

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 SERAYA SUMBER LESTARI

TOTAL HECTARES: 19.442,77
ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 19.442,77 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: October 23, 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: October 26, 2019

LEAD AUDITOR: Agung Utama Lubis

SIGNATURE:

AUDIT TEAM: Amin Kadeni

SIGNATURE:

Ardi Prasetyo

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Seraya Sumber Lestari	Tumang Village, Siak District, Siak Regency, Riau Province – Republic of Indonesia	October 23 to 26, 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

The total area of PT Seraya Sumber Lestari on the Report on Boundary Results Number: LP.002 / BKPH.XIX / PKH / - / 2017 dated August 3, 2017 is 19,685.77 ha. An area of 243 ha of natural forest converted to plantation forest after December 31, 2010 and thus the scope of the IFCC certification is for an area of **19.442,77** ha.

Based on the RKUPHHK Adjustment Document for the 10-year period from 2017 to 2026 and the 2018 to 2019 Activity Year Plan, as approved by the Director General of Sustainable Production Forest Management on behalf of the Minister of Environment and Forestry, Number: SK.8908 / MenLHK-PHPL / UHP / 12/18/2012, December 28, 2018, the spatial plan for the work area is: Peat Ecosystem Protection Area of 3,626 ha (18.42%), Staple Plant Area of 9,627 ha (48.90%) and Livelihood Plant Area of 6,432.77 ha (32.68%).

PT Seraya Sumber Lestari's work area falls under the governmental administration of Tumang Village, Siak District, Mandau District, Siak Regency, Riau Province. The geographical location, meanwhile, lies between 00° 48' 30" to 00° 58' 36" South and 101° 48' 40" to 101° 58' 08" East, being part of the Siak River Forest Group, Lanjung River under the forestry administration area of Riau Province Environmental and Forestry Office

Topographically, PT Seraya Sumber Lestari is flat with slope class A (0-8%) at an altitude of 15-16 meters above sea level, with organosol, and podsolik soil types. Generally, the peat soil conditions have limiting zones (swampy), acidic soil pH (4-6) and low to moderate soil fertility, geologically formed by young alluvium (Qh) and old alluvium (Qp). The climate based on Schimidt & Ferguson (1955) is included in type A with average rainfall of 1,890.60 mm / year, the highest rainfall being in December and the lowest in June and July. Hydrologically it is included in the Lanjung Sub-watershed and the Siak Kecil Sub-watershed, both being included in the Siak Besar watershed.

Detailed plan for the restoration of peat ecosystem functions is explained in the Peat Ecosystem Recovery Plan Document. The Determination of Groundwater Surface Height Control Point and Rainfall Monitoring Station Point of PT Seraya Sumber Lestari have been approved by the Director General of Pollution Control and Environmental Damage. PT Seraya Sumber Lestari is in the process of revising the RKUPHHK document based on the foregoing Recovery Document and the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.10 / Menlhk / Setjen / Kum.1 / 3/2019 Regarding Determination, Determination and Management of Peat Dome Peaks Based on Peat Hydrological Unity.

Based on the foregoing, the species cultivated is *Acacia crassicarpa*.

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

Based on PT Seraya Sumber Lestari's RKUPHHK HTI document for the period from 2017 to 2026, the villages around PT Seraya Sumber Lestari in 2018 are recorded as the Tumang and Merempan Hulu villages in Siak District, and the villages of Buatan II and Rantau Panjang in the Koto Gasib District. The community around PT Seraya Sumber Lestari are classified as a local community, there being no customary law community in the area as recognized by the government. Based on the HTI RKUPHHK document, 99% of the population around the concessions work in the agricultural sector.

PT Seraya Sumber Lestari has made efforts to resolve social conflicts in the company's work area through its conflict resolution organizational structure based on the Decree of the President Director Number: 005 / SK / SSL / PKU-I / 2019, dated January 3, 2019. This includes mapping and full reports from complaint to resolution together with mapping of potential areas of conflict, which are reported to the relevant agencies on a periodic basis.

The President Director of PT Seraya Sumber Lestari signed a Social Policy in January 2016 under which it recognizes and respects the legal rights of the surrounding community. This includes the provision of participatory opportunities in sustainable forest management, together with the provision of access to the community in order to utilize non-timber forest products (NTFP) for their welfare. As part of the ongoing efforts to encourage their utilization of NTFP, the company has built a canal during 2019 for use by the fishermen.

