

Public Report Sustainable Forest Management System

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JOB NUMBER: AJA/IFCC-039

CLIENT NAME: PT RIMBA LAZUARDI

TOTAL HECTARES: 23,340 hectares

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 23,340 hectares in Riau Province.

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: February 29, 2016

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 3, 2016

LEAD AUDITOR: Ardi Prasetyo

SIGNATURE:

AUDIT TEAM: Muhammad Nurul Anwar

SIGNATURE:

Ence Hedi Hasan

SIGNATURE:

MAJOR CARs: 0

MINOR CARs: 15

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):	<input type="checkbox"/>
RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):	<input checked="" type="checkbox"/>
RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):	<input type="checkbox"/>
NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):	<input type="checkbox"/>

SELECT OPTION

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows):	DATE OF EACH SITE VISIT:
PT Rimba Lazuardi	Desa Lubuk Kembang Bungo, Kecamatan Ukui, Kabupaten Pelalawan, Desa Pangkalan, Kecamatan Pucuk Rantau, Kabupaten Kuantan Singingi	February 29 - March 3, 2016
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 (If more than 4 additional sites have been registered please add additional rows)	
	N/A	
REF No:	ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows)	
	N/A	

Brief Description of the concession and its natural and socio-economic conditions.

The Management Unit of PT. Rimba Lazuardi received a business license for plantation management per Minister of Forestry Decree No. 361/Kpt-II/1996 dated July 10, 1996 on Granting Plantation Forest Pattern Transmigration Upper Forest Areas covering an area of circa 12,600 ha in the Province of Riau. The period of validity of the license is from February 21, 1992 until a time period 43 years forward, i.e. 35 years plus one cycle of main crop cultivation, which is eight (8) years.

In 2007, there was an Addendum to SK Business License for Utilization of Wood Forest Plantation Industry by the Minister of Forestry Number: SK.79/MENHUT-II/2007 dated March 5, 2007 on the Amendment to Ministerial Decree No. 361/KPTS-II/1996. In the Decree of the Minister of Forestry Number: SK.79/MENHUT-II/2007 dated March 5, 2007, licensed area was increased by approximately 10,740 ha to become approximately 23,340 ha in total.

The Management Unit of PT. Rimba Lazuardi has arranged the spatial working area covering 23,340 ha as follows: area of staple plants *Acacia mangium* and *Eucalyptus pellita* of 14,762 ha (63.2%); seed plant area of 2,354 ha (10.1%); natural plant life covering an area of 1,228 ha (5.3%); protected areas such as river borders covering an area of 3,823 ha (16.4%) and buffer zone with Tesso Nilo National Park covering an area of 168 ha (0.7%); and non-productive area of 171 ha (0.7%); and infrastructure covering an area of 834 ha (3.6%).

The environmental impact assessment (AMDAL) document of PT Rimba Lazuardi in 2004 recorded the geographical location of the working area as 101° 44' 48" to 102° 00' 00" East and 00° 27' 00" to 00° 50' 00" South. Based on administrative area, the Management Unit falls under three sub-districts, namely: Peranap Sub-District (Indragiri Hulu) and the District Mudik Kuantan (Kuantan Singingi) and District Ukui (Pelalawan). The topography of the region is mainly flat (0-8%) with some corrugated (8-15%), ramped (15-25%) and moderately steep (25-40%) areas. Overall, the estate lies between 50-200 m above sea level and predominantly has a Red Yellow Podzolic soil type. On average the lowest rainfall in July and August with the highest being recorded in May and December, while the climate is determined as type A on the Schmidt-Fergusson classification.

The Management Unit utilizes the RKU document and Annual Work Plan as references for implementing its forest management and evaluation of its production activities. Meanwhile, in regard to the management and monitoring of environmental and social matters, the presentation of environmental information (PIL) documentation, environmental management plan (RKL) and environmental monitoring plan (RPL) are used for reference and reporting every six months. Documented SOPs and work instructions (WI) are used as standards for work in the field. Activities performed in order to

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manage and monitor the protected areas include carrying out surveys, identification and monitoring of flora and fauna, installation of request and prohibition signboards and patrolling of the protected areas.

