a Corporate Social Responsibility program to local communities. Based on the agreement between the company and the community, the company has provided a number of funds to be managed by each village located in the two districts. However, because proposal documents and reports from villages in the Rangsang District were not yet available, the details of implementation of CSR were only available for the Rangsang Pesisir sub-district.

#### Description of the ecological conditions of the concession

The Management Unit has conducted Forest Ecosystem and Hydrological Function Management activities, which have identified forest management activities that have significant impacts, plus conducted an environmental impact assessment through the implementation of AMDAL activities, RKL RPL PT Sumatera Riang Lestari Blok V Rangsang in 2004. Implementation of environmental management and monitoring is presented in the Environmental Permit Implementation (RPL / RKL) report, which is reported to the requisite authorities each semester.

Monitoring the negative impacts of forest management activities in the concession area is conducted in accordance with the RAL and RPL ANDAL documents, PT Sumatera Riang Lestari Blok V Rangsang, 2004. The Management Unit has documented procedures that guide the monitoring of negative impacts due to forest management activities, which include those for Protected Area Monitoring, Debit and Water Quality Monitoring, and Soil Density Monitoring.

Reduced Impact Logging activities are carried out in stages, pre-harvesting, during harvesting, and post-harvesting. Identification of the area that functions to protect soil and water has resulted in the allocation of an area of 6,273 ha (33.21%) as the Peat Ecosystem Protection Function Area, consisting of Riparian Area of 720 ha (3.81%), KPPN / KPSL covering 308 ha (1.63%) and Other Protected Areas covering 5,245 ha (27.77%).

The Management Unit has carried out biodiversity management activities through identification and conducting an inventory of protected, endemic, rare and threatened / endangered flora and fauna in the concession area. The results of the identification and inventory are reported to the requisite authorities each semester. Staple species cultivated at PT Sumatera Riang Lestari Blok V Rangsang is not a genetically modified tree species, but *Acacia cracicarpa*.

The management unit has carried out forest protection activities that have identified and monitored disturbances in sustainable forest management. The Management Unit has documented procedures to prevent and deal with natural attacks and infestation, utilizing manual, mechanical, biological or chemical approaches as the threat demands. Besides handling the use of chemical pesticides in the field, the Management Unit also has standard procedures for handling fuel oil spills, lubricants and chemicals, as well as waste management of hazardous and toxic materials (B3)

PT Sumatera Riang Lestari Blok V Rangsang has implemented forest protection measures against fire hazards through monitoring of potential hotspots, plus the provision of firefighting equipment and trained personnel.

#### Results of the Public Consultation

Before conducting the surveillance 1 audit, PT AJA Sertifikasi Indonesia held a public consultation starting on September 16, 2019, asking stakeholders to provide feedback and information about PT Sumatera Riang Lestari Blok V Rangsang. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to the parties via email or postal letter, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Sumatera Riang Lestari Blok V Rangsang, 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, consisting of legal aspects that include compliance with international rules and regulations and conventions. A management system has been built to cover all activities in the field of certification, which is registered for an area covering 13,354.40 hectares.

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

Based on the Surveillance 1 Audit of PT Sumatera Riang Lestari Blok V Rangsang, one (1) Minor non-conformity was identified. The management system of PT Sumatera Riang Lestari Blok V Rangsang is operating effectively. No critical issues were identified.

NO	Nonconformities	Corrective Action performed	Category
1.	Implementation of the concession boundary has not yet been carried out, due to social problems with the local community. These social problems are recorded in the Conflict Mapping and Resolution Report, but the plan to resolve the matter has not yet been implemented.  Clause Ref. I.4.1	The Management Unit has planned to carry out socialization to the village communities affected by the area boundary arrangements.	Minor

#### Conditions under which the certificate is issued

Certificate is valid until December 13, 2021, provided that PT Sumatera Riang Lestari Blok V Rangsang 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.