

Public Report Sustainable Forest Management System

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



CLIENT NAME: PT SUMATERA RIANG LESTARI BLOK I SEI KEBARO

TOTAL HECTARES: 25,320 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 25,320 hectares of Plantation Forest in North Sumatra Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: March 5, 2019

AUDIT END DATE: March 9, 2019

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: Andri Wibisono

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Sumatera Riang Lestari	Block I Sei Kebaro: Torgamba District, Labuhan Batu Selatan Regency and Simangambat District, Padang Lawas Utara Regency, North Sumatra Province - Republic of Indonesia	March 5 to 9, 2019
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	

Brief Description of the concession

Permit for utilization of timber forest products of Industrial Plantation Forest (IUPHHK-HTI) from PT Sumatera Riang Lestari Block I Sei Kebaro is in accordance with Ministerial Decree No. SK.208 / Menhut-II / 2007, dated May 25, 2007 concerning Amendment to Decree of the Minister of Forestry No. SK.262 / Menhut-II / 2004 jo No. SK.99 / Menhut-II / 2006 concerning the Granting of Timber Forest Product Utilization Permit (IUPHHK) to Plantation Forest for PT. Sumatera Riang Lestari in regard to the forest area of approximately 65,000 hectares in the province of North Sumatra. The change in the decision regarding the work area of IUPHHK-HTI of PT Sumatera Riang Lestari (PT SRL) is approximately 215,305 ha, which consists of about 67,230 ha located in North Sumatra province and around 148,075 hectares in Riau Province. The total area of PT Sumatera Riang Lestari Block I - Sei Kebaro per Decree No. 208 / Menhut-II / 2007 dated 25 May 2007 is an area of 25,320 ha

The management plan of PT Sumatera Riang Lestari in North Sumatra and Riau Province is documented in RKUPHHK-HTI (Timber Forest Product Utilization Work Plan on Industrial Plantation Forest) period of 2017-2026 and its annexes, which has been legalized through the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK. 265 / MenLHK-PHPL / UHP / HPL.1 / 2/2018, dated 02 February 2018 concerning Approval of Work Plan of Industrial Timber Forest Product Utilization (RKUPHHK-HTI) Year 2017 - 2026 in order to Improve the Governance of Peatlands on behalf of PT. Sumatera Riang Lestari in North Sumatra Province and Riau Province.

The spatial layout of PT Sumatera Riang Lestari Blok I Sei Kebaro is as follows: Local Protected Area and Other Protected Area of 4,867 ha (19.22%), Staple Plants Area of 15,210 ha (60.07%), Livelihood Plants Area of 5,243 ha (20.71%). There has been no conversion of natural forest to plantation forest in the working area of PT Sumatera Riang Lestari, Block I Sei Kebaro and thus the scope of the IFCC certification is for an area of 25,320 ha.

PT Sumatera Riang Lestari Block I - Sei Kebaro is located between 01° 26' 08" to 01° 10' 37" North and 100° 11' 26" to 100° 23' 57" East and is part of the Sungai Kebaro Forest Group. The working area falls under the governmental administration of Kosik Putih Village, Simangambat District, Padang Lawas Utara Regency, and Sei Meranti Village and Torganda Village, Torgamba District, Labuhan Batu Selatan Regency, and has the following boundaries:

- North: PTPN III Bukit Tujuh, PTPN III Sei Meranti, PT Torganda
- East: PT Sinar Belantara Indah
- South: PT Torganda and Community Land
- West: PT Torganda

Geologically, this area consists of alluvium and volcanic rock types, generating mostly dry soil conditions consisting of podzolic soil types, plus associations such as podzolic-gleisolic-regosolic, podzolic-gleisolic and kambisolcigleisolic-alluvial. According to Schmidt Fergusson climatic classification the area has Type A Climate with 2,259 mm / year rainfall.

Based on the foregoing, the species of trees cultivated in this area are *Acacia mangium* and *Eucalyptus* Sp.

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

PT Sumatera Riang Lestari Block I Sei Kebaro has identified the following villages surrounding the concession area:

- Village of Sei Meranti and Torganda of Torgamba District, Labuhan Batu Selatan Regency, North Sumatra Province,
- White Kosik Village, Simangambat District, North Padang Lawas Regency, North Sumatra Province,
- Village of Bahtera Makmur and Tanjung Sari, Punan District, Rokan Hilir Regency, Riau Province.