The Management Unit of PT Rimba Lazuardi is tasked with managing land designated for conservation, protection of biodiversity and of endangered and protected species, namely the border region and the river buffer zones. The Management Unit is also responsible for the monitoring and management of water and soil quality in the border rivers and forest area, This area also has a special function for the local communities and their traditional usage of non-timber forest products (NTFP).

The Management Unit also undertakes forest protection activities, discouraging within the concession areas, the grazing of cattle, poaching and illegal mining activities. Other important forest protection activities include the prevention and control of forest fires through the formation of teams to fight fires, shelters and warehouses for fire-fighting facilities and infrastructure, as well as the installation of signs banning the starting of fires in the forest, and patrols and outreach. The Management Unit manages, monitors and records the use of hazardous and toxic materials, as well as makes provision for the handling of their waste by providing storage until such time as they can be removed by an authorized third party in accordance with the procedures. The Management Unit also implements an integrated pest management program that prioritizes pest control in a manner friendly to the environment. In addressing encroachment issues and land claims by the surrounding community, the Management Unit conducts regular patrols and provides outreach to the public on preventive measures, effecting settlement of occupations by both formal and informal means.

There are a number of villages located around the concession area of PT. Rimba Lazuardi, for which the Management Unit has identified socio-economic conditions in the document Main Report and Revised ANDAL-HTI RKUPHHK period 2010-2019, which includes: total population, livelihood, income and standard of living, accessibility, mobility, economic growth centers, education, religion, culture, and public facilities around IUPHHK- HTI.

The villagers around the Management Unit's concession are predominately ethnic Malay. In the past their dependence on natural forest products was quite high , but since timber and oil palm plantations have been established in the region they have changed their livelihood. Today, they generally prefer to work in rubber or oil palm plantations, or for other people or companies than for themselves. Nevertheless, PT. Rimba Lazuardi still provides access to the surrounding community to seek non-timber forest products (NTFPs), of which fish from the river in and around the concession are most prevalent . The company has also provided employment opportunities to local labor to work either directly for PT Rimba Lazuardi or its contracted companies. The Management Unit has also implemented a CD - CSR 2015 program.

PT Rimba Lazuardi still has parts of its concession subject to claims by the surrounding communities and which are planted with oil palm. Most of these claim areas have been settled and returned to the land management units though some are still in the process of settlement (negotiation). The Management Unit has employed a variety of approaches according to the SOP on the resolution of conflicts for the settlement of land claims, including reporting to the security forces in cases of destruction of assets. To simplify the process of land settlement, the company involves third parties to help resolve the land conflict and efforts are being made through formal and informal approaches.

The rights of workers within the Management Unit have been fulfilled according to regulations and formal documents (Collective Labor Agreement) between the Management and the Indonesian Forestry Workers Union (Kahutindo). In addition, the company has no barrier on salaries, nor retains the National Identity Card, diplomas or other documents of its employees. Moreover, no employees are paid less than the regional minimum wage. The Company has also registered its employees as participants in the BPJS (Jamsostek). The following facilities and infrastructure have also been made available: offices, employee housing, health facilities, places of worship and means of transport. The Management Unit has also implemented Occupational Safety and Health (K3), under which it has an environmental policy, a trained K3 expert, and can provide a recap and proof of distribution of PPE to employees, plus provides facilities for employees in the form of a mess building for employees equipped with clean water, potable water and electricity facilities

Prior to performing its Stage 2 Audit, PT AJA Certification Indonesia conducted public consultation commencing February 4, 2016, asking stakeholders to provide feedback on PT Rimba Lazuardi. The public consultation was uploaded to the website of PT. AJA Sertifikasi Indonesia (www.aja-indonesia.com), and also sent to relevant parties via e-mail or postal mail, plus was published in a local newspaper. No comments were received about PT Rimba Lazuardi from interested

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parties during the public consultation, however. The audit team also gathered information from the mass media about PT Rimba Lazuardi, which was considered part of the audit process

PT. Rimba Lazuardi has registered its concession to be certified in an area of 23,340 hectares. The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with the provisions of national legislation and international conventions.

