

Public Report Sustainable Forest Management System

**Ownership of this report and the information
contained herein remain the property of AJA Europe**



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



CLIENT NAME: PT Seraya Sumber Lestari

TOTAL HECTARES: 13,712.4 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 13,712.4 hectares of Plantation Forest in Pelalawan Regency, Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 24, 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: October 27, 2018

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

[Handwritten signature]

AUDIT TEAM: Andri Wibisono

SIGNATURE:

[Handwritten signature]

Warsito

SIGNATURE:

[Handwritten signature]

MAJOR CARS:

MINOR CARS: 5

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Seraya Estate	Jl. Raya Siak – Sei Mandau, Tumang Village, Siak District, Siak Regency, Riau Province, Republic of Indonesia.	October 24 to 27, 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	
NA		



Brief Description of the concession

The Management Unit of PT Seraya Sumber Lestari obtained permission from UPHHK-HTI based on: Minister of Forestry Decree Number: SK 22/Menhut-II/2007 on January 5, 2007 concerning Renewal of Business Permit for Utilization of Timber Forest Products by PT. Seraya Sumber Lestari for Production Forest area of approximately 19,450 hectares in Riau Province. The permit period is set to take effect on January 5, 2007, for a period of 41 years from January 27, 2003, unless returned by the permit holder or revoked by the Minister of Forestry.

Company operations are carried out per the RKUPHHK-HTI document for a period of 10 years. The latest document is the Revision of 2018 HTI RKUPHHK that was ratified based on Minister of Environment and Forestry Decree Number: SK.1012/MenLHK-PHPL/UHP/HPL.1/3/2018 on March 5, 2018 concerning Approval of Timber Forest Product Utilization Work Plan in Industrial Plantation Forest (RKUPHHK-HTI) 2017-2026 in the framework of improving peat management on behalf of PT Seraya Sumber Lestari. Meanwhile, annual work plans are based on the respective RKT UPHHK-HTI document.

Spatial Planning is based on RKUPHHK-HTI for 2017-2026, which was ratified by Decree Number Decision of PT Seraya Sumber Lestari President Director Number: 056 / SK / SSL / PKU-IV / 2018 dated 02 April 2018 concerning Endorsement of Revision of Annual Business Work Plan for Timber Forest Products Utilization Business in Industrial Plantation Forest (RKTUPHHK-HTI) Year 2017/2018 on behalf of PT Seraya Sumber Lestari in Siak Regency.

RKUPHHK-HTI Spatial Planning for 2017-2026 in the Framework of Improving Peat Governance on Behalf of PT Seraya Sumber Lestari in Riau Province was as follows: Peat Ecosystem Protection Area 19,173.77 ha (97.40%), Staple Plant Area 432 ha (2.19%), Infrastructure 80 ha (0.41%).

Peat Ecosystem Protection Area covers an area of 19,173.77 ha (97.40%) consisting of: KPPN (Germplasm Conservation Area) of 300 ha (1.52%), KPSL (Wildlife Conservation Area) of 180 ha (0.91%), Area with Peat Depth of >3 meters of 1,238 ha (6.29%), and Peat Ecosystem Function of 17,455.77 ha (88.67%).

Based on the Stage 2 Audit, there has been a conversion of 5,559.6 ha of natural forest to plantation forest. While the area of concession permit is 19,450 ha, based on the PIMS, the concession area is 19,272 ha, thus the cope for the IFCC certification is 13,712.4 ha.

