

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

TOTAL HECTARES: 9,140 ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest Covering of 9,140 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Reaudit

AUDIT START DATE: March 13, 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: March 15, 2018

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

[Handwritten Signature]

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

[Handwritten Signature]

Abdul Salam

SIGNATURE:

[Handwritten Signature]

MAJOR CARS:

MINOR CARS: 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Sumatera Sylva Lestari	Pasir Pengaraian, Kecamatan Rambah Hilir, Kecamatan Tambusai,, Kecamatan Bangun Purba, Kabupaten Rokan Hulu, Propinsi Riau	March 13 to 15, 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	
N/A		



Brief Description of the concession

PT Sumatera Sylva Lestari, Pasir Pengaraian Unit was granted a concession license under the Decree of the Minister of Forestry No. 82 / Kpts-II / 2001 dated March 15, 2001 concerning the Granting of Timber Forest Products Concession Right to PT Sumatera Sylva Lestari for a forest area of approximately 42,530 ha in the provinces of North Sumatra and Riau for a period of 43 years. Forest management is divided into two (2) Units, namely Padang Lawas Unit (33,390 ha) and Pasir Pengaraian Unit (9,140 ha). The scope of IFCC's sustainable forest management certification is only for the 9,140 ha of the Pasir Pengaraian Unit in Rokan Hulu District, Riau Province.

PT Sumatera Sylva Lestari, Pasir Pengaraian Unit has a Management Plan that Revised the Working Plan of Timber Forest Product Utilization (RKUPPHK-HTI) for the period of 2013 to 2022 validated through Decree of Minister of Forestry Decree Number SK.14 /VI-BUHT / 2013 dated April 1, 2013. The RKUPPHK-HTI Revised Document provides guidance in carrying out forest management activities over a 10-year period.

Based on the Revision of RKUPPHK-HTI PT Sumatera Sylva Lestari, Pasir Pengaraian Unit has made spatial arrangement of its working area, as follows: (1) Protected Areas of 1,250 ha (13.68%), (2) Areas Non-Effective For Production of 271 ha (2.96%), (3) Production Areas: Primary Plant Area of 6,248 ha (68.36%), Indigenous Plant Area of 914 ha (10.00%), Livelihood Plant Area of 457 ha (5.00%).. The Protected Areas consist of Riparian Areas of 1,030 ha (11.27%) and the Germplasm Protection Area (KPPN) of 220 ha (2.41%). Meanwhile, an Annual Working Plan of Timber Forest Product Utilization (RKTUPHHK) is drawn up for annual implementation.

There has been no conversion of natural forest to plantation forest in the working area of PT Sumatera Sylva Lestari, Pasir Pengaraian Unit. Thus the scope of the area registered for IFCC certification is 9,140 hectares.

PT Sumatera Sylva Lestari is geographically located between 00° 56' to 01° 02' North and 100° 08' to 100° 17' East. The limit of the concession is bounded by oil palm plantations and community gardens as follows: to the West by PT Damai Nusa Sekawan Plantation, PTP V, and Bangun Purba Barat Village; to the East by Batas Village and Rambah Village; to the North by Sei Kumango Village; and to the South by Tangun Village, Pasir Intan Village, Rambah Jaya Village, and Pasir Jaya Village.

Government administration of PT Sumatera Sylva Lestari, Pasir Pengaraian Unit falls under the districts of Tambusa, Rambah Hilir, and Bangun Purba in Rokan Hulu Regency, Riau Province.

PT Sumatera Sylva Lestari, Pasir Pengaraian Unit is included in the Sei Geringging Forest Group with the Sosopan, Sipatak and Barliampan rivers flowing through and reservoir/dam covering 26.5 ha. It has a flat topography (0-8%) and lies at an elevation of 70 to 90 meters above sea level. Its geological nature is Telisa Formation and Farmer with Yellow Podzolic soil type. Under Schmidt Ferguson is classified as Climate Type A with 1,830 mm of rainfall per annum with the most falling in November and the least in July. Based on the foregoing, the species cultivated are *Eucalyptus sp.*, and *Acacia mangium*.

