

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 SYLVA LESTARI UNIT PADANG LAWAS

TOTAL HECTARES: 33,390

SCOPE OF REGISTRATION: Sustainable Forest Management of 33,390 hectares of Plantation Forest in North Sumatra Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

AUDIT START DATE: July 26, 2021

AUDIT END DATE: July 29, 2021

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: Agung Utama Lubis

TEAM AUDIT: Amin Kadeni

Ardi Prasetyo

SIGNATURE:

SIGNATURE:

SIGNATURE:

Handwritten signatures in three boxes.

MAJOR CARs: 0

MINOR CARs: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Sumatera Sylva Lestari Unit Padang Lawas	Barumon District, Padang Lawas Regency, North Sumatra Province – Republic of Indonesia	July 26 to 29, 2021
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 Sylva Lestari was established based on Decree of the Minister of Forestry No.: 82/Kpts-II/2001 dated March 15, 2001 regarding the Granting of Concession Rights for Timber Forest Product in Plantation Forest to PT Sumatera Sylva Lestari for a forest area of approximately 42,530 ha in North Sumatra and Riau Province. Padang Lawas Unit is located in North Sumatra Province of 33,390 ha. No area of natural forest was converted after December 31, 2010. Thus, the area certified under the IFCC Sustainable Forest Management scheme is 33,390 hectares.

PT Sumatera Sylva Lestari Unit Padang Lawas has a 10-year work plan namely the Revised RKUPHHK-HTI for 2013 to 2022 which was approved based on the Decree of the Minister of Forestry Number: SK. 14/VI-BUHT/2013 dated April 01, 2013. According to the document, the spatial planning of the working area is divided into Protected Area of 3.593 Ha (10,76%), Ineffective Area for Production of 579 Ha (1,74%), and Effective Area for Production of 29,218 ha (87.5%) which consists of Staple Plant area of 23,150 Ha (69,33%), Indigenous Plant area of 4,397 Ha (13.17%) and Livelihood Plant area of 1,671 Ha (5.00%).

The working area of PT Sumatera Sylva Lestari was originally a lowland tropical rainforest consisting of 91.9% of dry mineral soil and 8.1% of the swamp. With its type of soil, the species of plants developed are *Acacia mangium* and *Eucalyptus* sp. The Management Unit allocated part of the concession that represents the existing ecosystem as the Protected Area. The existing protected areas are in the form of Border of Sarudung River, Simarbuaya River, Nabaramanapi River, Simarbayo River, Sionggoton River, Palangas River, and Pulo Sarudung River. Also formed as Germplasm Protection Area (KPPN) which represents the riparian zone ecosystem.

Geographically, the work area is located between 01° 03' 38" to 01° 31' 06" North and 99° 45' 00" to 100° 01' 38" East. The area has flat topography (0-8%) with an altitude of 50 - 250 m above sea level. The soil in the Management Unit area consists of Yellow Podsolik. Based on the geological formation, it consists of Peasant, Minas, and Alluvium rock types. According to the climate classification, PT Sumatera Sylva Lestari work area is included in type A (Schmidt-Fergusson) with rainfall of 2,259 mm/year. It is hydrologically located in the Hampesong and Marbuayamenek sub-watershed.

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

There are no customary law communities around the concessions. Communities around the concession are local communities whose livelihoods are mostly in the agricultural sector. During the remote audit, field verification of social aspects was implemented in four (4) villages assisted by the company out of the twenty-five (25) assisted villages of the company. The four villages are Siali-Ali Village, Sipagabu Village, Sigoring - Goring Village, and Pasar Latong Village.

PT Sumatera Sylva Lestari has made efforts to resolve conflicts with the surrounding community. One of the efforts is by making a Potential Mapping Report and Conflict resolution in Semester I and Semester II of 2020. Based on the report, the status of the conflict is at the alert level. Thus, the Management Unit has a Preparation of Conflict Mapping Report per the Regulation of the Director-General of Sustainable Production Forest Management Number P.5/PHPL/UHP/PHPL.1/2/2016 in the Guidelines for Mapping Potential and Conflict Resolution for Holders of Business Permits for Utilization of Timber Forest Products (IUPHHK) in Production Forests.

PT Sumatera Sylva Lestari has collaborated with the surrounding community by making a partnership agreement in livelihood plants. The agreement is valid until the year 2044 with the commodity of staple plants. By this agreement, the community is obliged to maintain the security of the concession area from encroachment activities, illegal logging, forest fires, land claims, and other social problems.

There is also a partnership pattern with some village cooperatives. The cooperation covers all activities for the development of Industrial Plantation Forests such as planting, maintaining, harvesting, transporting, providing

manpower, developing infrastructure according to the needs of PT Sumatera Sylva Lestari and according to the SOP of PT Sumatera Sylva Lestari.