General conditions of work area of PT Seraya Sumber Lestari Management Unit:

- a. Area of work: 5,868.99 ha
- b. Geographical location of 00° 48' 30" to 00° 58' 36" North and 101° 48' 40" to 101° 58' 08" East
- c. Forest Group: Kutub River, Metas River
- d. Administrative area: Pelalawan District, Teluk Meranti District
- e. Government: Pelalawan Regency
- f. Forestry administration area: Riau Provincial Forest and Environment Agency
- g. Topography: slope class A (Flat) [0-8%]
- h. Height: 15 to 16 meters above sea level
- i. Soil: Tropohemists, Tropofibrists, Troposaprits, Tropofibrists
- j. Geology: Peat (KLR-Klaru), Peat (MDW-Mendawai)
- k. Climate: type: A (Schimidt & Ferguson 1955)
- l. Rainfall: 2,893.5 mm/year, highest in December and lowest in June
- m. Hydrology: sub-watershed of the Kutub River and the Metas river



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

Administratively, the PT Seraya Sumber Lestari concession area is included in the three sub-districts of Siak District, Koto Gasin District and Bunga Raya District of Siak Regency. The villages bordering on the PT Seraya Sumber Lestari concession area are as follows:

1. Siak District: Tumang, Langkai and Merempan Hulu
2. Koto Gasib District: Buatan I, Buatan II and Rantau Panjang
3. Bunga Raya District: Tasik Betung, Bandar Jaya and Buantan Besar

Based on environmental documents (EIA) and interviews with the heads of Tumang and Buatan II villages, there are no indigenous people in the area. The people who live around the concession are predominantly Malay, together with Javanese and Batak migrants, and with Islam being the prevalent religion, there are no local customs preserved.

The Management Unit has carried out mapping and resolution of conflicts, which are reported to requisite authorities on a periodic basis. The Conflict Resolution Protocol aims to resolve conflicts based on the principle of free, prior and informed consent in regard to land claimed by the local or migrant community. Agreements are reached where there is proof of prior cultivation, land processing, villages, cemeteries or cultural relics.

PT Seraya Sumber Lestari entered into an agreement with the local community in 2016 in regard to utilization of Non-Timber Forest Products, particularly in the form of fish that live in the company's canals. In order to assist in the prevention of forest fires, PT Seraya Sumber Lestari formed a Fire Awareness Community (MPA) with the local village community in 2018, whereby the company provides facilities and training in fire prevention.

PT Seraya Sumber Lestari implements a Community Deveopment (CD) program whereby the Management Unit reports to the Riau Province Forestry Service every three months on efforts to assist the surrounding community in raising its quality of life. These include provision of equipment and training for livelihood programs, support for education and youth, and assistance with carrying out religious practices. Realization of the 2018 CD program up to August saw the provision of equipment for the cultivation of ginger, banana, and fish, as well as for the production of tofu, plus supplying prayer mats and copies of the Qur'an.

Description of the ecological conditions of the concession

PT Seraya Sumber Lestari has designated a protected area of 1,700 ha that consists of riparian area covering 177 ha, deep peat area of 1,423 ha, KPPN of 50 ha and DPSL of 50 ha. These protected areas function as a place to protect the land, as well as being sources of water protection, wildlife, vegetation and the ecosystem.

PT Seraya Sumber Lestari also monitors water level height (TMA) as it is important to record any peat subsidence. For effective growth of *Acacia crassicarpa*, the TMA should lie between 40 cms and 80 cms and TMA monitoring is carried out twice monthly.

To minimize the effect its production forest operations have on the health of the forest ecosystem, PT Seraya Sumber Lestari conducts Reduced Impact Logging activities. These are carried out in three distinct phases, pre-harvesting, harvesting and post-harvesting.

The pre-harvesting phase consists of planning activities so that the designated compartments can be felled in the most efficient manner with the minimum of disturbance to the surrounding forest. The harvesting phase, meanwhile, ensures

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



that felling is carried out in accordance with the pre-determined plans with minimal damage to the land of the felled area, and that the timber is removed without disturbance to the remaining forest. Finally, the post-harvesting activities assess the quality of the logging operation in that the designated commercial timber has been totally removed, while an environmental assessment assures that no damage has been done to protected areas.

PT Seraya Sumber Lestari has identified the flora and fauna that are protected, endemic, rare and endangered / endangered species and their habitat in the concession area, and has prepared distribution maps for both flora and fauna. Among the protected tree species are Balam (*Payena* spp), Durian hutan (*Durio zibethinus*), Kempas (*Koompassia malaccensis*) and Ramin (*Gonystylus bancanus*). Species of Meranti tree (*Shorea* spp) act as home for hornbills, while honeycombs are often found on Kempas.

