

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 SUMATERA RIANG LESTARI BLOK I SEI KEBARO

TOTAL HECTARES: 25,320

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 25,320 hectares in North Sumatra Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: September 14, 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

AUDIT END DATE: September 17, 2016

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 4

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Sumatera Riang Lestari	Blok I Sei Kebaro – Kabupaten Labuhan Batu Selatan, Kecamatan Torgamba dan Kabupaten Padang Lawas Utara, Kecamatan Simangambat, Provinsi Sumatera Utara, Indonesia	September 14 to 17, 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	
N/A		

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Brief Description of the concession

Forest product utilization permit for timber (IUPHHK) of PT Sumatera Riang Lestari Blok I Sei Kebaro is per Ministerial Decree No. SK.208 / Menhut-II / 2007, dated May 25, 2007 on Amendments to the Decree of the Minister of Forestry No. SK.262 / Menhut-II / 2004 jo No. SK.99 / Menhut-II / 2006 on the Granting of Utilization License Timber Forest Products (IUPHHK) on Plantation Forest to PT Sumatera Riang Lestari (PT SRL) over forest areas of approximately 65,000 hectares in the province of North Sumatra. Changes in the decision concerning the area of employment of IUPHHK-HTI PT Sumatera Riang Lestari (PT SRL) were of approximately 215,305 ha comprising of approximately 67,230 ha located in the province of North Sumatra and of approximately 148,075 hectares in Riau Province. The total area of PT Sumatera Riang Lestari Block I - Sei Kebaro by Decree No. 208 / Menhut-II / 2007 dated May 25, 2007 is an area of 25,320 ha

The management plan of PT Sumatera Riang Lestari in the provinces of North Sumatra and Riau is documented in the Revised Work Plan Management of Timber Forest Products in Industrial Plantation Forest (HTI RKUPHHK) for the 10-year period from 2008 to 2017, which was approved per Ministry of Forestry Decree No. SK. 10 / VI-BUHT / 2013 dated March 11, 2013. In 2014, further revisions were approved by Ministry of Forestry Decree No. SK.18 / VI-BUHT / 2014 dated 16 April 2014 regarding the approval of Revised Work Plan for Utilization of Forest Wood Plantation Industry (RKUPHHK-HTI) for the 10-Year Period 2008-2017 on behalf of PT Sumatera Riang Lestari in the provinces of North Sumatra and Riau.

Spatial planning of the work area of PT Sumatera Riang Lestari Blok I Sei Kebaro is as follows: Protected Areas of 4,867 ha (19.22%) comprising: KPPN of 354 ha (1.40%) and River Borders of 4,513 ha (17.82%), Area Not Suitable for Production of 1,198 ha (4.73%), Area for Production, comprising: Staple Plant Area of 15,455 ha (61.04%), Seed Plant Area of 2,532 ha (10.00%) and Livelihood Plant Area of 1,268 ha (5.01%). There has been no conversion of natural forest to plantation forest in the work area of PT Sumatera Riang Lestari, Block I Sei Kebaro and thus the total area of 25,320 ha is registered for IFCC certification.

The geographical location of PT Sumatera Riang Lestari, Block I Sei Kebaro lies between 01° 26' 08" to 01° 37' 08" North and 100° 11' 26" to 100° 23' 57" East. Part of the Sei Kebaro forest group, PT Sumatera Riang Lestari, Block I Sei Kebaro includes the river catchment area of the Daun. It has a generally flat topography (0-8%) with ramps (8-15%) and lies at a height of 75-280 meters above sea level, and is bordered by oil palm plantation concessions and the gardens of the local community.

Geologically, the area consists of both alluvium and volcanic rock types, while the condition of the soil is largely dry consisting of podzolic soil types, plus such associations as podzolic-gleisolic-regosolic, podzolic-gleisolic and kambisolic-gleisolic-alluvial. According to the Schmidt Fergusson climate classification the area is designated as having Climate Type A with rainfall of 2,259 mm / year. Types of trees cultivated in the area are *Acacia mangium* and *Eucalyptus*.

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

Based on the EIA document, there were no indigenous peoples as defined under the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999). People living around the concession are dominated by immigrant communities consisting of Javanese, Batak, Malay, Banjar, Minang and Mandailing, who are largely farmers with palm oil plantations.

The Management Unit of PT Sumatera Riang Lestari Unit 1 Sei Kebaro has a series of procedures / mechanisms relating to conflict resolution. At the time of the current inspection, however, there were no groups that worked land within the concession and thus no conflict existed between the Company and the local community.

By and large, PT Sumatera Riang Lestari Blok I Sei Kebaro has a cordial relationship with the local community having entered into a number of agreements with the different villages. There was evidence of payments being made to the head of Kosik Putih in conformity with the agreement for management of the livelihood plants, while the chairman of the rattan craftsmen group in the village of Cindur Torganda confirmed the existence of agreements for the collection of rattan. In addition, he revealed they were also members of the community fire watch group of PT Sumatera Riang Lestari.



