

Public Report Sustainable Forest Management System

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AJA EUROPE
PUBLIC AUDIT REPORT - SFM
TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: PT. RIMBA LAZUARDI

TOTAL HECTARES: 23,340

SCOPE OF REGISTRATION: Sustainable Forest Management in Planted Forest Area of 23,340 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1st

AUDIT START DATE: February 26, 2017

AUDIT END DATE: March 01, 2017

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: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Priyo Handoko

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS: -

MINOR CARS: 5

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Rimba Lazuardi	Lubuk Kembang Bungo Village, Ukui District, Pelalawan Regency, Pangkalan Village, Pucuk Rantau District, Kuantan Singingi Regency, Riau Province, Indonesia	February 26 to March 1, 2017
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 Rimba Lazuardi was granted an industrial timber estate permit under the Decree of the Minister of Forestry No. 361 / Kpts-II/1996 dated 10 July 1996 covering an area of 12,600 ha in Riau Province. Addendum Decree of the Minister of Forestry Number: SK.79 / MENHUT-II / 2007 dated March 05, 2007 on Supplementary grant covered an area of 10,740 ha, so the total area is 23,340 ha.

Based on RKUPHHK-HTI (SK.87/VI-BUHT/2012, dated 17 December 2012, the spatial structuring for Block 1 is as follows: Protected Area of 1,287 ha, Area Unsuitable for Production of 343 ha, and Production Area of 10,970 ha, consisting of Staple Plant Area of 8,017 ha, Indigenous Plant Area of 2,328 ha and Livelihood Plant Area of 625 ha. Block 2, meanwhile, is as follows: Protected Area of 2,875 ha, Area Unsuitable for Production of 491 ha, and Production Area of 7,374 ha, consisting of Staple Plant Area of 6,745 ha, Indigenous Plant Area of 28 ha and Livelihood Plant Area of 603 ha.

As there has been no natural forest conversion after December 2010, the whole area of 23,340 ha enters the scope for assessment.

The geographic location of the working area of PT Rimba Lazuardi Management Unit lies between 101° 44' 48" to 102° 00' 00" East and 00° 27' 00" to 00° 50' 00" South. The work area falls under the governmental administration of District Ukui Pelalawan Regency, Peranap District Indragiri Hulu Regency and Kuantan Mudik District Kuantan Sengingi Regency in Riau Province. Located in the forest group of Beringin River and Hitam River Group, the topography of the area has 7,614 ha in the flat category (0-8%) and 15,726 ha in the fairly flat category (8-15%), located at an altitude of 50 to 200 m above sea level.

According to the Land Unit Map and Ground Sheet for Pekanbaru (0816) Sumatra Scale 1: 250,000 in 1988 (Puslitanah) in the soil type is classified as being Podsollic. Geologically, based on the Geological Map of Pekanbaru Sheet Scale 1: 250,000 (Bandung Geology R & D Center, 1982) the area consists of sedimentary and volcanic formations. According to the Schmidt-Ferguson classification, the area has a Type A climate with an average annual rainfall of 5,275.6 mm.

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

There are no community settlements within PT Rimba Lazuardi's working area, although there are a number of villages situated around the working area. The villagers surrounding the working area are mostly Malay, with Javanese and Batak immigrants. Most of the villagers earn their livelihood as farmers, planters and cultivators, although in Kuantan Sengingi Regency some of the community may also be involved in the illegal mining of gold. Before the introduction of forestry and oil palm plantations, the local communities had considerable dependence on rubber and forest products, but nowadays they prefer to work for oil palm plantations and cultivate their own land

The Management Unit has developed a plan for a joint planting program with the surrounding villagers. According to the plan, identification of the stages of activity up to the signing of agreements on the planting of the livelihood plant is dependent on the timeliness of implementation. However, implementation of the planting of the livelihood plants for the community has not been carried out because the local community has already encroached on the locations or area designated for planting.

The Management Unit of PT Rimba Lazuardi has set in place a conflict resolution mechanism. In addition, it has also identified and documented all cases of encroachment and claims to parts of the work area. In handling such land conflicts within the concession area, the Management Unit strives to prioritize deliberation towards consensus. However, should deadlock be reached in resolving these problems, the Management Unit will then seek the help of third parties including, among others, local government and security apparatus. Legal action is taken if all efforts prove to be unsuccessful.

