

Public Report Sustainable Forest Management System

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CLIENT NAME: PT CITRA SUMBER SEJAHTERA SEJATI

TOTAL HECTARES: 15,360

SCOPE OF REGISTRATION: Sustainable Forest Management of 15,360 hectares of Plantation Forest in Riau Province

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 (REMOTE)

AUDIT START DATE: August 07, 2020

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: August 11, 2020

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

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AUDIT TEAM: Andri Wibisono

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: -

MINOR CARS: -

| SITE NAME (Legal Name): | ADDRESSES OF COMPANY SITES VISITED including country | DATE OF EACH SITE VISIT: |
|----------------------------------|---|-----------------------------|
| PT Citra Sumber Sejahtera Sejati | Peranap District, Indragiri Hulu Regency, Riau Province, Republic of Indonesia | August 07,08,10 11, 2020 |
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| 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 | | |
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Brief Description of the concession

The area of PT Citra Sumber Sejahtera Sejati based on the Decree of the Minister of Forestry of the Republic of Indonesia No. 68 / Menhut-II / 2007 dated 23 February 2007, is 15,360 ha located in Indragiri Hulu Regency, Riau Province, and Decree of the Minister of Forestry of the Republic of Indonesia Number: SK.791 / MenLHK / Setjen / HPL.0 / 10/2019 concerning changes to SK.68 / Menhut-II / 2007 dated February 23, 2007, in reference to the change of name to PT Citra Sumber Sejahtera Sejati.

The Management Unit has a 10-year term plan based on the 2018 to 2027 RKUPPHK-HTI, which was legalized based on the Decree of the Minister of Environment and Forestry No. SK. 123 / MENLHK-PHPL / UHP / HPL.1 / 1/2018 dated January 22, 2018. The spatial arrangement of the plantation forest according to this document consists of staple plants of 8,984 ha (58.49%); livelihood plants of 3,668 ha (23.88%), and Local Protection Areas and Other Protected Areas of 2,708 hectares (17.63%). There has been no conversion of natural forest to plantation forest after December 31, 2010, so the scope of IFCC certification is 15,360 ha.

Based on the geographical location, the work area of PT Citra Sumber Sejahtera Sejati is located at 00° 43' 20" to 00° 51' 30" South and 101° 53'45" to 102° 00' 35" East. Based on government administration, it is located in Peranap District, Indragiri Hulu Regency, Riau Province, with area boundaries, as follows:

- North side: KUD Serangge Permai;
- South side: Bukit Batabuh Protected Forest;
- East side: KUD Seranggai Permai and KUD Cipta Bina Karya;
- West side: PT. Artelindo Wira Tama

The work area of the Management Unit has the following topography: slope class A (0–8%) - 51.51%; slope class B (8% -15%) - 37.87%; and slope class C (15-25%) - 10.62% at an altitude of 30 to 60 meters above sea level.

It is based in the Kwalaran River, Peladang River and Serangge River Forest Groups, and has been identified as part of the Inderagiri River watershed.

Based on the climate classification according to Schmidt-Ferguson, PT. Citra Sumber Sejahtera is included in climate type A with a value of Q = 14.3%. Based on the geological map of the area of PT. Citra Sumber Sejahtera it is included in the geological formation of Palembang (Qtpu; Tpm; Tpl) and the geological formation of Telisa (Tmtu; Tmtl). Soil type is Podsollic Red Yellow (PMK). The entire work area of PT. Citra Sumber Sejahtera Sejati is a mineral soil.

The Management Unit develops *Acacia mangium* and *Eucalyptus* sp.

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

The concession area of PT Citra Sumber Sejahtera Sejati is located in Pauh Ranap Village, Peranap District, Indragiri Hulu Regency, Riau Province. There are no indigenous peoples around the concession, and livelihoods of residents around the company's concessions are dominated by the plantation sector.

In the course of PT Citra Sumber Sejahtera Sejati's activities, there were claims coming from the people of a village. PT Citra Sumber Sejahtera Sejati has made conflict resolution efforts with the surrounding community. There is a Participatory Boundary Mapping / Arrangement Plan Document in the PT Citra Sumber Sejahtera Sejati IUPHHK-HTI Work Area, Indragiri Hulu Regency, Riau Province in November 2019. The document contains the results of a meeting on conflict resolution efforts between PT Citra Sumber Sejahtera Sejati (along with several other companies

in the same group) with the surrounding communities in the Peranap District, Batang Peranap District; Indragiri Hulu Regency.