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

Based on information received from the Management Unit of PT Sumatera Sylva Lestari, Pasir Pengaraian Unit, as well as interviews with surrounding village community leaders, there are no indigenous people who still maintain the old customs. Most of the people are Muslim and earn their livelihood as farmers, dominated by palm oil plantations, rubber



and other crops

The Management Unit has standard protocols for Conflict Resolution, the initial version being published in 2009 and the third revision in 2016, which contain guidelines as to the mapping and development of procedures to resolve any conflicts that may occur.

The Management Unit has entered into a number of agreements with various villages, which include the following:

1. Collective Agreement between Batas Village, Tambusai District, Rokan Hulu Regency and PT. Lestari Unggul Makmur (PT Sumatera Sylva Lestari), dated December 02, 2002.
2. Collective Agreement between Sei Kumango Village, Tambusai District, Rokan Hulu Regency and PT. Lestari Unggul Makmur (PT Sumatera Sylva Lestari), dated December 20, 2002.
3. Agreement on Cooperation of Forest Exploitation between Farmers Cooperative Sialang Sakti, Batas Village, District of Tambusai, Rokan Hulu Regency and PT. Lestari Unggul Makmur (PT Sumatera Sylva Lestari), dated June 25, 2004.
4. Agreement on Cooperation of Forest Exploitation between Cooperative Subur Nikmat, Sei Kumango Village, Tambusai District, Rokan Hulu Regency and PT. Lestari Unggul Makmur (PT Sumatera Sylva Lestari), dated June 24, 2004.
5. The Joint Agreement between Concerned Community for Fire (MPA) of Pasir Intan Village, Bangun Purba Sub-district and PT. Sumatera Sylva Lestari, Pasir Pengaraian Estate, dated June 30, 2014.
6. Joint Agreement between Concerned Community for Fire (MPA) of Rambah Jaya Village, Bangun Purba Sub-district and PT. Sumatera Sylva Lestari, Pasir Pengaraian Estate. Dated June 30, 2014.

Community Development (CD) Program Planning for 2018 includes programs in the fields of education, health, religious observance, economic assistance, infrastructure, and social and environmental welfare. Programs realized in 2017 included the granting of educational scholarships, provision of assistance for religious observance, and provision of agricultural assistance.

Description of the ecological conditions of the concession

PT Sumatera Sylva Lestari (SSL) has environmental documents (UKL UPL) and conducts environmental management and monitoring of its obligations under the Environmental Document (UKL UPL), which are reported twice yearly to the requisite government agencies. Environmental management and monitoring efforts of several aspects / areas as contained in the UKL UPL include: macro-climate change, soil fertility, water quality, and biological components such as natural or protected vegetation, wildlife, plant pests and regional disruption.

PT Sumatera Sylva Lestari (SSL) has identified areas that serve to protect the soil and apply appropriate measures to protect the area from damage (erosion, landslide, etc.) resulting from forest operations operations. In so doing it carefully monitors the physical properties and soil chemistry, as well as soil erosion. Care is also taken to protect the riparian areas and maintain hydrology and water quality.

The Management Unit of PT Sumatera Syva Lestari has standard procedures for handling of B3 waste (Hazardous and Toxic Material), having obtained a temporary storage permit until the waste can be removed by a licensed B3 waste disposal specialist.

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PT Sumatera Sylva Lestari (SSL) has conducted an inventory of local plant species in the KPPN area, which include, among others: Mahang (*Macaranga sp*), Kembangan (*Canangim odoratum*), Beringin (*Ficus sp*), Jambu (*Eugenia sp*), Meranti (*Shorea sp*). PT Sumatera Sylva Lestari (SSL), plus has also carried out an inventory of fauna.

PT Sumatera Sylva Lestari undertakes Pest Management and Integrated Disease, aimed at the prevention of plant pests and diseases by chemical, mechanical, manual and biological / environmentally friendly methods. The Management Unit has implemented participatory steps related to livestock grazing activities, where there are livestock grazing activities by surrounding communities, so that the negative impacts of grazing and livestock populations on forest regeneration areas, growth and biodiversity can be avoided.