As for the corporate social responsibility program to the surrounding community, there is a CD Program Realization Report of PT Sumatera Sylva Lestari. The realization is including the construction of trenches with heavy equipment, cultivation of rice fields, covid-19 assistance, youth assistance, material assistance for mosque renovation, road reparation, sports equipment for school, bulls for livestock, etc.

Description of the Ecological conditions of the concession

PT Sumatera Sylva Lestari's steps to minimize environmental impacts due to forest management, namely:

- Develop and implement various Documented Procedures (SOP) and Work Instructions (WI) related to environmental management in the work area,
- Establish and maintain protected areas, by allocating KPPN and River Border which represents the types of natural ecosystems,
- Carry out rehabilitation of degraded areas with appropriate species and technical silviculture systems. By last year, the Management Unit has rehabilitated degraded land four times in the protected area of the riparian zone.

The prevention and control of forest and land fires implemented by the "Zero Burning Policy". The Management Unit has built the *Dalkarhutla* Command Post as well as provided other facilities and infrastructure for forest and land fire prevention and control activities. The Management Unit established Forest and Land Fire Control Brigade (*Brigadalkarhutla*) and Community with Fire Awareness (MPA) with the village to participate in preventing and controlling forest and land fires in the Management Unit work area and its surroundings.

As for operational activities, the Management Unit has implemented the Reduce Impact Logging (RIL) in harvesting, infrastructure development and transportation, and using types of pesticides that are not prohibited based on Kepmentan No. 949 of 2008 concerning limited pesticides. The Management Unit also has built a Temporary Storage Place for Hazardous and Toxic Waste which has a permit from the relevant agency, a generator place, and a place for fuel oil or BBM equipped by oil trap facilities to minimize oil spills to land and water. Implement the monitoring of the impact of forest management on the soil (fertility, density, and erosion) and river water (sedimentation, river water quality, and discharge), and report environmental management activities in the RKL/RPL Implementation Report per semester to the relevant agencies. The last report that has been made and is being reported is the RKL/RPL Implementation Report for semesters 1 and 2 of 2020. The Management Unit is not planting Genetically Modified Organisms (GMOs).

For security, the Management Unit built security posts and portals to restrict outsiders from entering the work area and conduct forest security patrols against existing forest disturbances, such as land claims and encroachment. If there were violations, the Management Unit shall report them to the authorities to solve problems related to forest disturbances. The community is also allowed to use non-timber forest products (NTFPs) such as river fish and forest honey. This allowance is used as an effort to prevent conflict with the community.

A fairly high diversity of flora and fauna species is found in the Protected Area, especially in the River Border area. The area serves to protect threatened or protected flora and fauna and their habitats. Some protected wildlife in the concession includes *Helarctos malayanus*, *Muntiacus muntjak*, *Prionailurus bengalensis*, *Nisaetus cirrhatus*, etc. Periodic identification and monitoring of flora and fauna in the working area is conducted as forest protection activity. The Management Unit has signboards in the form of prohibitions or notices in several strategic locations. The signboard contains a prohibition on burning forests and land, cutting down trees, and hunting for animals.

Results of the Public Consultation

Before carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing June 21, 2021, asking stakeholders to provide feedback and information about PT Sumatera Sylva Lestari Unit Padang

Lawas. 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 received input in the form of published news of an online media report dated July 14, 2021. The input was a suggestion to evaluate the status of part of the Management Unit land concession because of the land claims reported by some village heads.

PT AJA Sertifikasi Indonesia had verified the stakeholder feedback thoroughly by communicating with the Management Unit. As to answer the issue, PT AJA Sertifikasi Indonesia conclude that PT Sumatera Sylva Lestari obtained a legal concession permit based on the Decree of the Minister of Forestry dated March 15, 2001, valid for 43 years. The status of the stated land is granted based on the concession permit to the company and is being rehabilitated by the company because previously the land was planted with palm oil. This issue had been discussed between the company and the related parties. Based on this description, the Management Unit and related parties have agreed to establish cooperation between the company and the community. The reported cases are 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, register for an area of 33,390 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 the Surveillance 2 Audit of PT Sumatera Sylva Lestari Unit Padang Lawas, no Non-Conformities of either a Major or Minor nature were identified by the audit team. The management system of PT Sumatera Sylva Lestari Unit Padang Lawas is operating effectively.

Conditions under which the certificate is issued

The certificate is valid until August 4, 2022, if PT Sumatera Sylva Lestari Estate Padang Lawas maintains its Surveillance schedule and does not have any potential major non-conformities at the time of the next Surveillance visit.