Based on AMDAL documents no indigenous peoples are found in accordance with the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999). Communities living around the concession area are dominated by migrant communities consisting of Batak, Jawa Melayu, Banjar, Minang and Mandailing origin. The livelihoods of the communities surrounding the concession areas are mostly in farming oil palm and rubber plantations, plus there are members of the community working for palm oil and forestry companies.

Cooperation agreements exist between PT Sumatera Riang Lestari Blok I Sei Kebaro and the surrounding community in the form of: livelihood plant cooperation, agreement on rattan management with the rattan collecting community, and the establishment of Community Fire Awareness (MPA).

The realization of Community Development program in 2017 was as follows: the opening of a village road, Safari Ramadhan, places of worship in three (3) villages, the drilling of a water well and construction of water tank and provision of 100 units of chair support for the village.

Description of the ecological conditions of the concession

The Management Unit has identified those activities of forest management that have important impacts. Monitoring the negative impacts of forest management activities is carried out in accordance with the RKL and RPL ANDAL Documents. PT Sumatera Riang Lestari Blok I Sei Kebaro, 2004, and includes various indicators relating to the health of the soil and the quality of air and water. Among these are the physical and chemical measurement of soil and water properties, as well biological aspects. The Management Unit has documented procedures to guide the monitoring of negative impacts due to forest management activities for such items as debit and water quality, land density and erosion, etc. The results of the environmental management and monitoring activities are reported to the requisite authorities each semester.

Moreover, reduced impact logging activities are also carried out before logging (pre-harvest), during logging operations, and after logging (post-harvest).

The identification of areas that function for land and water protection has led to the allocation of Local protection areas and other protected areas covering an area of 4,867 ha (19.22%) in total, consisting of KPPNs of 354 ha (1.40%) and riparian zones of 4,513 ha (17.82 %).

The Management Unit has also carried out biodiversity management activities, namely through identification activities, and an inventory of protected, endemic, rare and endangered flora and fauna in the concession area, the results of the identification and inventory being reported on a periodic basis. The main plant species cultivated at PT Sumatera Riang Lestari Block V Rangsang is not a genetically modified tree species, but *Eucalyptus Sp* and *Acacia mangium*.

The Management Unit carries out forest protection activities, which identify and monitor any disturbances to sustainable forest management. These include the erection and maintenance of boundary markers and notice boards forbidding such actions as encroachment, logging activities, hunting, and the lighting of fires, etc., with regular patrols enforcing their implementation. There are also documented procedures for preventing and dealing

with pest and disease attacks, which include those for the management of hazardous and toxic materials (B3).

PT Sumatera Riang Lestari Blok I Sei Kebaro has implemented forest protection measures against fire hazards, which include the participation of the local community through the Community Fire Awareness (MPA).

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing February 18, 2019, requesting stakeholders to provide feedback and information about PT. Sumatera Riang Lestari - Block I Sei Kebaro. The public consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive input from stakeholders during public consultations.

The audit team also gathered information from the mass media about PT. Sumatera Riang Lestari Blok I Sei Kebaro., the reported cases being given material consideration as part of the audit process of 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 rules and conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area of 25,320 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 PT. Sumatera Riang Lestari Blok I Sei Kebaro there are two (2) Minor Non-Conformities identified:

NO	Non-conformities	Corrective Action performed	Category
1	The Management Unit has prepared mapping of potential areas of conflict and conflict resolution documentation but has not yet reported these to the authorities as required every six (6) months. Ref No. I.9.5	The Management Unit follows up by making: Descriptions of Potential Conflicts; Spatial Maps Potential conflicts; Preparation of Conflict Resolution Plan. The company will submit the progress conflict resolution report every 6 months to the North Sumatra Province Environment Agency.	Minor
2.	Based on document checks and interviews with logistics and spraying officers, the results of the special MCU examinations were not available as is required in the legislation. Ref. No. I.12.1	The Management Unit has conducted an MCU examination including a CHE test for logistics warehouse staff and spraying officers.	Minor

Conditions under which the certificate is issued

Certificate is valid until April 19, 2021, provided that PT Sumatera Riang Lestari Blok I Sei Kebaro 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.