

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 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 1

AUDIT START DATE: March 12, 2019

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 14, 2019

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

[Handwritten signature]

AUDIT TEAM: Utomo

SIGNATURE:

[Handwritten signature]

Agung Utama Lubis

SIGNATURE:

[Handwritten signature]

MAJOR CARS:-

MINOR CARS: -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Estate Pasir Pengaraian	Rambah Hilir District, Tambusai District, Bangun Purba District, Rokan Hulu Regency, Riau Province – Republic of Indonesia	March 12 to 14, 2019
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 Pangaraian Unit received its concession permit per Minister of Forestry Decree Number 82 / Kpts-II / 2001 on March 15, 2001 concerning the Granting of Timber Plantation Concession Rights to PT Sumatera Sylva Lestari over approximately 42,530 ha of forest area in the provinces of North Sumatra and Riau for a period of 43 years. The management of the forest is divided into two (2) Units: Padang Lawas Unit (33,390 ha) and Pasir Pangaraian Unit (9,140 ha). The scope of this IFCC Sustainable Forest Management certification is only for the Pasir Pangaraian Unit covering 9,140 ha in Rokan Hulu Regency, Riau Province.

There has been no conversion of natural forest to plantation forest in the work area of PT Sumatera Sylva Lestari, Pasir Pangaraian Unit. Thus, the scope for the IFCC certification is for the whole concession area of 9,140 ha.

PT Sumatera Sylva Lestari, Pasir Pangaraian Unit has prepared the Revision of the Work Plan for Timber Forest Product Utilization Business in Industrial Plantation Forest (RKUPHHK-HTI) for the period of 2013-2022, which was ratified through the Decree of Minister of Forestry with SK Number: SK.14 / VI-BUHT 2013 on April 1, 2013. The Revised RKUPHHK-HTI document provides the guidelines for implementing forest management activities over the 10-year period.

Based on that Revision of RKUPHHK-HTI, PT Sumatera Sylva Lestari, Pasir Pangaraian Unit, the spatial planning of its working area is as follows: (1) Protected Area of 1,250 ha (13.68%), consisting of Riparian Areas of 1,030 ha (11.27%) and KPPN (Germplasm Protection Areas) of 220 ha (2.41%), (2) Areas Ineffective for Production of 271 ha (2.96%), (3) Areas for Production, which consists of Staple Plants Area of 6,248 ha (68.36%), Indigenous Plants Area of 914 ha (10.00%), and Livelihood Plants Area of 457 ha (5.00%).

PT Sumatera Sylva Lestari is geographically located between coordinates of 00° 56' to 01° 02' North and 100° 08' to 100° 17' East. The work area is bounded by: West side with the plantation of PT Damai Nusa Sekawan, PTP V, and Bangun Purba Barat Village; East Side with Batas Village and Rambah Village; North Side with Sei Kumango Village and South Side with Tangan Village, Pasir Intan Village, Rambah Jaya Village, and Pasir Jaya Village.

PT Sumatera Sylva Lestari, Pasir Pangaraian Unit falls under the overnmental administration of Tambusai District, Rambah Hilir District and Bangun Purba District, Rokan Hulu Regency, Riau Province.

PT Sumatera Sylva Lestari, Pasir Pangaraian Unit, is included in the Sei Geringging Forest Group., The condition of the work area has a flat (0-8%) topography at a height of 70 to 90 meters above sea level. Land type consists of Red Yellow Podsolc soil, with its geology being Telisa and Petani Formations.

The area is classified as Climate: type A (Schmidt/Ferguson) with rainfall of 1,830 mm / year. most falling in November and the least in July; Hydrology consists of Sosopan River, Sipatak River, Barliampan River and Reservoirs. of 26.5 ha in total.

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

The population living around the concession is classified as a local community., there being no indigenous people with customary rights. While there are customary claims from the community, based on documentary evidence of the conflict resolution process involving the District Government and the Ministry of Forestry, there are no local regulations that ratify the customary land of the communities around the company's concessions.

Based on the report on potential mapping and conflict resolution, the total population around the concession is 25,903 people, of whom 85% work in the agricultural sector, especially palm oil plantations.



PT Sumatera Sylva Lestari has made conflict resolution efforts in the concession area. There is a Potential and Conflict Resolution Mapping Report of PT Sumatera Sylva Lestari in Rokan Hulu Regency in 2018. The claim settlement process has involved Rokan Hulu District Government agencies to the Ministry of Forestry. There is an Indicative Map of Encroachment Areas and Claims in the PT Sumatera Sylva Lestari IUPHHKHTI Working Area on a scale of 1: 100,000. There is a Conflict Resolution Organizational Structure of Pasir Pangaraian Sector, on February 6, 2019, signed by the Estate Manager.

