

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



JOB NUMBER: AJA/IFCC-041

CLIENT NAME: PT. Seraya Sumber Lestari

TOTAL HECTARES: 13,712.4 hectares

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 13,712.4 hectares in Riau Province, Indonesia.

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: July 26, 2016

AUDIT END DATE: July 29, 2016

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: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Utomo

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 3

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):	<input type="checkbox"/>
RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):	<input checked="" type="checkbox"/>
RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):	<input type="checkbox"/>
NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):	<input type="checkbox"/>

SELECT OPTION

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows):	DATE OF EACH SITE VISIT:
PT Seraya Sumber Lestari	Jl. Raya Siak – Sei Mandau, Tumang Village, Siak District, Siak Regency, Riau Province Postal Code 28671, Republic of Indonesia	July 26 – 29,2016
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 (If more than 4 additional sites have been registered please add additional rows)	
	N/A	
REF No:	ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows)	
NA	N/A	

Brief Description of the concession and its natural and socio-economic conditions.

PT. Seraya Sumber Lestari received its license for business management of plantation forest from the Minister of Forestry Number: SK 22 / Menhut-II / 2007 dated January 5, 2007 on Updated Business License for Utilization of Wood Forest Plants to PT. Seraya Sumber Lestari for sustainable production forest area covering approximately 19,450 hectares in Riau Province, granted for the specified period of validity from January 5, 2007 for a total of 41 years from January 27, 2003. Based on data from the Plantation Information Management System (PIMS), from the total 19,272 ha of staple plant areas, an area of 5,559.6 hectares has been excluded from the scope of certification. This area consists of secondary forest that is scheduled to be converted to plantation in 2017 and 2018, covering an area of 4,376.7 hectares, and a planted area of 1,182.9 hectares that was converted after December 31, 2010. So the scope for certification of PT Sumber Lestari Seraya is an area of 13,712.4 ha.

The geographical location of the working area of the Management Unit of PT. Seraya Sumber Lestari lies between E 101° 48'40 " to 101° 58'08" and S 00°48'30" to 00°58'36". Administratively, the Management Unit is located in the Siak and Mandau Districts of Siak Regency, Riau Province. The working area is bordered to the north by IUPHHK-HTI PT. Balai Kayang Mandiri, to the east by IUPHHK-HTI PT. Rimba Mandau Lestari, to the south by the oil palm plantation of PT. Gelora Sawit Makmur, and to the west by IUPHHK-HTI PT. RAPP.

The area is subject to an annual rainfall of 1,890.60 mm with a monthly average of 157.55 mm, the highest rainfall



occurring in December and the lowest in June and July. Type of climate according to Schmidt and Ferguson is climate type A (very wet). The entire area has a flat topography (class A: 0-8%), while based on the geological map consists of two types of host rock: young Alluvium (Qh) and older Alluvium (Qp). The soil in the Management Unit area consists of organosol and podsol types. Included in the hydrology of the watershed are the subzones Lanjung and Siak Kecil, which are both included in the Siak Besar river basin.

PT. Seraya Sumber Lestari has a Work Plan for Utilization of Forest Wood Industrial Plantation Forest (RKUPHHK-HTI) for the Ten-Year Period 2009-2018, which was approved by the Decree of the Minister of Forestry No. SK. 144 / VI-BPHT / 2009 dated 01/06/2009. Based on RKUPHHK-HTI, PT. Seraya Sumber Lestari has undertaken the spatial arrangement of the working area based on the total licensed area of 19,450 ha, as follows: (1) Protected Areas 1,700 ha (8.74%), (2) Area Not Effective For Production 2,270 ha (11.67%), (3) Area For Production: Staple Plants 12,500 Ha (64.27%), Indigenous Plants 1,980 ha (10.18%), and Livelihood Plants 1,000 ha (5.14%). Sustainable forest management consists of sustainable continuous production, which occurs with harvesting and planting activities. PT. Seraya Sumber Lestari has been implementing activities in accordance with the harvesting and planting of RKT from 2011 through to 2015/2016.

There are four villages located around the concession area: Tumang, Merempan Hulu, Rantau Panjang and Buatan II. The majority of people living in the village of Tumang are immigrants to the area, Batak, Javanese, Minang, etc., while the people living in the remaining villages are largely local Malay.

Based on a report on the identification of the land, the villagers' claims to the land result from:

- The area of concessions prior of the issuance of the Decree shows the existence of a definitive overlap with village / community land.
- The desire of the local people to plant palm oil is very strong because the results show more promise.
- Forest land was sold by local police officers in the villages.
- A lack of proper understanding of its authority by the district government following regional autonomy.
- No agency or entity with synergy in relation to the status, entitlements and land designation.

