

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 ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 09, 2018

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 12, 2018

LEAD AUDITOR: R Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Priyo Handoko

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS:-

MINOR CARS: -

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	October 09 to 12, 2018
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	

Document: Report Format Public - IFCC

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Date: 15 September 2016

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Brief Description of the concession

PT. Sumatera Sylva Lestari Unit Padang Lawas received a plantation forest management permit per Decree of the Minister of Forestry No. 82 / Kpts-II / 2001. dated March 15, 2001 concerning the granting of concession rights to PT Sumatera Sylva Lestari for approximately 42,530 hectares of forest, in the provinces of North Sumatra and Riau. Padang Lawas Unit is located in the province of North Sumatra covering 33,390 ha.

There has been no conversion of natural forest to plantation forest since December 31, 2010, and thus the scope of the IFCC certification is for an area of 33,390 hectares.

In forest management, the company has made a revised document for IHMB-based RKUPHHK HTI for the period 2013 to 2022 (Minister of Forestry Decree Number SK.14 / VI-BUHT / 2013 dated 1 April 2013). According to the RKUPHHK-HTI, the spatial arrangement of the working area of 33,390 ha is as follows: Staple Plant Area of 23,150 ha (69.34%), Enhancement Planting Area of 4,397 ha (13.17%), Livelihood Plant Area of 1,671 ha (5.00), Protected Area of 3,593 ha (10.76%) and Area Ineffective for Production of 579 ha (1.73%).

The geographical location of the work area lies between 01° 03' 38" to 01° 31' 06" North and 99° 45' 53" to 100° 01' 00" East, while it falls under the governmentl administration of Sosa District, Lubuk Barumun District, Central Barumun District, Huristak District and Simangambat District, Padang Lawas Regency and Padang Lawas Utara Regency, North Sumatra Province.

The topography of PT. Sumatera Sylva Lestari Unit Padang Lawas is mostly flat (0-8%) at an altitude of 50 to 200 meters above sea level, and has a red yellow podsolic soil type. The geological formations include farmer formation, Minsa and Alluvium. The climate based on Schmidt Fergusson classification is Type A with an annual rainfall of 2,259 mm, the highest falling in December and the least in June. Hydrology includes the watershed of the Hampasang River and Marbuaya Menek River.

Given the foregoing, the types of plants cultivated are *Acacia mangium* and *Eucalyptus sp.*

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

The community around the concession area consist of indigenous Batak people, as well as Javanese and Minang immigrants.

PT Sumatera Sylva Lestari Unit Padang Lawas has a conflict resolution protocol that aims to resolve social conflict through the principle of free, prior and informed consent.

PT Sumatera Sylva Lestari Unit Padang Lawas is committed to providing support to the indigenous peoples / local communities around the concession area in terms of capacity building and promoting economic and social development. This takes many forms from the provision of opportunities for direct employment by the company, cooperation agreements in respect to livelihood plants, through to its community development (CD) programs.

In regard to the livelihood plant program, the company entered into livelihood plant cooperation agreements with a number of the surrounding villages in 2015, whereby the Management Unit undertakes direct implementation or does so in cooperation with the cooperatives formed by the different villages in the area. The concept is that not only will this provide financial reward for the local communities but also foster a sense of responsibility and ownership of the forest area as a renewable resource for the benefit of all. This is enhanced by the Management Unit providing access to the local



communities in regard to utilization of non-timber forest products according to local traditions; protection of *sialang* trees as a source for honey, for example.

The CD programs, meanwhile, aim to physically enhance the capacity of the local communities through the construction of local infrastructure and facilities, providing improvements in health and education facilities, and supporting religious and social activities in accordance with the company's capabilities and the community requirements. The success or failure of these activities, however, is also dependent on the support of the community itself and other parties such as the government.

Description of the ecological conditions of the concession

PT Sumatera Sylva Lestari Unit Padang Lawas has environmental documents (UKL UPL) approved by the authorities based on the AMDAL Decree of the Forestry Department No. 05 / DJ-VI / Amdal / 1999, January 26, 1999 concerning the ANDAL, RKL and RPL Agreement of HPHTI PT SRL in North Sumatra and Riau Provinces. It conducts environmental management and monitoring as per the UKL/ UPL documents and reports to the relevant government agencies every 6 months.

From an ecological standpoint, aspects that are managed and monitored include physical-chemical components (macro climate change, decrease in soil fertility, water quality, etc.), and biological components (natural vegetation and protected species, wildlife, plant disease pests and regional disturbances).

PT Sumatera Sylva Lestari Unit Padang Lawas has identified specific areas that function as protection for threatened / endangered key species, as well as their habitat and migration patterns including landscape considerations. Of the total protected area of 3,593 ha (10.76%), riparian areas cover 3,363 ha (10.07%), while the remaining 230 ha (0.69%) is for germplasm conservation (KPPN).

While environmental monitoring activities include condition of vegetation in protected areas, microclimate, soil fertility, soil density, soil erosion, discharge and river water quality, they also include protection from forest disturbances resulting from natural or human causes. Natural disturbances include the identification and treatment of infestation and disease, while care must also be taken in the handling of hazardous substances (B3) and their waste. Human disturbances, meanwhile, include encroachment and forest clearance, illegal logging, lighting of fires, etc., while the Management Unit counters the negative impacts of grazing and livestock populations on forest regeneration, growth and biodiversity by restricting such activities by the local communities.

The major concern on any plantation is the threat of fire and the Management Unit implements fire watch activities in monitoring potential hotspots. Besides regular patrols of the concession area, the Management Unit conducts socialization regarding the annual work plan (RKT) and the protected areas to the local communities to keep them fully informed.

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing September 17, 2018, 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 relevant parties via email and / or postal mail, and announced in a local newspapers (Batak Post).

A complaint was received from one Village Head that no compensation had been received from PT Sumatera Sylva Lestari Unit Padang Lawas. Based on field validation, the problem in fact occurred between the Village Head and the North Sumatra Province Forestry Service.

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The audit team also collected information from the media regarding PT Sumatera Sylva Lestari Unit Padang Lawas, 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, which consist of legal aspects that include compliance with the provisions of international regulations / conventions. The management system has been built to cover all activities in the field for certification, which is registered for an area of 33,390 ha.

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.

Conditions under which the certificate is issued

The certificate is valid until --- / ---- / ----