

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 Satria Perkasa Agung Unit Koperasi Tani Hutan Sinar Merawang

TOTAL HECTARES: 8,680.70 HECTARES

SCOPE OF REGISTRATION: Sustainable Forest Management of 8,680.70 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Re-certification

AUDIT START DATE: March 19, 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

AUDIT END DATE: March 21, 2019

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

[Handwritten signature]

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

[Handwritten signature]

Agung Utama Lubis

SIGNATURE:

[Handwritten signature]

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Satria Perkasa Agung-KTH Sinar Merawang	PT Satria Perkasa Agung Unit Koperasi Tani Hutan Sinar Merawang, Simpang Kanan District, Simpang Kateman Village, Pelangiran District, Indragiri Hilir Regency, Riau Province, Indonesia	March 19 to 21, 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	

Brief Description of the concession

The Management Unit has IUPHHK-HTI (Concession Business Permit) based on Minister of Forestry Decree No. SK.56/Menhut-III/2013 dated March 23, 2013 concerning the determination of definitive work areas covering 10,070 ha in Pelalawan Regency and Indragiri Hilir Regency, Riau Province. The Management Unit has the RKUPHHK-HTI document for the period of 2017 to 2026, which was ratified based on the Decree of the Minister of Environment and Forestry No. SK.4915/MenLHK-PHPL/UHP/HPL.1/7/2018 dated July 25, 2018 concerning Approval on Adjustment of RKUPHHK-HTI for 2017 to 2026, in Activities of 2018 to 2019 on behalf of PT Satria Perkasa Agung KTH Sinar Merawang in Riau Province.

In the RKUPHHK-HTI document, spatial planning has been carried out as follows: Local Protection Areas and Other Protected Areas of 3,724 ha (36.98%), Staple Plant Areas of 5,065 ha (50.30%) and Livelihood Plant Areas of 1,281 ha (12.72%), for a total of 10,070 ha (100%).

There was conversion of 1,389.3 ha. of natural forest to plantation forest after December 31, 2010, so that the scope of the IFCC certification was for an area of 10,070 ha - 1,389.3 ha = 8,680.70 ha. The Management Unit has provided boundary markings in the field between IFCC areas and non-IFCC areas.

PT Satria Perkasa Agung KTH Sinar Merawang is geographically located between 00° 03' 44.26" to 00° 07' 01.86" North and 102° 41' 93" to 102° 49' 0.60" East. The area of PT Satria Perkasa Agung KTH Sinar Merawang is bounded by the following locations:

- North side: PT Arara Abadi (Merawang District)
- East side: PT Satria Perkasa Agung
- West side: PT Satria Perkasa Agung
- South side: PT Satria Perkasa Agung.

PT Satria Perkasa Agung KTH Sinar Merawang is surrounded by HTI companies. The area is formed of 100% peatland, with a flat topography (0-8% slope). Soil types are Sapric Organosols, and Hemics, geologically formatted of young surface deposits. Climate type according to the Schimidt & Ferguson classification is classified as Type A with an average rainfall of 218.5 mm / year.

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

Administratively, the concession area of PT Satria Perkasa Agung KTH Sinar Merawang falls under the two regencies of Pelalawan and Indragiri Hilir in Riau Province. The company provides assistance to six (6) villages:

- a. Pelalawan Regency: Teluk Meranti District (Pulau Muda Village and Segamai Village).
- b. Indragiri Hilir Regency: Pelangiran District (Tanjung Simpang Village, Simpang Kateman Village, Teluk Bunian Village and Pelangiran Village).

There are no indigenous people found in the concession area, the people living around the concession being mainly Malay. There are people who use the non-timber forest products in the concession area in the form of fish from the company's canals.

In forest management, the Management Unit has documented collaboration agreements with the community around the concession in respect to livelihood plants, has established a Community Fire Awareness (MPA) cooperation and has collaboration of Plantation Forest with Partnership Management (HTPK).

Based on the Community Development (CD) assistance report, there is evidence of the realization of the Desa Makmur Peduli Api (DMPA) program in the form of partnership fee sharing, as well as assistance programs in the form of social culture and health through provision of public facilities. These include the areas of medicine, arts and social culture, youth, education in the form of teacher salaries, school facilities, plus also religious facilities and infrastructure.

The utilization of fish by the villages is also monitored, as reports confirm that the community is gaining additional income by developing a fisheries operation in the company's canals.

Description of the ecological conditions of the concession

The Management Unit of PT. Satria Perkasa Agung KTH Sinar Merawang carries out forest ecosystem and hydrological function management activities. These are carried out in accordance with the company's RKL and RPL documents, while environmental impact assessments are carried out in accordance with the company's AMDAL documents.

To minimize the effect its production forest operations have on the health of the forest ecosystem, PT. Satria Perkasa Agung KTH Sinar Merawang conducts Reduced Impact Logging activities. These are carried out in three distinct phases, pre-harvesting, during harvesting, and post harvesting.

With the concession area being entirely peatland, care is taken in identifying and monitoring the areas that function for both soil and water protection, namely the peat ecosystem protection area (KPPN/KPSL), subsidence and groundwater level being critical areas among others.

The Management Unit also carries out biodiversity management activities. This includes the identification and inventory of protected, endemic, rare and endangered flora and fauna in the concession area, as well as the regular reporting of the results of their monitoring. No key species have been identified, but while a fauna distribution map has been prepared, that for the flora has yet to be completed. The staple plant crop cultivated is not a genetically modified tree species, but *Acacia cracicarpa*.

The Management Unit also carries out forest protection activities, be these caused by natural or human activity. There are documented procedures for the prevention and treatment of pest and disease infestation. These include the use of pesticides and other chemical treatments where applicable, and there are also strict procedures in place for the handling of hazardous and toxic chemicals and their waste (B3), as well as fuel oil, etc.

PT. Satria Perkasa Agung KTH Sinar Merawang also implements forest protection measures against fire hazards., and has a Community Fire Awareness (MPA) cooperation with the community surrounding the concession. However, while the local community has access to operate their fishery in the company canals, grazing of livestock within the concession is strictly prohibited.

Results of the Public Consultation

Prior to carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing February 18, 2019, asking stakeholders to provide feedback and information about PT Satria Perkasa Agung - KTH Sinar Merawang. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via e-mail or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders as a result of the public consultation.

The audit team also collected information from the mass media about PT Satria Perkasa Agung - KTH Sinar Merawang, such reports being given material consideration as part of the PT AJA Sertifikasi Indonesia audit

process.

The Management Unit has identified all the requirements needed for this certification process, consisting of legal aspects that include compliance with rules and regulations and international conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of an area covering 8,680.70 hectares.

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

Based on the Recertification Audit Results of PT Satria Perkasa Agung - KTH Sinar Merawang, no Non Conformities of either a minor or major nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until (30/06/2022).