Based on the report, efforts and preventive measures towards land claim have been made by the Management Unit of PT. Seraya Sumber Lestari to secure the concession, which include the following:

- Conduct meetings with the heads of villages around the concession
- Hold squatters' heavy equipment in the concession area, report cases of land claims, the burning of land and working without a permit in the area of concession to the Police in Siak.
- Identify with an integrated team involving Dishutbun Siak, UPTD Siak, Forest Rangers and Police of Siak against encroachment into the concession area.
- Conduct socialization of PT. Seraya Sumber Lestari's concession to the villages around the concession.
- Monitor the clearing and burning in the area from the air (helicopter).
- Install a variety of appeals, a ban on burning land, claims, working the land without permission.
- Perform preventive action against tenants by issuing letters of warning
- Conduct routine patrols by security teams in the field.
- Process legal officers who can buy and sell village land forest / concession.
- Conduct an inventory of land together with the villages to be mediated by the Head.
- Socialization of annual work plan facilitated by the Head of Siak, which was attended by local government.
- Make jobs available to the villagers of certain villages in spraying, planting, cleaning canals and nursery activities.
- Carryout Community Development Programs for villagers around concession.

Based on the EIA document prepared in 2003, forest management activities that have an important impact were identified and an environmental impact assessment was carried out. The impact assessment was carried out on the physical chemistry, biological and social components of the forestry management activities. The Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL), meanwhile, discuss the efforts to overcome the effects of the physical components of chemical, biological, and socio economics and culture that are managed and monitored annually with the implementation being reported each semester.

PT. Seraya Sumber Lestari has allocated a protected area of 1,700 ha (8.74% of the total licensed area of 19,450 ha) consisting of: riparian area of 177 ha (0.91%), Peat in excess of 3 m depth area of 1,423 ha (7.32%), KPPN area of 50 ha



(0.26%) and DPSL 50 ha (0.26%). The Management Unit has also been conducting biodiversity management through activity management and monitoring of flora and fauna, flora and natural ecosystems, surveys, monitoring and identification of vegetation and wildlife each semester, together with enrichment planting of local species. The Management Unit has also been carrying out protective actions against forest disturbances by applying the appropriate implementing measures in accordance with the established procedures and the potential level of the existing problems, such as fires, pests and land occupation.

The Management Unit has carried out fulfillment of the rights of workers according to regulations, namely: have a documented Labor Agreement (CLA) between the Management of the Trade Union of Forestry Indonesia (Kahutindo), no retention of salary, identity card (KTP), diplomas or other documents of the workers by the company, Based on the results of the payroll month of June 2016, no employees were found to be paid less than the District minimum wage, employees have been registered as participants of BPJS Employment (Social Security); and infrastructure has also been put in place: offices, employee housing, warehouses and mosque.

The Management Unit has been carrying out Occupational Health and Safety (K3), namely: the company has an environmental policy, and a trained K3 expert, has recaps and proof of distribution of Safety Equipment to employees, provides facilities for employees in the form buildings, consisting of: employee mess in the camp, water tower, office, drilling, installation of electricity, and a mosque.

Prior to performing its Stage 2 Audit, PT. AJA Sertifikasi Indonesia conducted public consultation commencing July 10, 2016, asking stakeholders to provide feedback on PT Seraya Sumber Lestari. The public consultation was uploaded to the PT. AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper. No input was received from the stakeholders during the public consultation. The audit team also gathered information from the mass media about PT. Seraya Sumber Lestari, which was considered as part of the audit process.

PT. Seraya Sumber Lestari registered its concession to be certified in an area of 13,712.4 hectares. The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with local regulations and international conventions.

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

The results of this Stage 2 Audit identified three minor items of non-compliance, The Management Unit has already taken remedial action to address these non-conformities. There were no critical issues to report.

NO	Non-conformities	Corrective Action performed	Category
1.	Based on the results of interviews, the excavator operators did not hold letter of operational letter (SIO) as required by the government. Clause Ref I.1.13	- Management Unit provides data on identification of training needs and plans to have the letter of operational letter (SIO) for heavy lifting and transport equipment operators. - The Management Unit has attached the Plan and Operator Training Needs	Minor
2.	The level of sustainable harvesting as outlined in RKUPPHK-HTI is no longer relevant to the actual situation. RKUPPHK-HTI cannot guarantee the sustainability of the production function and ecology. Even for 2017, based on the arrangement map of the RKUPPHK-HTI area there is no harvesting and planting in the staple plant area.	- Develop plans for Long Term Management Plan (RKU) revision / redesign the arrangement of the work area to consider the dynamics of land claims. - The layout will be revised, as well as adjustments being made to the Regulation of the Minister LHK on the Development of Industrial Plantation Forest.	Minor



	Clause Ref I.12.2		
3.	Operators were found not to be using of Safety Equipment in accordance with the SOP and HIRADC documents. Application of of Safety Equipment has not been consistently applied according to the SOP	<ul style="list-style-type: none">- Issue warning letter to the relevant chainsaw operators, as well as identify the ownership of the of Safety Equipment.- Install signs regarding the mandatory use of Safety Equipment in the workplace.- Conduct random inspections of the application of Occupational Health and Safety (K3) on the job site.	Minor
	Clause Ref I.12.4		

Conditions under which the certificate is issued

The certificate is valid until 27/12/2019, provided that PT. Seraya Sumber Lestari completes all corrective actions according to the proposed time schedule and does not have the same problem on the next surveillance visit. If non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time as PT AJA Sertifikasi Indonesia is able to perform a close out visit.