

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 Pasir Pangaraian

TOTAL HECTARES: 9,140 ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: February 25, 2020
AUDIT END DATE: February 27, 2020

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: Andri Wibisono

SIGNATURE:

[Handwritten Signature]

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

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Warsito

SIGNATURE:

[Handwritten Signature]

MAJOR CARS : 0

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Estate Pasir Pangaraian	Districts of Rambah Hilir, Tambusai, and Bangun Purba, Rokan Hulu Regency, Riau Province, Republic of Indonesia	February 25 to 27, 2020
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

The Management Unit was granted a forest management permit by the Minister of Forestry Decree Number 82 / Kpts-II / 2001 concerning Granting of Timber Plantation Business Concession for 43 years to PT Sumatera Sylva Lestari over a forest area of about 42,530 ha in North Sumatra Province and Riau Province on March 15, 2001.

The revised Business Plan for Utilization of Timber Forest Products of Industrial Timber Forests (RKUPHHK-HTI) for the 10-year period of 2013-2022. on behalf of PT Sumatera Sylva Lestari in North Sumatra Province and Riau Province was ratified by Decree of the Minister of Forestry SK Number: SK.14 / VI-BUHT / 2013 dated April 1, 2013.

The Management Unit has arranged the spatial layout for its work area in the Riau Province concession as follows: Protected Area of 1,250 ha (13.68%), Infrastructure Facilities of 271 ha (2.96%), Staple Plant Area of 6,248 ha (68.36%), Indigenous Plant Area of 914 ha (10.00%) and Livelihood Plant Area of 457 ha (5.00%). The areas of indigenous plants and livelihood plants are claimed by the community. The Protected Area consists of Riparian Area of 1,030 ha (11.27%) and KPPN with an area of 220 ha (2.41%).

There was no conversion of natural forest into plantation forest after December 31, 2010, and thus the scope of the IFCC certification was for an area of 9,140 ha.

PT Sumatera Sylva Lestari is located between the coordinates 00° 56' to 01° 02' North and 100° 08' to 100° 17' East. Work area boundaries: West side with PT Damai Nusa Sekawan Plantation, PTP V, West Bangun Purba Village; East side with Batas Village, Rambah Village; North side with Sei Kumango Village; South side with Tangun Village, Pasir Intan Village, Rambah Jaya Village, Pasir Jaya Village.

The administration of PT Sumatera Sylva Lestari Unit Pasir Pengaraian is included in the Tambusai District, Rambah Hilir District and Bangun Purba District, Rokan Hulu Regency, Riau Province. Concession boundaries are in the form of oil palm plantations and community plantations.

PT Sumatera Sylva Lestari Unit Pasir Pengaraian is included in the Forest Group: Sei Geringging. It has dry / mineral land condition with topography: flat (0-8% slopes), at an altitude of 70-90 meters above sea level. Soil type: Red Yellow Podsolid, and Geology (Rock type): Telisa and Farmer Formation. Climate is type A (Schmidt & Ferguson), with rainfall of 1,830 mm / year, the highest in November and the lowest in July. Hydrology: Sosopan River, Sipatak River, Barliampan River, with a reservoir / dam of 26.5 ha.

Species cultivated are *Eucalyptus* sp. and *Acacia mangium*.

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

The Management Unit prepared a social impact assessment report of PT Sumatera Sylva Lestari Unit Pasir Pengaraian in 2019, which discusses the identification of the implementation of the forest management plan, social impact assessment, evaluates social impacts and formulates recommendations for future steps related to forest management.

Based on ANDAL documents compiled in 1999, no indigenous peoples were found, the residents living around the concession being classified as a local community. The existing community is Mandailing Batak who embraced Islam so that their customs and habits are mostly based on Islamic religious values. Although there are customary claims from the community, based on documentary evidence of the conflict resolution process involving the Government of Rokan Hulu District and the Ministry of Forestry, there are no regional regulations that authorize customary community land around the concession.

PT Sumatera Sylva Lestari Unit Pasir Pengaraian has an organizational structure for conflict resolution, which has made

efforts in the concession area. This has involved Rokan Hulu Regency Government agencies to the Ministry of Forestry, and includes an indicative map of encroachment and claim areas in the IUPHHK-HTI PT Sumatera Sylva Lestari Work Area, scale of 1: 100,000.