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

The results of the Stage 2 Audit of PT. Rimba Lazuardi identified 15 minor items of non-compliance:

NO	Non-conformities	Corrective Action performed	Category
1.	No documentation or media socialization was available to show that PT. Rimba Lazuardi has communicated its commitment (vision, mission and company objectives) to relevant stakeholders (employees/workers, local communities, etc.) Ref. Clause : 1.1.6	PT Rimba Lazuardi has set up a plan and schedule for the socialization of its vision, mission and company objectives of the company to all stakeholders (employees/workers, local communities, etc.), which was signed by the Environment Section on March 21, 2016.	Minor
2.	There was no documentation available of internal audit reports for the overall operation (monitoring and evaluation, as well as provision of feedback) for incorporation into the next planning stage. Ref. Clause: 1.2.1	The Management Unit has provided documentary evidence of the 2014/2015 Annual Work Plan, which includes planning and implementation of forest management, monitoring and evaluation, as well as providing feedback on these subjects for utilization in the next planning phase.	Minor
3.	The Management Unit was unable to provide evidence of activity on monitoring plan increment and research and development of forest resources to support sustainable forest management. Ref. Clause: 1.2.3	The Management Unit has shown evidence of sample data from the Permanent Sampling Plot (PSP) that has been established in agreement with PT RAPP. The Management Unit has also shown summary documents and updated research results from the document APRIL RD Forestry Kerinci Key Programs 2011-2018	Minor
4.	The Management Unit had not made the Management Plan Summary and Annual Report available to the public either through its website or on request. Ref. Clause: 1.2.4	The Management Unit has demonstrated that the Management Plan Summary and Annual Report are now available to the public and contain data on total production, forest management practices implemented, employment and infrastructure	Minor
5.	The Management Unit was unable to demonstrate the availability to the public of an overall summary and a summary of the Management Plan Monitoring and Evaluation for the current year.	The Management Unit has introduced a program that makes available to the public an overall summary and a summary of the Management Plan for	Minor

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	Ref. Clause: 1.3.3	Monitoring and Evaluation for the current year, which contains general company information, management plans, and realization of current year activities, plus monitoring and evaluation of sustainable forest management	
6.	Field verification revealed that individual compartments had no identification markers. Ref. Clause: 1.4.1	The Management Unit has introduced maintenance plan limits of compartments, the documentation being signed by the Environment Section on March 21, 2016	Minor
7.	The Management Unit was unable to demonstrate optimization of the use of forest resources in the form of the quantified results of Residual Wood Assessment (RWA) and Harvesting Quality Assessment (HQA). Ref. Clause: 1.4.4	The Management Unit has provided quantified results of both Residual Wood Assessment (RWA) and Harvesting Quality Assessment (HQA), the positive nature of which, are indicative of optimal utilization of forest resources.	Minor
8.	Field observations reveal that PT . Rimba Lazuardi has not rehabilitated degraded (burnt) land. Ref. Clause: 1.4.5	The Management Unit has introduced and begun implementing plans for the rehabilitation of degraded land areas. The 2016 schedule of implementation activities for vacant and degraded land is available, the document having been signed by the Environment Section on March 21, 2016	Minor
9.	The Management Unit lacked available documentation of the results of the research and development aspects of sustainable forest management carried out by the R & D Dept. of PT. RAPP, an associate company Ref Clause: 1.1.16	The Management Unit has prepared a summary document and updated the results of the research contained in the document APRIL RD forestry Kerinci Key Programs 20011-2018. Other research results cover a study of the disease <i>Ceratocystis</i> sp. on acacia plants, and observations on soil fertility.	Minor
10.	The Management Unit had not identified the socio-economic conditions in the villages around its operations, as provided for in its relevant Community Social Survey SOP.	Management Unit has provided evidence of identification of the socio-economic conditions in the villages around its operations, in the following documents: 1. Main Report Environmental Impact Assessment- Plantation Forest Trans - PT . Rimba Lazuardi 2004, which covers: population, livelihood, accessibility, mobility, economic growth centers, education, religion, culture, etc. 2. Revision of long-term management plan – plantation forest period 2010-	Minor