Results of the monitoring of the protected areas are included in the RKL / RPL Implementation Reports, which are delivered to the requisite authorities each semester. Preservation of the integrity of the protected areas is maintained by the erection of strategically positioned signboards indicating their borders, as well as prohibiting hunting and the lighting of fires.

Forest disturbances are not only due to human causes such as encroachment, illegal logging, hunting, and lighting fires, however, for flora and fauna can also be subject to attack by natural pests and diseases.. While prevention measures are undertaken to forestall such attacks, biological agents and pesticides may be called into use as a last resort.

PT Seraya Sumber Lestari has also implemented measures to protect the forest against fires, from initial risk analysis through careful monitoring of hotspots to the provision of complete operational firefighting facilities. Besides observation of specific hotspots from observation towers, the whole area is routinely monitored by patrols on both land and water, as well as by drone and satellite coverage. The local community is also involved in the prevention of fires as the Management Unit provides counseling and training to the Fire Readiness Community (MPA).

Results of the Public Consultation

Prior to carrying out Surveillance Audit 2, PT AJA Sertifikasi Indonesia conducted a public consultation commencing October 8, 2018, whereby stakeholders were asked to provide feedback and knowledge about PT Seraya Sumber Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www: ajaindonesia.com](http://www.ajaindonesia.com)), sent to parties via e-mail or letter, and published in local newspapers. Although relevant parties had been notified prior to the Surveillance 2 Audit, there was no specific input received from stakeholders as a result of the public consultation.

The audit team also collected information from the mass media about PT Seraya Sumber Lestari, such reports being given material consideration in the audit process conducted by PT AJA Sertifikasi Indonesia.

Management Unit has identified all the requirements needed for the certification process, consisting of legal aspects which include compliance with rules and regulations and international conventions. The management system has been built to cover all activities in the field of certification, which are registered for certification covering an area of 13,712.4 hectares.

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

The results of the Surveillance 2 Audit of PT Seraya Sumber Lestari identified five (5) minor non-conformities (NC) as follows.

1	The Management Unit had not calibrated the transport barge so the actual volume was not known. Clause Ref. III.2.1	The Management Unit has since carried out calibration of the wood content of the transport barge.	Minor
---	--	---	-------

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



2	Two of the SOPs contained entries that were not applicable for the period 2017-2026. Clause Ref. I.1.11	The Management Unit has revised the respective SOPs on December 1, 2018.	Minor
3	While the Management Unit has conducted periodic MCU on employees in September 2017, it has not yet conducted Cholinesterase (CHE) tests on those employees potentially exposed to chemicals (pesticides / herbicides). Clause Ref. I.12.1	The Management Unit has now conducted MCU that includes the Cholinesterase (CHE) test on the employees who were potentially exposed to hazardous chemicals.	Minor
4	The Management Unit does not have a PHPL Technical Staff of Measurement and Mapping. Clause Ref. I.1.8.	The Management Unit has submitted an application for the implementation of training to a staff member for Technical Staff of Measurement and Mapping, to the Regional Commissariat of the Association of Indonesian Forest Entrepreneurs (APHI) on December 3, 2018.	Minor
5	The Management Unit was unable to provide the results of various tests that should be carried out each semester in accordance with the SOP and the HIRADC document. Clause Ref. I.12.2.	Management Unit has conducted the measurements on November 6, 2018: 1. NAV of Physics/Noise Factors against Generators, Pumps and Chainsaw 2. NAV of Physics/Temperature Factors at the Main Office, HSE Office and Clinic 3. NAV Physics/Lighting Factors at Main Office, Clinic, Warehouse 4. Measurement of NAB Physics/Noise & Vibration factors on heavy equipment	Minor

Conditions under which the certificate is issued

Certificate is valid until (December 29, 2019), provided that PT Seraya Sumber Lestari 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.