The Management Unit of PT Rimba Lazuardi conducts management and monitoring of the social environment, namely in



the provision of employment and business opportunities. This includes: providing information to the surrounding communities on job opportunities as partners in the company's operational activities; prioritization of the participation of local people in forestry activities; and increasing local employment. Efforts to increase community income include: providing opportunities for local communities to be contractors in forestry activities as well as to execute building projects; provision of training facilities on beekeeping to local communities as well as to its own employees; provision of access for the community to gather grass forage in the work area; Assistance is also provided to the communities around the company in the form of Community Development, which includes activities in the fields of education, religion, improvement of facilities and infrastructure.

Description of the Ecological conditions of the concession

From the viewpoint of environmental management, the Management Unit has created an Environmental Management Plan (RKL) and an Environmental Monitoring Plan (RPL) to minimize negative impacts and improve environmental quality in the Management Unit's working area. Activities undertaken include the monitoring of protected areas, monitoring, of erosion and soil quality, monitoring of discharge and water quality, management of hazardous and toxic waste (B3), management and monitoring of protected satellite, and management of protected flora.

PT Rimba Lazuardi is committed to implementing sustainable forest management and makes external reports on a regular basis to the relevant agencies: Environmental Management Plan Report (RKL), Environmental Monitoring Report (RPL) each semester to Regional Environment Agency; Monthly Report on the Implementation of RKTUPHHK HTI (Annual Work Plan for Utilization of Forest Timber Forest Products) addressed to the Director General of Sustainable Production Forest Management c.q. Director of Production Forest Business; Annual Report on the Implementation of Development of RKTUPHHK HTI (Annual Working Plan for Utilization of Forest Timber Forest Products) addressed to the Director General of Sustainable Production Forest Management c.q. Director of Production Forest Business and Book of RKTUPHHK HTI (Annual Working Plan for Timber Forest Product Utilization) each year.

Results of the Public Consultation

Prior to carrying out Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing February 6, 2017, asking stakeholders to provide feedback and information on PT Rimba Lazuardi. 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 local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also gathered information from the mass media about PT Rimba Lazuardi, such material being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international rules and conventions. The management system has been built to include all activities in the field of certification, which is registered for an area of 23,340 ha.

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

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The results of the Surveillance 1 Audit of PT Rimba Lazuardi revealed five (5) Minor Non-Conformities, as follows:

NO	Non-Conformity	Corrective Action performed	Category
1.	No regular maintenance activity has been carried out on the boundaries of the concession area each year in accordance with the requisite SOP. Clause Ref I.1.1	The Management Unit has carried out maintenance and installation of the new boundary markers to replace those destroyed by the public	Minor
2.	There is no standing stand document and harvest volume in the RCUUPPHK-HTI document for the period of 2008-2017 Clause Ref I.2.3.	The Management Unit will prepare the revised RCU IUPPHK-HTI document in accordance with the requisite regulation for periodic full-time forest inventory and work plan on industrial timber forest product utilization.	Minor
3	The SOP for residual wood assessment (RWA) states a pass limit of <5 m ³ / ha, whereas in the field they work to a limit of <3 m ³ / ha . Clause Ref I.4.4.	The Management Unit has revised the SOP to declare an RWA pass limit of <3 m ³ / ha as has already been implemented in the field	Minor
4	Although the policy is to maintain natural species, there is no plot for vegetation analysis in the indigenous plant area. Clause Ref I.17.1.	The Management Unit has undertaken the preparation of a plot for vegetation analysis in the indigenous plant area in order to quantify the results of its assistance.	Minor
5	Field verification confirms fire extinguishers (APAR) and necessary drugs (P3K) are not available in the Mess in Block 1. Clause Ref I.12.1.	The Management Unit has provided APAR and P3K Drugs in Mess employees and contractors to prevent accidents and dangers to workers' health	Minor

Conditions under which the certificate is issued

The certificate is valid until 14/09/2019, provided that PT. Rimba Lazuardi completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problem at the next Surveillance 2 visit. If non-conformities are not closed at the next Surveillance 2, the certificate will be suspended until such time as PT AJA Sertifikasi Indonesia is able to perform a closeout visit.