There is a Report on Potential Mapping and Conflict Resolution of PT Citra Sumber Sejahtera (Sejati) for Semester II of 2019, January 2020, based on which the conflict status at the IUPHHK level of PT Citra Sumber Sejahtera Sejati is Moderate. Some of the alternative solutions offered in the report are: Forestry Partnership, Alternative Dispute Resolution (ADR), a formal legal mechanism. So far conflict resolution has been resolved through forestry partnerships.

PT Citra Sumber Sejahtera Sejati has collaborated with the surrounding community. The cooperation carried out is in the development of industrial plantation forests as stated in the previous audit report. This cooperation is still ongoing up to the present time.

PT Citra Sumber Sejahtera Sejati has provided support in the development of the surrounding community. Broadly speaking, the CSR program of PT Citra Sumber Sejahtera Sejati includes 4 parts:

1. Aspects of the availability of mechanisms and implementation of effective incentive distribution, as well as fair distribution of costs and benefits between the parties,
2. Aspects of the availability of mechanisms and implementation of local community participation. economic activities being forest-based,
3. Aspects of the availability of mechanisms and implementation of economic improvement of local communities,
4. Aspects of availability of mechanisms and implementation of social conflict solutions.

Description of the ecological conditions of the concession

The Management Unit has carried out identification of forest management activities with significant impacts, and conducts an environmental impact assessment through: AMDAL RKL & RPL documents PT Citra Sumber Sejahtera Sejati, 2002 and Environmental Permit Decree of the Head of the Riau Province One-Stop Investment and Integrated Services Service Number: 503 / DPMPTSP / II / 14 dated 17 June 2019.

- The Reduced Impact Logging activity is carried out in stages: before harvesting activities (pre-harvesting), during harvesting operations, and after logging activities (post-harvesting)
- Identification of areas that function for land protection, which include KPPN Protected Area, Buffer Zone HL Bukit Batabuh and KPSL.
- Identification of areas that function for water protection, which include Riparian Areas.
- Monitoring of negative impacts with documented procedures for Monitoring Protected Areas, the Monitoring of Discharge and Water Quality, and the Monitoring of Subsidence and PPWT.

The Management Unit has carried out Biodiversity Management activities, namely through the following:

- Identification and inventory of protected, endemic, rare and threatened / endangered flora & fauna the results of which may be found in: Environmental Permit 2019, Business Plan for Utilization of Timber Forest Products in HTI in Plantation Forests (RKUPHHK-HTI) 2018/2027. There is a map that shows the habitat, distribution and migration patterns of both flora and fauna. There are no key species in the area.
- The types of staple plants cultivated are not genetically unmodified tree species, but are *Eucalyptus* sp. and *Acacia mangium*.

The Management Unit has carried out Forest Protection activities, whether these have human or natural causes.

- PT Citra Sumber Sejahtera Sejati has documented procedures for the controlled use of B3 (Hazardous and Toxic Materials), Handling Spills of Fuel, Lubricants and Chemicals, Weed Control, and for Pest Management and Integrated Disease.
- Has implemented forest protection measures against fire hazards, including the involvement of the local community. No livestock grazing is permitted by the community in the area of the Management Unit.
- Appropriate / measurable steps have been implemented in forest protection activities, whereby PT Citra Sumber Sejahtera Sejati has documented procedures for forest protection activities.

Results of the Public Consultation

Prior to carrying out the Surveillance Audit 1, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing July 26, 2020, asking stakeholders to provide feedback and information about PT Citra Sumber Sejahtera Sejati. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via email or postal mail, and published in local newspapers. 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 Citra Sumber Sejahtera Sejati, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements required for this certification process, which consists 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 area of certification, which is registered for an area of 15,360 hectares.

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

Based on the results of Surveillance 1 Audit Results of PT Citra Sumber Sejahtera Sejati no Non-Conformities of either a major or minor nature were identified by the audit team. The management system of PT Citra Sumber Sejahtera Sejati is operating effectively.

Conditions under which the certificate is issued

Certificate is valid until July 26, 2022, provided that PTCitra Sumber Sejahtera Sejati does not have 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.