

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 SERAYA SUMBER LESTARI

TOTAL HECTARES: 13,712.40
ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest of 13,712.40 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: August 14, 2017

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: August 17, 2017

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Seraya Sumber Lestari	Seraya - Jl. Raya Siak – Sei Mandau, Tumang Village, Siak District, Siak Regency, Riau Province Post Code 28671, Republic of Indonesia	August 14 to 17, 2017
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		

Document: Report Format Public – IFCC

Issue: D

Date: 15 September 2016

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Brief Description of the concession

PT Seraya Sumber Lestari holds a concession license per Decree of the Minister of Forestry Number: SK.22/Menhut-II/2007 dated January 5, 2007 regarding Renewal of Timber Forest Product Utilization License in Plantation Forest PT. Seraya Sumber Lestari for Production Forest area of approximately 19,450 hectares in Riau Province.

The Management plan document RKUPHHK-HTI for the 10-year period 2009 - 2018 was approved per Decree of the Minister of Forestry on Forest Utilization of Timber Forest Products on Industrial Plantation Forest). SK. 144/VI-BPHT/2009 dated June 1, 2009.

PT Seraya Sumber Lestari has carried out spatial arrangement as follows: Protected Areas of 1,700 ha (8.74%), Infrastructure of 470 ha (2.42%), Main Crop Area of 12,500 ha (64.27%), Indigenous Plant Area of 1,980 ha (10.18%), Livelihood Plant Area of 1,000 ha (5.14%), Occupied Area of 1,800 ha (9.25%). The Protected Areas comprise Riparian Areas of 177 ha (0.91%), Peatland of 1,423 ha (7.32%), KPPN of 50 ha (0.26%), DPSL of 50 ha (0.26%).

There was conversion of 5,559.6 ha of natural forest to plantation forest after December 31, 2010. The concession license 19,450 ha, whereas based on the PIMS is 19,272 ha. Thus the scope for the IFCC certification is 19,272 ha - 5,559.6 ha = 13.712.4 ha.

The concession is bordered to the West by PT RAPP, to the East by PT Rimba Mandau Lestari, to the North by PT Balai Kayang Mandiri, and to the South of CV Alam Lestari.

Based on the site characteristics it has been determined that *Acacia crassicarpa* is the best crop for cultivation.

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

Based on AMDAL documents and interviews with Company management, there are no indigenous peoples as defined by the law, only local people as the majority of the population who are of Malay origin. Adat traditions are still maintained for wedding ceremonies, circumcision and religious festivities, as the majority of the population is Muslim and thus ancient mystic customs are no longer followed.

While the people who live in Merempan Hulu Village, Rantau Panjang Village and Desa Buatan II, Buntan Besar are largely local Malay in origin, those living in Tumang Village are migrants, being Batak, Javanese, Minang, etc. by origin.

Based on interviews with the Heads of Tumang and Merempan Hulu villages, most of the community (80%) earn their livelihood from oil palm, rubber and secondary crops, while the rest are laborers (working for companies) or local government employees.

The Management Unit of PT Seraya Sumber Lestari has a conflict resolution mechanism in place that is respectful of genuine claims by the community in regard to areas where they can provide proof of former association, whether this be of an economic, societal or cultural nature.

The process involves the careful documentation and mapping of all claim areas, together with investigation and verification from claimant and such outside parties as may be helpful in reaching agreement acceptable to all parties; local government may play a role as mediator in cases of major impact. Final resolution is confirmed by the signing of a letter of agreement by all concerned parties.

Alternative settlement may also be reached through plant growth compensation, partnership pattern, HTR and CSR programs. Such an agreement was signed between the management of PT Seraya Sumber Lestari and the Tumang Village community in 2016



Prior to creating its Corporate Social Responsibility (CSR) programs, the Management Unit collects information from the community through village meetings and an inventory of village data in order to help participate in the village development plan (Musrebangdes) and ensure that the programs are in accordance with the community's proposals and needs. The Management Unit allocates substantial funds to realize its CSR programs.

Description of the ecological conditions of the concession

Based on the AMDAL document of PT. Seraya Sumber Lestari 2003, the Management Unit has identified forest management activities that have significant physical, chemical (erosion, sedimentation, water quality, soil fertility, microclimate) and biological (standing potential, species diversity, pests, habitat changes) impacts. The Management Unit has made efforts to minimize the negative impacts of the RKL (Environmental Management Plan) / RPL (Environmental Monitoring Plan) report, , the results of which are reported to the requisite authorities on a periodic basis.

In efforts to minimize negative impacts, reduced impact logging activities are carried out in stages: before harvesting, during harvesting operations, and after harvesting activities. Meanwhile, identification of areas where soil and water protection are necessary has led to the allocation of protected areas of 1,700 ha (8.74%), which comprise 177 ha (0.91%) of riparian areas along the Sempadan river, 1,423 ha (7.32%) of peatland, 50 ha (0.26%) of KPPN and 50 ha (0.26%) of KPSL.

The Management Unit documented procedures that guide the monitoring and management of the plantation working area include physical, chemical and biological components. Physical and chemical components include microclimate, air quality, soil fertility, soil erosion, river discharge, sedimentation, and water quality. From a biological aspect, the Management Unit undertakes the identification and regular inventory of protected, endemic, rare and threatened / endangered / endangered flora and fauna within its licensed operational area. The main plant species cultivated in PT. Seraya Sumber Lestari is not a genetically modified tree species, but *Acacia cracicarpa*.

PT. Seraya Sumber Lestari has documented procedures for the controlled use of B3 hazardous and toxic materials (B3) and collection of their waste. This includes an inventory of waste, source, and estimated amount, which is regularly collected and retained in temporary storage until its collection by a licensed disposal company.

The Management Unit undertakes forest protection activities to identify and monitor any disturbance to its sustainable forest management. These include regular patrols to forestall such activities as illegal incursion, illegal felling of trees, lighting of fires, as well as to swiftly identify any outbreak of pest infestation or disease within the plantation area.

PT. Seraya Sumber Lestari also implements forest protection measures against fire hazards by monitoring potential hotspots. The Management Unit also has in place adequate facilities to swiftly identify and contain any outbreaks.

Results of the Public Consultation

Prior to conducting Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing August 1, 2017, requesting stakeholders to provide feedback and information on PT Seraya Sumber Lestari. 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 local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also gathered information from the mass media about PT Seraya Sumber Lestari, such reported cases being considered a material part of the audit process conducted by 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 rules and regulations and conventions. The management system has been built

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to cover all activities in the field of certification, which is registered for 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 non-conformity.

Results of Surveillance 1 Audit of PT Seraya Sumber Lestari revealed one (1) Minor Non-Conformity (NC). The management system of PT Seraya Sumber Lestari is working effectively, and no critical issues were identified

NO	Non-conformity	Corrective Action performed	Category
1.	Monitoring of vegetation has not been effectively conducted in the Wildlife Protection Area (KPSL). Clause Ref: I.7.1	Effective monitoring of the vegetation in the Wildlife Protection Area (KPSL) will be carried out on a regular basis.	Minor

Conditions under which the certificate is issued

Certificate is valid until December 27, 2019, provided that PT Seraya Sumber Lestari completes all corrective actions according to the time schedule proposed in their corrective action responses and does not have the same problems at the next Surveillance visit. If the nonconformities are not closed at the next Surveillance, the certificate may be suspended until such time as AJA is able to perform a closeout visit.