PT Seraya Sumber Lestari has cooperated with surrounding communities in forest management. There is a Cooperation Agreement with the community dated November 6, 2001 to provide access to local communities to utilize forest resources for their economic needs. There is data of PT Seraya Sumber Lestari building a canal in January - September 2019 for the use of local fishermen.

PT Seraya Sumber Lestari also conducts corporate social responsibility (CSR) activities, which based on the relevant reports, cover activities in the fields of education, health, religious observance, economics, infrastructure, social and environment.

PT Seraya Sumber Lestari maintains positive communication channels with the surrounding community. Based on interviews with the village heads, at the beginning of each year, the company's public relations personnel socializes the company's CSR activities to the surrounding villages, including the company's RKT plan. Minutes also exist of the socialization of the company's vision and mission, the socialization of RKT 2018/2019, the socialization of protected areas, and the the socialization of CD/CSR.

Description of the ecological conditions of the concession

The working area of PT Seraya Sumber Lestari is a Peat Swamp Forest ecosystem. Some of the original ecosystems has been retained and become protected areas and some converted into plantation forest with the tree species planted being *Acacia crassicarpa*. The Management Unit has provided 3,626 ha of its area for protected areas, consisting of Germplasm Protection Area (KPPN) of 300 ha with 155 ha of Peat Dome, Wildlife Conservation Area (KPSL) of 180 ha, the entire area of which is Peat Dome, Peat Protected Areas Depth >3m of 1,238 ha and Protected Areas functioning as Peat Ecosystem of 1,908 ha.

The areas of KPPN and KPSL serve to protect the flora and fauna that are threatened or protected along with their habitat. The protected or threatened species of flora are ramin (*Gonystylus bancanus*), meranti (*Shorea sp.*), balam (*Palaquium sp.*), suntai (*Palaquium uliginosa*) and pitcher plant (*Nepenthes ampularia*). Meanwhile, the fauna are: siamang (*Symphalangus syndactylus*), crested serpent eagle (*Spilornis cheela*), hornbill (*Buceros rhinoceros*) and great-billed heron (*Ardea sumatrana*). No key species have been identified, however.

The Management Unit's operational activities on peatlands have the potential to cause damage to the peat ecosystem. The damage can be identified by the existence of artificial drainage, pyrite sediment exposure and the reduction of land coverage. In the peat areas identified as being damaged, recovery activities will be carried out based on LHK Regulation No. P.16 / Menlhk / Setjen / Kum1 / 2/2017 concerning Technical Guidelines for the Restoration of Peat Ecosystem Functions.

Details of the plan for peat ecosystem function recovery are explained in the Peat Ecosystem Function Recovery Plan Document in accordance with the direction of the Directorate General of Pollution and Environmental Damage Control, Ministry of Environment and Forestry.

PT Seraya Sumber Lestari has also identified those forest management activities that have significant impact, and conducts environmental impact assessment through the monitoring of the physical and chemical properties of the soil, hydrology and water discharge. The Management Unit reports all its management and monitoring activities to the requisite authorities on a periodic basis.

In handling pests and diseases, as well as staple plant weeds the Management Unit utilizes manual, mechanical, biological and chemical approaches as best suited. The procedures for the use of pesticides also includes SOPs for the management of toxic and hazardous waste (B3), as well as fuel oil spills, etc.

In the prevention and control of forest and land fires, PT Seraya Sumber Lestari applies the "Land-Free Opening Policy". The Management Unit has also provided facilities and infrastructure as well as human resources for fire prevention and mitigation activities. In so doing, the Management Unit also formed the Fire Concern Community (MPA), which involves the local community in being active and participating in the effort.

Results of the Public Consultation

Prior to carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing October 18, 2019, requesting stakeholders to provide feedback and information about PT Seraya Sumber Lestari. 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 did not receive any input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Seraya Sumber Lestari, 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 rules and regulations and international conventions. The management system has been established to cover all activities in the field of certification, which is registered for an area of 19.442,77 Ha hectares.

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 Seraya Sumber Lestari, 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 December 26, 2022, provided that PT Seraya Sumber Lestari maintains its surveillance schedule and does not have any major non-conformities at the time of the next surveillance visit