

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: PT Sumatera Riang Lestari

TOTAL HECTARES: 13,354.40
ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 03, 2017

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: October 06, 2017

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Rahmat safe'i

SIGNATURE:

Mashari

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Sumatera Riang Lestari	Block V Rangsang - Kecamatan Rangsang, Kabupaten Kepulauan Meranti, Propinsi Riau, Indonesia	October 03 to 06 2017
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	
NA		



Brief Description of the concession

PT Sumatera Riang Lestari Block V Rangsang is based on permit to utilize wood production forest (IUPHHK) of PT Sumatera Riang Lestari issued based on Ministerial Decree No. SK.208/Menhut-II/2007, dated May 25, 2007 on Amendment to Decree of the Minister of Forestry No. SK.262/Menhut-II/2004 jo No. SK.99/ Menhut-II / 2006 concerning the Granting of Timber Forest Product Utilization Permit (IUPHHK) in Plantation Forest to PT Sumatera Riang Lestari (PT SRL) covering the Forest Area of approximately 65,000 hectares in North Sumatra Province. The change of decision concerning the working area of IUPHHK-HTI of PT Sumatera Riang Lestari (PT SRL) to about 215,305 ha consists of 67,230 ha located in North Sumatra province and 148,075 hectares in Riau Province. The total area of PT Sumatera Riang Lestari - Block V Rangsang as determined by Decree No. 208 / Menhut-II / 2007 dated May 25, 2007 is approximately 18,890 Ha.

There was a conversion of natural forest to plantation after 31 December 2010 covering an area of 5,535.60 ha. So the scope of the IFCC certification becomes 13,354.40 hectares. The Management Unit has created a 1: 90,000 Non-IFCC and IFCC Area Map and lists its compartments, plus boundaries are marked in the field.

The Management Unit has a management plan documented in the Revised Forest Production Forest Management Plan for Industrial Timber Estate Products (RKUPHHK HTI) for the 10-year period 2008 to 2017 for PT Sumatera Riang Lestari in North Sumatra and Riau Province, authorized by Ministry of Forestry Decree No. SK. 10 / VI-BUHT / 2013 dated March 11, 2013. In 2014, further revisions were approved by Decree of the Minister of Forestry No. SK.18 / VI-BUHT / 2014 dated April 16, 2014 concerning Approval of Revision of Industrial Timber Plantation Product Utilization Plan (RKUPHHK-HTI) for the 10-year period 2008 to 2017 on behalf of PT Sumatera Riang Lestari in North Sumatra and Riau Province.

Based on the RKUPHHK-HTI document, the spatial planning of 18,890 ha was as follows: Protected Areas of 4,412 ha (23.36%), Infrastructure Facility of 488 ha (2.58%), Staple Plant Area of 11,024 ha (58.36%), Indigenous Plant area of 2,007 ha (10.62%), and Livelihood Plant Area of 959 ha (5.08%).

PT Sumatera Riang Lestari - Block V Rangsang falls under the administration of Rangsang and Rangsang Pesisir Sub-districts of Kepulauan Meranti District, Riau Province, and is geographically located between 00° 52' 43" to 01° 05" 27" North and 102° 52' 54" to 103° 07' 17" East.

The area of PT Sumatera Riang Lestari Block V Rangsang consists of Tropohemit, Tropofibrist and Troposaprist soils, while geologically it consists of young and old alluvium. The area is largely a Wetland Ecosystem Type (Tanah Gambut) with peat type areas located in both the basic crop and protected areas and where the management of peatlands is closely related to 'Water Management'. Given the foregoing, the species cultivated is *Acacia crassicarpa*.

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

There are no community settlements within the work area and no customary law communities are recognized by the Kepulauan Meranti government of Riau Province. There are a number of villages located in the vicinity of the Management Unit area and plans have been developed for cooperation with the surrounding village in a livelihood lands program. This has been completed up to the signing of agreement with the timeline for its implementation. However, implementation of the livelihood plant life program for the community has not been effected due to encroachment of the designated areas for the livelihood plant life by the local community.

The Management Unit has a conflict resolution mechanism set out in a series of SOPs. In addition, the Management Unit has also identified, mapped and fully documented all cases of encroachment and claims in the work area. In handling land conflict issues, the Management Unit prioritizes deliberation to reach consensus, but will seek the help of third parties including local government and security apparatus to help resolve deadlocks. Legal action is taken only if all efforts are unsuccessful.