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	Ref. Clause 1.9.1.	2019, which covers population, religion, livelihood, income and standard of living, plus public facilities available around long-term management plan for plantation forest.	
11.	Relevant provisions of the livelihood plants have not been implemented according to the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia. Ref. Clause:1.9.3.	Management Unit has provided the documented Regulation of the Minister of Environment and Forestry of the Republic of Indonesia on Industrial Plantation Forest Development, which refers to, among others, the production area for livelihood plants. In this case, the Management Unit also has an agreement with the local community related to the production area through the Livelihood Plant Life Cooperative Agreement Program for Kembang Bunge community of approx. 201 ha.	Minor
12.	The Management Unit was unable to show the results of assessments of social impact of forest management activities, particularly on villages located around the concession Ref. Clause 1.10.1.	The Management Unit has scheduled implementation of the Social Impact Monitoring Plan for September 2016. The results of this assessment will be reported in the report of the environmental management plan for the second period of 2016	Minor
13.	On the basis of feedback from community leaders and village heads, the general public has not been fully informed about the boundaries of the concession area of PT. Rimba Lazuardi. It was further explained that the problems of encroachment have been caused by: <ul style="list-style-type: none"> No precise limits being defined in relation to the initial communications on the concession area of PT. Rimba Lazuardi. PT. Rimba Lazuardi has not shown firmness in maintaining the integrity of its existing concession, Failure to firmly state its position and protracted efforts to resolve issues have in one particular case led to annexation of land by one set of villagers. This precedent has sent a negative message to people of other villages, emboldening them to embark on penetration into other areas of the concession of PT. Rimba Lazuardi. Ref. Clause 1.10.6.	The Management Unit has released documentation that provides clear identification of the concession boundaries. The document shows the installation of boundary markers, which are known to the representatives of the government, especially the village heads. The Management Unit also held a news dissemination event on January 15, 2016, in which, among other things, it socialized the boundaries and the concessions it was prepared to provide to forest communities. In actions against those who encroach onto its land, the Management Unit continuously makes efforts to negotiate with them, involving various other stakeholders and agencies as intermediaries.	Minor

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14.	<p>The following infrastructure was not yet available:</p> <ul style="list-style-type: none"> • toilets in all security posts • bins had not been provided for separating organic and non-organic waste, and that which cannot be recycled • water taps at the location of fertilizer warehouse, chemicals warehouse, and warehouse for toxic and hazardous materials <p>Ref. Clause 1.11.8.</p>	<p>The Management Unit has provided documentary evidence showing that the dumpster that separates organic and inorganic waste has been installed in front of the residential / office area. Faucet water, together with water reservoirs / tanks have also been installed in the warehouse areas for fertilizers, chemicals, and toxic and hazardous materials.</p>	Minor
15.	<p>Sanitation facilities had not yet been provided at the security post.</p> <p>Ref. Clause 1.12.5.</p>	<p>The Management Unit has set aside budget for the provision of sanitation facilities for the security post and provided a detailed image of the plans for the facilities. The Management Unit has also provided documentary evidence of the provision of potable water for the security post.</p>	Minor

Conditions under which the certificate is issued

The certificate is valid until 14/09/2019 provided that PT. Rimba Lazuardi has completed all the corrective actions according to the proposed time schedule and does not have the same problems on the next surveillance visit. If non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time that AJA is able to perform a close-out visit.