PT Sumatera Sylva Lestari has collaborated with the surrounding communities in forest management.

- Based on interviews with the Head of one village, the company and the community have carried out collaborative plantations represented by a cooperative, by which the utilization of the results of the sharing of livelihood plants has been used by the cooperatives to buy plantation land so that the benefits of cooperation can be sustainable.
- There were also collaborations in the form of Collective Agreement, Forest Concession Agreement and Fire Awareness Community Agreement between the villages and the company.

PT Sumatera Sylva Lestari has provided support in corporate social responsibility activities.

There is an Implementation Report of PT Sumatera Sylva Lestari Community Development in Rokan Hulu District for the first to fourth quarters of 2018, the reports being addressed to the Head of the Riau Province Environment and Forestry Service and copied to the Head of Regional III Production Forest Management in Pekanbaru. Based on the reports, the activities carried out were in the fields of education, religious observance, social and the environment.

Description of the ecological conditions of the concession

PT Sumatera Sylva Lestari (SSL) undertakes environmental management and monitoring in accordance with its obligations under the Environmental Documents (UKL UPL), the results of which are reported to the relevant government agencies every 6 months. Aspects include; physical chemical components (macro climate change, decrease in soil fertility, water quality), biological components (natural vegetation or protected species, wildlife, plant disease pests and regional disturbances) and cultural socio-economic components.

Aware of the potential negative effects of operational activities, PT Sumatera Sylva Lestari implements appropriate measures to minimize these and protect the work area from damage due to erosion, landslides, etc.

Among these are the identification of protected areas, particularly those bordering the rivers in order to maintain the quality of the water in leaving the concession area. The management of protected areas also aims to maintain the existence of forest resources, both plants and animals. Part of the management of protected areas is by rehabilitating protected areas damaged by fire, illegal logging, encroachment, etc., in order to maintain species and biodiversity.

PT Sumatera Sylva Lestari has carried out an inventory of local types of plants in the KPPN area and can function as a wildlife habitat including: Mahang (*Macaranga* sp), Kembangan (*Canarium odoratum*), Beringin (*Ficus* sp), Jambu (*Eugenia* sp), Meranti (*Shorea* sp). PT Sumatera Sylva Lestari also carried out an inventory of fauna/wildlife in conjunction with the flora/vegetation observation path. Observation/monitoring is carried out on a regular basis with periodic reports being delivered to the requisite authorities.

The Management Unit of PT Sumatera Sylva Lestari has standard procedures for the handling of B3 waste (Hazardous and Toxic Materials), which includes pesticides, herbicides, fungicides, insecticides, bactericides, material/fertilizer, waste oil, etc. In handling B3 waste, the Management Unit has a functioning storage for materials and waste.

PT Sumatera Sylva Lestari has never planted genetically modified trees, either in the production area or other areas. The use of species from outside the area, in this case *Acacia mangium* and *Eucalyptus pellita* has been subject to a study and determination of their suitability being approved by the Indonesian Ministry of Forestry. Moreover, these species are



solely planted in the production area for the production of wood pulp, and not for conducting replanting/rehabilitation activities in other areas of the concession.

Adequate infrastructure is also available for handling forest disturbances, be these natural or human in origin. This includes full documentation of each incident, actions taken and resulting outcome. While preventative measures are in place to forestall attacks by pests or disease, actual infestation is countered by manual, mechanical, chemical or environmentally friendly biological means.

As part of its forest protection programs, the Management Unit has also implemented steps aimed at minimizing damage to the forest and forest products caused by human actions such as encroachment, illegal logging, grazing of livestock and forest fires. Besides erecting notice boards marking specific areas and prohibiting certain behavior, PT Sumatera Sylva Lestari carries out regular patrols on both land and water to detect any threats to the forest.

To keep the local community informed and also involved, PT Sumatera Sylva Lestari conducts socialization of its annual work plans. The community is also involved in the fire awareness program, which augments the company installation of fire posts and monitoring towers in hotspot locations.

Results of the Public Consultation

Prior to performing the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing February 18, 2019, requesting 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 e-mail or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders.

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

The Management Unit has identified all the requirements needed for this certification process, comprising legal aspects that include compliance with international rules and conventions. The management system has been established 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 with the conformity.

Based on the results of the Surveillance 1 Audit of PT Sumatera Sylva Lestari Pasir Pengaraian Unit, no Non-Conformities of either a Major or Minor nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until April 14, 2021.