The Management Unit has carried out management and monitoring of the social environment through the provision of employment and business opportunities. This includes notification of job opportunity information to surrounding communities as partners in the company's operational activities, and prioritization of the participation of local people in HTI activities to increase local employment. Other efforts to increase community income include providing opportunities for local community members as contractors in HTI activities as well as building project executors, providing training facilities on the cultivation of honey bees, and providing access for people to search for fodder for animal feed in the work area.

The Management Unit also carries out a community development (CD) program that provides assistance to the community around the company by including activities in the fields of education and religious observance, as well as improvement of facilities and infrastructure.

Description of the ecological conditions of the concession

The Management Unit has undertaken Forest Ecosystem and Hydrological Function management activities, which have identified important forest management activities, plus conducted environmental impact assessment through the implementation of AMDAL activities, RKL RPL of PT Sumatera Riang Lestari Block V Rangsang in 2004. Implementation of the environmental management and monitoring are included each semester in the Environmental Permit (RPL / RKL) report delivered to the requisite authorities.

Reduced Impact Logging activities are carried out with stages: Before harvesting, during harvesting operations, and after harvesting activities. Identification of areas that require soil and water protection have resulted in the allocation of protected areas of 4,412 ha comprising banks of Riparian zone of 1,309,82 ha, KPPN of 360.4 ha and Peat protected area of 2,741.78 ha.

Monitoring the negative impacts of forest management activities in the concession area in accordance with the RKL and RPL ANDAL Documents. PT Sumatera Riang Lestari Block V Rangsang, 2004, the Management Unit has documented procedures for Monitoring of Protected Areas, Debit Monitoring and Water Quality and Monitoring of Soil Density and Erosion. PT Sumatera Riang Lestari Block V Rangsang also has documented procedures for the controlled use of B3 (Hazardous and Toxic Materials), as well as for Combating Pests and Integrated Diseases.

The management unit has undertaken Biodiversity Management activities, i.e. through identification activities, and inventory of protected, endemic, rare and threatened and endangered flora and fauna within the IUPHHK-HTI area. The results of identification and inventory have been reported in the Environmental Permit Implementation Report (RKL / RPL implementation 2nd semester 2016 and 1st semester of 2017).

PT Sumatera Riang Lestari Block V Rangsang has implemented forest protection measures against fire hazards by implementing appropriate measures, whereby the Management Unit already has documented procedures for forest protection activities that also include regular patrols to identify and help counter any disruption of the forest area.

Results of the Public Consultation

Prior to conducting Surveillance 2 Audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing September 25, 2017, requesting stakeholders to provide feedback and information on PT Sumatera Riang Lestari Block V Rangsang. 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 local newspapers. 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 Sumatera Riang Lestari Block V Rangsang, the reported cases being considered a material part of the audit process conducted by PT AJA Sertifikasi Indonesia.

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The Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international rules and regulations and conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area of 13,354.40 hectares.

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

Result of Surveillance 2 Audit of PT Sumatera Riang Lestari Block V Rangsang identified two (2) Minor Non-Conformities. The management system of PT Sumatera Riang Lestari Block V Rangsang is operating effectively. No time-critical issues were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	Verification of working area boundary of PT Sumatera Riang Lestari Block V Rangsang there is no realization of definitive boundary in the field. Clause Ref I.1.1	The Management Unit has planned for the implementation of border restructuring of IUPHHK - HTI PT. Sumatera Riang Lestari Block V Rangsang in 2018.	Minor
2	Based on field verification of documented plant planning, part of the livelihood plant area has been replanted to <i>Acacia cracicarpa</i> species. There is no agreement from the parties for the change from sago to <i>Acacia cracicarpa</i> . Clause Ref I.10.2.	The Management Unit has implemented livelihood aid in the form of CD funds in 2016 & 2017 to each of the villages around the working area, as agreed as a result of the meeting of the local government of Kepulauan Meranti Regency on Saturday 14 April 2012	Minor

Conditions under which the certificate is issued

SFM Certificate IFCC PT. Sumatera Riang Lestari Block V Rangsang certificate number: AJA/IFCC-PEFC/FMC-HT/00012/XII/ 2015 remains valid until 13/12/2018.