

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 ha

SCOPE OF REGISTRATION: Sustainable Forest Management for Forest Plantation covering 2,500 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: November 13, 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: November 15, 2017

LEAD AUDITOR: Amin Kadani

SIGNATURE:

AUDIT TEAM: Wayan Sudi Antara

SIGNATURE:

Tata Sumitra

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 4

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
CV Putri Lindung Bulan	District of Ukui, Pelalawan Regency, Riau Province – Republic of Indonesia	November 13 to 15, 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

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Brief Description of the concession

CV Putri Lindung Bulan obtained its permit for industrial plantation forest per Pelalawan Regency Decree Number: 522.21 /IUPHHKHT/I/2003/005 dated 25 January 2003 on the Granting of a Utilization Permit for Forest Timber Plantation 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 of 970 ha (38.80%), (2) Area Unsuitable for Production of 48 ha (1.92%), (3) Production Area: Principal Plant Area of 1,096 hectares (43.84%), Seed Plant Area of 250 ha (10.00%), Livelihood Plant Area of 136 ha (5.44%).

No conversion of primary forest has taken place since December 2010, so that the scope of IFCC certification is for an area of 2,500 ha.

The geographical location of the work area of Management Unit CV Putri Lindung Bulan lies between 00° 18' 6" to 00° 20' 29" North and 101° 58' 34" to E 102° 0' 30" East. The work area is located in the administrative district of Ukui Pelalawan, Riau Province among the Air Hitam River Forest Group. It has a flat topography (0 to 8%) 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) it consists of BKN and MBI formations. 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 taking 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 livelihood plants. The plan includes the phases of the activities from identification up to signing of the agreement on the establishment of the livelihood plants 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 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, thus 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 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 Timber 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

Prior to implementing the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing October 25, 2017, in which stakeholders were asked to provide feedback on CV Putri Lindung Bulan. Public Consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or regular mail, 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 Surveillance 1 Audit of CV Putri Lindung Bulan, four (4) minor categories of non-conformities were identified, as follows :

No.	Non-Conformities	Corrective Action Undertaken	Category
1	Based on verification of Harvesting Contract between CV Putri Lindung Bulan and the Contractor regarding harvesting work, the following items have not yet been set: <ul style="list-style-type: none"> - B3 waste management (Management Unit does not have B3 waste management records of contractors) - SIO validity (SIO of some operators had expired) <p>Clause Ref. I.1.13</p>	Management Unit has implemented the following: <ul style="list-style-type: none"> - Company has included a B3 waste management clause in the Contract of Cooperation with the Contractor, - Management Unit has included the following provision in the latest contract: "... the Heavy Equipment and the SECOND PARTY Operator is required to have a valid Operating License (SILO) and Operating Permit (SIO)." 	Minor
2	According to RKUPHHK-HTI document Period 2010 – 2019, the selection of species should be: staple plants <i>Acacia mangium</i> , local commercial commodities (Bintangur, Kelat, Meranti, Medang, Suntai and Punak) and rubber plant life (<i>Hevea brasiliensis</i>). Result of field verification, meanwhile, revealed that besides <i>Acacia mangium</i> staple plants include <i>Eucalyptus</i> sp. , while livelihood plant type is <i>Acacia mangium</i> and plant species <i>Acacia mangium</i>	In order to optimize land use and increase production yield per hectare. the Management Unit has changed the plant staple cultivated, which has been approved by the Head of Riau Provincial Forestry Office through RKT 2016/2017 endorsement. For the change of the main crops, however, the Management Unit shall pay attention to regulation Minister of Forestry Number: P.30 / Menhut-II / 2014 dated May 16, 2014, Second Part "Revision of RKUPHHK-HTI" Article 9 (1) that Revision of RKUPHHK-HTI is done based on: (b) "Change	Minor

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	Clause Ref. I.2.2	of Plant Cycle and / or Species".	
3	<p>Based on field verification, SOP review and B3 waste balance report review, the following were noted:</p> <ul style="list-style-type: none"> - SOP does not regulate the identification of B3 waste from harvesting and planting activities - Since the issuance of B3 Waste Storage License (June 1, 2016), the Management Unit has not released B3 waste (through shelf life) - SPK with licensed transporter was not available - No periodic reports to authorized agencies were available <p>Clause Ref. I.6.6</p>	<p>The Management Unit has submitted documentary evidence of:</p> <ol style="list-style-type: none"> 1. SOP for Waste Management B3 that has set about identification of B3 waste from harvesting and planting activities. 2. Cooperation Agreement Between CV Putri Lindung Bulan and licensed transporter on Cleaning, Freight, Destruction and Reporting of Hazardous and Toxic Waste (LB3) 3. Receipt of Cooperation Agreement Letter (SPK / MOU) dated November 20, 2017 from licensed transporter 	Minor
4	<p>The results of field documentation and field verification, show that the Tesso Nilo National Park Buffer Zone as allocated by the Management Unit is part of elephant habitat and should remain closed. However, it has already been opened and planted with <i>Acacia mangium</i> in 2005. The Management Unit has not been able to show Buffer Zone rehabilitation activities for elephant habitat</p> <p>Clause Ref. I.7.2</p>	<p>The Management Unit was planting <i>Acacia mangium</i> in the area of main crops and land cover in 2005 prior to the establishment of the Default Forest Defense Boundary of Tesso Nilo National Park and the Management Unit will maintain the buffer zone area in order to avoid damage. In the case of damage to the buffer zone area, however, the Management Unit will rehabilitate with endemic species.</p>	Minor

Conditions under which the certificate is issued

The 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 may be suspended until such time as AJA is able to perform a closeout visit.