PT Sumatera Sylva Lestari (SSL) Efforts to protect forests against encroachment and illegal logging are:

1. Establish perimeter and postal guard channels to restrict public access for encroachment and illegal logging.
2. Conducting socialization to the community about the dangers of forest destruction.
3. Conducting the installation and maintenance of boards to keep forests and restrictions on forest destruction.
4. Socialization of Annual Working Plan (RKT) related to protected area management and prohibition of land burning activities.
5. Fire Danger Rating Monitoring (FDR) to support potential fire hazard information based on temperature and humidity measurements.
6. Installation of fire posts and monitoring towers in some places prone to fire.
7. Monitoring hot spots for early fire detection.
8. Patrol regularly (land and water) and report the incidents of fire to the local police.
9. Community development (CSR) and life crop development programs.
10. Installation of signboards prohibiting illegal encroachment / logging / occupying forest areas/ hunting / lighting fires, etc.

Results of the Public Consultation

Prior to conducting the Re-Certification audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing February 23, 2018, in which stakeholders were invited to provide feedback and information on PT Sumatera Sylva Lestari, Pasir Pengaraian Unit. The public consultation was uploaded to the PT AJA Sertifikasi website (www.ajaindonesia.com), sent to the parties via email or letter, and published in a local newspaper.

Input from stakeholders was received from the Head of Sei Kumango Village and the Head of West Tambusai Village as follows.:

1. A letter from the Sei Kumango Village Head, dated March 13, 2018 contained the complaint that the partnership cooperation agreement was not working effective and that Cooperative Subur Nikmat Sei Kumango Village was no longer a healthy partner.
2. A telephone conversation between the Head of West Tambusai Village and PT AJA Sertifikasi dated March 12, 2018 raised questions as to why the village, unlike others, was not sharing in the harvest of HTI crops.

Field investigation of the Sei Kumango Village complaint was conducted on March 14, 2018 at the Sei Kumango Village Head Office in the presence of the Village Head himself. Based on the interview, he admitted that the contents of his letter of March 13th were due to an internal village problem between himself, as Village Head, and the Head of KUD Subur Nikmat Sei Kumango Village. This was cross-checked in an interview with the Head of KUD Subur Nikmat Sei Kumango Village who confirmed this was solely an internal village matter.

Field investigation of the Tambusai Barat Village complaint, meanwhile, was conducted on March 14, 2018 at the Office of

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the Village Head of Tambusai Barat and attended by the Village Head and the Village Secretary. The Village Head questioned why Tambusai Barat did not receive a share from the HTI harvest produced by the company whereas the village of Sungai Kumango does, pointing out that Tambusai Barat Village is the original parent village of the expansion Sungai Kumango Village.

Further cross-checking with the Management Unit of PT Sumatera Sylva Lestari, Pasir Pengaraian Estate, confirmed that there are two cooperation agreements within the framework of forest management and exploitation signed with the Farmers Cooperative Sialang Sakti Village Batas, and Cooperative Subur Nikmat Sei Kumango Village. In regard to Tambusai Barat, meanwhile, it was 'common knowledge' that the area designated for livelihood plants had been subject to encroachment by the surrounding community who had planted oil palms. The company is ready to provide livelihood crops such as acacia or rubber and introduce profit sharing once the oil palms on the site have been removed.

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 Recertification Audit of PT Sumatera Sylva Lestari Unit Pasir Pengaraian, three (3) Minor categories of Non-Conformity were identified, as follows:

No	Non-Conformities	Corrective Action Performed	Category
1	PT Sumatera Sylva Lestari Pasir Pengaraian Unit has been rehabilitating protected areas using exotic rather than endemic species. Indicator: III.3.1	The Company will not continue to rehabilitate by planting with existing species (which are not allowed) but will rehabilitate or enrich the protected area with endemic species.	Minor
2	PT Sumatera Sylva Lestari did not conduct effective maintenance activities in the rehabilitation of critical lands as evidenced by many plants being encircled by lianas and weeds. Indicator: I.6.5	<ul style="list-style-type: none"> - Perform regular monitoring scheduling of rehabilitated areas - Perform maintenance of rehabilitation areas on a regular basis 	Minor
3	The security mess of PT Security Group Indonesia (SGI) was not clean enough to be occupied Indicator I.12.6	Establish and implement a clean and healthy life culture throughout the camp estate and its ranks	Minor

Conditions under which the certificate is issued

Certificate is valid until 14/04/2021 provided that PT Sumatera Sylva Lestari Unit Pasir Pengaraian completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same 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.