PT Sumatera Riang Lestari Blok I Sei Kebaro has been carrying out community development programs for the communities around its concession. A capacity development plan for residents around the concession. is contained in the document RKUPHHK HTI and Document CTR, based on Document Revision RKTUPHHK - HTI PT Sumatera Riang Lestari period 2008 - 2017, accepted per the Minister of Forestry Number: SK.10 / VI-BUHT / 2013, dated March 11, 2013. The written plan for Community Empowerment and Partnership involves income and economic growth. environmentally sustainable rural communities, provision of economic infrastructure, creation of awareness and positive behavior in the conservation of natural resources.

Income generation and economic growth include: education and skills, marketing and establishment / development of village cooperatives, and capital assistance. Provision of social and economic facilities and infrastructure includes: physical assistance for relief in villages, physical assistance towards provision of religious and educational facilities, utilization of local infrastructure companies. The program for creating awareness and positive behavior in the preservation of natural resources includes: counseling and community forest development, as well as various forestry and community forestry efforts

Realization of community development (CD) in 2016 covered a number of infrastructure projects in the villages of Cindur Torganda, Kosik Putih and Sei Meranti including road repair and maintenance, as well as provision of materials for the building of a mosque, as well as the provision of sarongs and sacrificial animals for each of the surrounding villages.

Description of the ecological conditions of the concession

PT Sumatera Riang Lestari Blok I Sei Kebaro has allocated 4,867 ha (19.22%) as Protected Areas, comprising KPPN of 354 ha (1.40%) and the Riparian Zone of 4,513 ha (17.82%). The Management Unit has performed analysis of the impacts of forest management activities on the environment, plus monitors the physical and biological conditions of the biodiversity, protected flora and fauna, and the physical condition of the soil and river water chemistry. Identification of the impact made is documented in (Environmental Impact Assessment (EIA), Environmental Management Plan (RKL), and Environmental Monitoring (RPL).

The environmental management and monitoring plan covers the following:

1. Monitoring / marking of protected area boundaries
2. Socialization of protected areas to the public, employees and families
3. Inventory of protected areas
4. Installation of information boards, plus appeals and restrictions in protected areas
5. Patrol protected areas prone to fire / encroachment
6. Monitoring vegetation in germplasm conservation area (KPPN) and river borders
7. Monitoring erosion
8. Monitoring the quality of the soil
9. Monitoring soil density
10. Monitoring of water discharge
11. Monitoring of water quality
12. Nurseries natural regeneration and treatment
13. Rehabilitation of protected areas damaged by natural regeneration

Management Unit also undertakes infrastructure development and preparation of human resources for the handling of forest disturbances, which consists of:

1. Establishment of security posts at the entrance to the work area
2. Development of a fire watchtower
3. Preparation of water ponds for filling of tank cars for firefighters
4. Formation of firefighting squads
5. Provision of equipment and supplies for firefighting, etc.
6. Performing regular forest patrols
7. Identification of areas prone to fires
8. Socialization of protected areas and concession boundaries to surrounding communities and workers.
9. Management Unit undertakes control and management of forest pests and plant diseases

Results of the Public Consultation

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Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing September 1, 2016, asking stakeholders to provide feedback and information on PT. Sumatera Riang Lestari – Blok I Sei Kebaro. 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. 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 Sumatera Riang Lestari Blok I Sei Kebaro. Such reported cases are considered to be part of the audit process PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with regulations and international rules and conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of an area of 25.320 hectares.

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

The results of the Surveillance 2 Audit of PT Sumatera Riang Lestari Blok I Sei Kebaro identified four (4) Minor Non-conformities (NC) , which are enumerated below. There were no time-critical issues identified.

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit was unable to show actual records of capacity building programs and economic development for villages built in ring I (Sei Meranti and Torganda) pursuant to that planned in the revised document RKU period 2008-2017. Realization of CD 2016 was still largely acts of charity in nature. Clause Ref I.10.4.	Planned development of two (2) new wells to be bored in two (2) villages (New Bagan and Bagan Sari Sei Meranti), as evidenced by Land Grant Proposal and Letter	Minor
2	Management Unit was unable to provide records of communication and consultation with the government and the villagers in the first ring in order to gather information and establish a more harmonious relationship between the Company and the villages and surrounding communities. Clause Ref 10.6.	Presenting evidence of the socialization CD recording with the Government and Community Leaders of Sei Meranti and handover of help.	Minor
3	Unable to provide documentation of Bipartite Cooperation Institution (LKS-bipartite) in accordance with the regulation requiring every company that employs 50 or more workers / laborers to establish EMC. Clause Ref 11.4.	Company can show the progress in the stages within the framework of the establishment of EMC, given its establishment needs to be an agreement between the company and workers' representatives.	Minor
4	Identified that organic and inorganic materials are still mixed in the waste from employee housing (nursery, staff and contractors). This	The Company has provided separate, clearly marked containers for organic and inorganic garbage.	Minor

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	is not in accordance with the relevant SOP. Clause Ref 12.6.		
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Conditions under which the certificate is issued

Certificate is valid until 20/04/2018