PT Sumatera Sylva Lestari Unit Pasir Pangaraian cooperates with communities around the concession area in the management of forests. This takes the form of sharing fees for staple crop production, the use of grass for animal feed by the community around the area of the concession, honey bee cultivation, and the establishment of a Fire Concerned Community (MPA),

There is a plan and realization report for the 2019 CD program, in the form of education, religious, economic, social and environmental programs. The realized programs included scholarships, Ramadan travel, construction materials for the Middle School prayer room, qurban animal assistance and guidance for handicraft in palm oil groups. In addition, there is a plan for the 2020 CD program, which covers the following fields: education (scholarships), religion, economics (training of honey bee groups and assistance in making red ginger powder), and youth activities.

Description of the ecological conditions of the concession

PT Sumatera Sylva Lestari Unit Pasir Pengaraian has environmental documents (RKL/RPL) and carries out environmental management and monitoring, reporting to the government agencies on a periodic basis. Among the aspects that are managed and monitored are physical chemical components (macro climate change, decreased soil fertility, water quality), biological components (natural vegetation or protected species, wildlife, plant disease pests and regional disturbances) and socio-economic components of culture (health or health performance, work safety or safety performance , job opportunities, business opportunities, education and community economy).

The Management Unit implements reduced impact logging (RIL) procedures to minimize the negative impacts of harvesting. This is in accordance with applicable regulations and implemented in the field, documented in the harvest quality assessment (HQA) report.

In the identification and management of areas functioning for water protection, the Management Unit has allocated a protected area (river border) and in its management has placed observation points for discharge of inlet and outlet rivers in the Sepatak River and Tambusai River. The management of water protection, both the allocation of areas and management, is in reference to government regulations.

The Management Unit has identified areas that serve to protect flora and fauna habitats, which are protected, endemic, rare and threatened / endangered species, as well as unique characteristics by allocating protected areas such as river boundaries and germplasm conservation areas (KPPN).

PT Sumatera Sylva Lestari Unit Pasir Pengaraian has conducted an inventory of local plant species in the KPPN area, which include: Mahang (*Macaranga* sp), Kembangan (*Canangim odoratum*), Banyan (*Ficus* sp), Guava (*Eugenia* sp), Meranti (*Shorea* sp).

PT Sumatera Sylva Lestari Unit Pasir Pengaraian also conducts an inventory of wildlife carried out in conjunction with the vegetation observation path. Inventory of animals has been grouped by mammals, reptiles, aves and per location of observation. The results are recapitulated in the annual RKL report.

PT Sumatera Sylva Lestari Unit Pasir Pengaraian never plants genetically modified tree, as the species utilized are *Eucalyptus* sp. and *Acacia mangium*.

The Management Unit carries out forest protection activities whether these are due to human or natural causes. These include the erection and maintenance of boundary and warning signs prohibiting encroachment, illegal logging, lighting of fires, etc., which is backed up by regular patrols. The Management Unit also has standard procedure to prevent and treat infestation by pests or diseases. These include manual, biological, and chemical treatments as may be

required.

There are also standard procedures for the handling of hazardous and toxic materials and their waste (B3), which include pesticides, herbicides, fungicides, insecticides, bactericides, material / fertilizer types, and oil waste,

PT Sumatera Sylva Lestari Unit Pasir Pengaraian conducts efforts to protect the forests from fires. This includes observation posts, and fire-fighting equipment, plus trained staff to operate it. In these efforts the Management Unit is assisted by the Fire Concerned Community (MPA).

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing January 15, 2020, asking stakeholders to provide feedback and information about PT Sumatera Sylva Lestari Unit Pasir Pengaraian. 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 did not receive any input from stakeholders as a result of the public consultation.

The audit team also gathered information from the mass media about PT Sumatera Sylva Lestari Unit Pasir Pengaraian, the reported cases being given material consideration as part of the audit process of PT AJA Sertifikasi Indonesia

The Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international regulations, rules and conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area of 9,140 hectares.

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

The results of Surveillance 2 Audit indicated one (1) Minor Non-Conformity. The Management Unit has performed improvements and the Non-Conformity is now closed:

Nomor	Non-Conformities	Corrective Action Performed	Category
1	Based on interviews with spraying workers, contractor workers when returning from work they could not wash their clothes and bathe in the work area, but had to do this in their homes. Indicator I.12.2	PT Sumatera Sylva Lestari, especially the Safety section in cooperation with the Plantation Department, ensures that the spraying workers are free from chemical exposure before returning home with the construction of a rinse house	Minor

Conditions under which the certificate is issued

Certificate is valid until (April 14, 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 close out visit.