

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



JOB NUMBER: AJA/IFCC-007

CLIENT NAME: PT Satria Perkasa Agung - Unit Serapung

TOTAL HECTARES: 11,483.75
 hectares

SCOPE OF REGISTRATION: Sustainable Forest Management of Plantation Forest covering 11,483.75 ha in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: May 17, 2016

AUDIT END DATE: May 20, 2016

LEAD AUDITOR: Andri Wibisono

AUDIT TEAM: I Wayan Sudi Antara

Warsito

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

| | |
|-------------------|--|
| SIGNATURE: | |
| SIGNATURE: | |
| SIGNATURE: | |

MAJOR CARS: 0

MINOR CARS: 3

| | |
|---|-------------------------------------|
| RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site): | <input type="checkbox"/> |
| RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised): | <input checked="" type="checkbox"/> |
| RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised): | <input type="checkbox"/> |
| NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure): | <input type="checkbox"/> |

SELECT OPTION

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| SITE NAME (Legal Name): | ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows): | DATE OF EACH SITE VISIT: |
|--|--|-------------------------------------|
| PT Satria Perkasa Agung Unit Serapung | Kuala Kampar Subdistrict, Pelalawan Regency, Riau Province, Indonesia. | May 17 to 20, 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 (If more than 4 additional sites have been registered please add additional rows) | |
| N/A | | |
| | | |
| | | |
| | | |
| REF No: | ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows) | |
| N/A | | |
| | | |

Brief Description of the concession and its natural and socio-economic conditions.

PT Satria Perkasa Agung Unit Serapung received an industrial plantation forest concession permit per Decree of Minister of Forestry No. 102/Menhut-II/2006 dated 11 April 2006 for an area of approximately 11,830 ha. Jo Decree No. 60/Menhut-II/2013 dated 23 January 2013 of approximately 11,927.15 ha at Kuala Kampar Sub-district, Pelalawan Regency, Riau Province. The Management Unit advises that in the work areas there are areas of natural forest that were converted on December 31, 2010 covering an area of 443.4 hectares, which is not registered for certification. Thus the scope of the certification is for 11,483.75 hectares

PT Satria Perkasa Agung Unit Serapung is located at 102° 57' 53" to 103° 06' 14" E and 00° 26' 03" to 00° 37' 13" N, including watershed (DAS) and forest group Sei Kampar Kampar. The land conditions are peat swamp and thus the type cultivated is *Acacia crassicarpa*. Working area boundaries are as follows: northern border was the previous concession area (HPH) PT Alam Wana Sakti, eastern border with Selat Panjang coastal border, southern border with Kampar River border and western border with PT. MHJ and Serapung Village Forest.

In carrying out its operations, PT Satria Perkasa Agung Unit Serapung complies with all regulations and other requirements: protected area, biodiversity, social aspects, and health and safety, as well as international conventions ratified by the Government of Indonesia such as CITES, ILO, ITTA and CBD



The Management Unit has conducted spatial planning of the total concession area as follows: staple plant area 7,926.00 ha (66.45%); seed plant area 1205.15 ha (10.10%); livelihood plant area 785.00 ha (6.58%); non-productive/ infrastructure facilities 473 ha (3.97%); and protected areas 1,538.00 ha (12.89%). In carrying out its sustainable economic production the Management Unit has implemented management systems based on documented procedures, each process being carried out in accordance with its relevant SOP.

In its forest management practices the Management Unit applies the principles of P (Plan), D (Do), C (Check), A (Action), which include production, ecological and social aspects. Implementation is carried out based on the Revised Work Plan for Utilization of Forest Timber Plantation Industries (RKUPHHK-HTI) and the Annual Work Plan for Utilization of Forest Timber Plantation Industries (RKTUPHHK-HTI). Implementation activities include structuring the work area, land preparation, planting, maintenance, harvesting, management of forest products, as well as environmental and social activities.

In meeting its environmental responsibilities the Management Unit performs management of the ecosystem and hydrological functions, as well as of the biodiversity and undertaking forest protection. Management Unit has an Environment Document (AMDAL 2003). The Management Unit carries out its environmental management duties through the Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) to minimize the negative impacts and enhance environmental quality in the work area, the documentation being reported to the Regional Environmental Agency (BLHD) each semester. In so doing, the following physio-chemical activities are carried out to monitor: micro climate, soil fertility, ground water level, ground subsidence, hydrology / water balance, water quality and fire hazard. Meanwhile, biological monitoring covers such areas as: types of protected vegetation, non-timber forest products, diversity and dispersion of wildlife species, and plant pests and diseases.

The Management Unit also manages and monitors the social environment. This includes employment and business opportunities, community economics, health and education, rights to non-timber forest resources, land tenure, and perception of company, as well as workers' right and occupational health and safety (K3).

In managing negative impact on the local community, the Management Unit has implemented the following:

1. Realization of Corporate Social Responsibility (CSR) program in 2015 and plans for its 2016 CSR program.
2. Dissemination activities to change the public perception of the company.
3. Provision of opportunities for the local community in the form local contractors, business growth stalls and hiring as employees.
4. Providing access to exploit non-timber forest products (NTFP).

Prior to performing its Surveillance 1 Audit, PT. AJA Sertifikasi Indonesia. conducted public consultation commencing May 2, 2016, asking stakeholders to provide feedback on PT Satria Perkasa Agung Unit Serapung. 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. No input was received from stakeholders during the public consultation. The audit team also gathered information from the mass media about PT Satria Perkasa Agung Serapung Unit, in which was considered as part of the audit process.

PT Satria Perkasa Agung Unit Serapung has registered its concession to be certified in an area of 11,483.75 hectares. The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with local regulations and international conventions.

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

The results of this Surveillance 1 Audit identified only three (3) minor items of non-compliance. There were no critical issues relating to conformity to certification standards. The Management Unit has already taken remedial action to address these non-conformities, which are now closed.



| NO | Non-conformities | Corrective Action performed | Category |
|----|--|---|----------|
| 1. | <ul style="list-style-type: none"> The Management Unit has never entered LB3 (toxic hazardous waste) agreement with a licensed third party since 2012. The Management Unit has issued LB3 (pesticide containers) without cooperation with licensed third parties <p>Clause Ref. I.6.6.</p> | <ul style="list-style-type: none"> The Management Unit of PT Satria Perkasa Agung Unit Serapung has released a program for management of B3 waste to employees and a warehouse clerk on June 7, 2016 Has entered an Agreement dated June 1, 2016 for B3 waste transportation | Minor |
| 2. | <p>The Management Unit was unable to present a plan for settlement efforts in regard to a location occupied by the community in the area of the DPSL (Wildlife Protection Area/ DPSL).</p> <p>Clause Ref. I.9.5.</p> | <p>The Management Unit of PT Satria Perkasa Agung Unit Serapung has made progress in the settlement of claims in the area of DPSL, meeting with the people around the area on June 12, 2016 as stated in the Minutes of Agreement to continue the settlement of conflicting claims in the DPSL area.</p> | Minor |
| 3. | <p>Excavator operator conducting harvesting activities was not wearing full PPE and nursery workers were not wearing PPE.</p> <p>Clause Ref. I.12.4.</p> | <ul style="list-style-type: none"> The Management Unit of PT Satria Perkasa Agung Unit Serapung has: Submitted a list of PPE needs to contractor K3 inspection review of harvesting activities Reprimand letter issued to contractors Socialization procedure for K3 provisions to contractors | Minor |

Conditions under which the certificate is issued

The certificate is valid until June 4, 2018, provided that PT Satria Perkasa Agung Unit Serapung has completed all corrective actions according to the proposed time schedule 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.