

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: CV PUTRI LINDUNG BULAN

TOTAL HECTARES: 2,500

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 2,500 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: November 21, 2016
AUDIT END DATE: November 23, 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: Ence Hedi Hasan Zubaedi

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: -

MINOR CARS: 2

| SITE NAME (Legal Name): | ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY | DATE OF EACH SITE VISIT: |
|----------------------------|--|--------------------------|
| CV Putri Lindung Bulan | Ukui District, Pelalawan Regency, Riau Province - Indonesia. | November 21-23, 2016 |
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| | | |
| 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 | |
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 Date: 15 September 2016



Brief Description of the concession

CV Putri Lindung Bulan obtained a permit for industrial forest plantation by Decree Pelalawan Regency Number: 522.21 / IUPHHKHT / I / 2003/005 dated 25 January 2003 on the Granting of a Utilization Permit for Forest Wood Plantation Forest to CV Putri Lindung Bulan covering an area of 2,500 hectares in Pelalawan Regency. CV Putri Lindung Bulan has made the following spatial arrangement of the working area: (1) Protected Areas 970 ha (38.80%), (2) Area Unsuitable for Production 48 ha (1.92%), (3) Production Area: Principal Plants 1,096 hectares (43.84%), Seed Plants 250 ha (10.00%), Livelihood Crops 136 ha (5.44%).

No conversion of land has taken place after the month of December 2010, so that the area for the scope of assessment is 2,500 ha.

The geographical location of the work area of Management Unit CV Putri Lindung Bulan lies between N 00° 18' 6" to N 00° 20' 29" and E 101° 58' 34" to E 102° 0' 30". The work area is located in the administrative district of Ukui Pelalawan, Riau Province among the Air Hitam River Forest Right groups. It is of flat (0 to 8%) topography at an altitude of 10 to 30 m above sea level.

According to Land Unit and Soil Map Sheet Pekanbaru (0816) Sumatra Scale 1: 250 000 1988 (Puslitanah) the type of land is included in the Alluvial soil types and tefra fine grained. Geological Formations Geological Map Sheet Pekanbaru based Scale 1: 250,000 (Bandung Geology Research Center, 1982) consist of the formation BKN and MBI. It has climate type: A with rainfall of 2,236 mm / year, the highest falling in the month of December and the lowest in February.

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

There are no settlements within the work area of CV Putri Lindung Bulan, the nearest village being Air Hitam, which is located about 8 km away. However, there is no direct access road and one must travel through the Ukui District, which is a distance of approximately 50 km and a travel time of about 1.5 hours. With public access to enter the concession areas being far enough away there are no land claims by the surrounding community.

The company has entered into a partnership program with Air Hitam village in regard to plant life. The plan includes the phases of the activities from identification up to signing of the agreement on the establishment of the plant life together with a timetable for their implementation.

The Management Unit of CV Putri Lindung Bulan has a conflict resolution mechanism in the form of Conflict Resolution Protocols. Based on examination of operational maps and interviews with management and the Head of Air Hitam village, there are no areas claimed by the communities around the concession. This is due to the the concession area being surrounded by plantations and the Tesso Nillo National Park and thus public access is quite difficult.

The Management Unit of CV Putri Lindung Bulan manages and monitors the social environment in regard to employment and business opportunities. These include: provision of information to the local community about employment opportunities as a partner in the company's operations; giving priority to local residents to participate in the activities of HTI; increasing local employment. Meanwhile, steps to increase public revenues include: provision of opportunities for local communities as contractors in the activities of timber and building project implementers; provision of training on beekeeping to the public around the company or to the employees themselves; provision of access for the public to search for grass fodder in the work area; provision of assistance to communities surrounding the company (Community Development) that includes in the areas of education, religion, facilities and infrastructure.

Description of the Ecological conditions of the concession



In environmental management the Management Unit has prepared an Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) to minimize the negative impacts and enhance environmental quality in its work area. Activities performed include: Monitoring of Protected Areas, Erosion and Soil Quality Monitoring, Discharge and Water Quality Monitoring, Management of Hazardous and Toxic Waste (B3), and Management & Monitoring of Protected Flora & Fauna.

CV Putri Lindung Bulan is committed to implementing sustainable forest management by delivering scheduled external reports to relevant agencies, which include: Report of the Environmental Management Plan (RKL), Environmental Monitoring Report (RPL) each semester to the Regional Environmental Agency; Monthly Report on the Implementation of Development RKTUPHHK HTI (Annual Work Plan for Utilization of Wood Forest Plantation Industries) addressed to the Director of Sustainable Forest Management c.q. Business Director of Production Forest; Annual Report on the Development RKTUPHHK HTI (Annual Work Plan for Utilization of Wood Forest Plantation Industries) addressed to the Director of Sustainable Forest Management c.q. Business Director of Production Forest, and Books RKTUPHHK HTI (Annual Work Plan for Utilization of Forest Timber Industrial plants) annually.

Results of the Public Consultation

PT AJA Sertifikasi Indonesia carried out public consultation prior to implementing the Stage 2 Audit, commencing October 7, 2016, in which stakeholders were asked to provide feedback on CV Putri Lindung Bulan. Public Consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email or letter, and published in a local newspaper. No input was received from stakeholders as a result of the public consultation.

The audit team also gathered information from the mass media about CV Putri Lindung Bulan, which was given material consideration in the audit process.

The Management Unit has identified all the necessary requirements for this certification process, including legal aspects and compliance with regulations or international conventions. The management system has been built to cover all activities in the field of certification, which is registered for a certification area of 2,500 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 Stage 2 Audit of CV Putri Lindung Bulan, there were two categories of minor non-conformities, as follows:

| NO | Non-conformities | Corrective Action undertaken | Category |
|----|--|--|----------|
| 1. | CV Putri Lindung Bulan could not indicate progress on the concession's boundaries (follow up to the discussion meeting on guidelines to own boundaries and those of alliances. Clause Ref. I.4.1. | Management Unit to implement advanced processing of boundaries under the following agenda: 1. Implement the boundary with PT. Rimba Lazuardi in accordance with the Code Boundary. 2. Complete the delimitation documents with PT Rimba Peranap Indah and Tesso Nilo National Park | Minor |
| 2. | Plantation Contractor had not yet registered as a member of BPJS Clause Ref I.11.1. | Management Unit has attached: BPJS membership certificate, proof of payment transfer to BPJS, BPJS_1 and BPJS_2 payments. | Minor |



Conditions under which the certificate is issued

Certificate is valid until 07/02/2020 provided that CV Putri Lindung Bulan completes all corrective actions according to the time schedule proposed in its corrective action responses 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 AJA is able to perform a closeout visit.