

Public Report Sustainable Forest Management System

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AJA EUROPE SRL

PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE ORGANIZATION, IFCC AND TO AJA EUROPE



ORGANIZATION NAME: PT SINAR BELANTARA INDAH

TOTAL HECTARES: 5,197.36

SCOPE OF REGISTRATION: Sustainable Forest Management of 5,197.36 Hectares of Plantation Forest in North Sumatra and Riau Province

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: 5 November 2024

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: 7 November 2024

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: R Sigit Pamungkas

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

WITNESSING EVALUATOR/ -

SIGNATURE:

TRANSLATOR (if any):

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED including countries	DATE OF EACH SITE VISIT:
Head office	Jl. Sei Duku No. 333 Kelurahan Tanjung Rhu, Kecamatan Lima Puluh, Pekanbaru, 28142, Riau Province, Indonesia	5 November 2024
Site	Kecamatan Torgamba, Kabupaten Labuanbatu Selatan, Provinsi Sumatera Utara	6 - 7 November 2024
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	



Brief Description of the concession

PT Sinar Belantara Indah holds a forestry business permit (Decree No. 194/Kpts-II/1997) to manage 6,200 ha in North Sumatra. The company's operational boundary was established by the Ministry of Forestry Decree No. 170/Menhut-II/2010, covering 5,197.36 ha. The most recent update was the Forest Utilization Business Permit (PBPH), granted in 2021.

The company operates under a long-term management plan (RKUPH) approved in 2024 for the period 2023-2032, which includes various areas like protected areas, cultivated areas, and areas designated for transmigration. The allocation breakdown includes: The land allocation plan covers a total area of 5,197.36 ha (100%). The 932.00 ha (17.93%), is designated as Protected Area. Within the Protected Area, there are river buffer of 239.00 ha (4.60%), KPPN/KPSL with 172.00 ha (3.31%), protected forest of 124.00 ha (2.39%), Buffer Zone of protected forest of 272.00 ha (5.23%), and Other Protected Areas of 115.00 ha (2.21%). Additionally, 10.00 ha (0.19%) are allocated for Environmental Services, including carbon absorption and land restoration efforts.

The majority of the land, 3,870.36 ha (74.47%), is allocated to Cultivation Area, primarily for forestry, forest products, and partnerships for village-owned land. Within the Cultivation Area, Forest Plantations covers 3,765.36 ha (72.45%), non-timber forest products of 21.00 ha (0.40%), and Infrastructure of 84.00 ha (1.62%). There is also 230.00 ha (4.43%) allocated for Transmigration Areas. Lastly, other land uses (APL) accounts for 165.00 ha (3.17%), with 92.00 ha (1.77%) designated for transmigration areas and 73.00 ha (1.40%) for non-transmigration areas.

The total area covered by the permit includes two regions: South Labuhanbatu in North Sumatra (4,851.36 ha) and Rokan Hilir in Riau (346 ha). The forest function in North Sumatra includes production forests (4,674.36 ha), protected forests (45 ha), and other use areas (132 ha). In Riau, the forest function includes production forests (234 ha), protected forests (79 ha), and other use areas (33 ha). The total work area is 5,197.36 ha.

The area is geographically located between coordinates 01°26'52" - 01°37'29" North and 100°20'49" - 100°25'21" East, with a tropical climate and a rainfall of 3,096 mm/year. The forest area falls within the Rokan Hilir Sub-Watershed, including rivers such as Daun, Sindur, Bagan Toreh, and Bagan Kundur. It is part of Daun River Forest Group. It has a flat topography with an altitude 5-100 m above sea level. The soil type is Tropoqueps, Tropofluvents, etc. Geology is Alluvium, Young River, Fine-grained Tephra, etc. the climate type is A (Schmidt & Ferguson 1955), with rainfall 3,096 mm/year, rainy days 156 days/year.

The company's forest management complies with 100% IFCC Certification due to no forest conversion after December 31, 2010. Area based on permit is 5,197.36 Ha, Forest Area is 5,197.36 Ha, and the Certified Area is 5,197.36 Ha. Plantations primarily consist of *Acacia crassicarpa* and *Eucalyptus sp.*, with 1,572 ha already planted.

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

The 2024 Sei Meranti Village Monograph highlights the primary livelihoods in Sei Meranti Village, with 50% of the population engaged in farming, 39.5% as laborers or drivers, 10% as entrepreneurs, 0.3% as craftsmen, and 0.2% in the TNI/POLRI.

PT Sinar Belantara Indah has addressed complaints and disputes over land claims. As of January 2024, the Organization is resolving claims on 3,715.1 ha of land, with 761 ha resolved and 2,952.9 ha pending. Legal processes for several claims are ongoing at the North Sumatra Regional Police.

The Organization has a Cooperation Agreement with the Village Unit Cooperative for rubber production. The agreement



targeting at least 150 tons of dry rubber latex per year. Revenue is split between The Organization and the cooperative after production costs.

In 2023, The Organization has realized a 112% from the planned activities for various community development activities, including education, health, religious support, agriculture, and infrastructure. Key contributions included assistance for filling landfills, school support, mosque construction, and local economic empowerment. The 2024 CD program realized 34% in the first half of the year, with further plans for community support.

Regarding employment, 58% of contractor employees and 66% of permanent employees at The Organization are local. Local workers comprise 78% of contractor labor, with The Organization itself employing a mix of local and non-local staff.

Description of the Ecological conditions of the concession

PT Sinar Belantara Indah has undertaken several environmental management initiatives, including the establishment of protected zones as river boundary and water catchment areas, which also serve as wildlife corridors. The company ensures the sustainability of these areas through intensive monitoring, boundary sign maintenance, and upkeep of monitoring plots and warning boards. Outreach programs educate employees and partners about protection efforts, while training courses enhance employee skills in forest development. Additionally, protected areas, including KPPN and river boundaries, are allocated to preserve forest resources.

Vegetation monitoring is carried out by analyzing the biodiversity within the River Border Protected Area, specifically in plots along the Bagan Kundur River border. The monitoring tracks the density and diversity of vegetation across different levels.

Wildlife monitoring uses two methods: the encounter method, where employees record wildlife sightings, and the observational method, which involves documenting direct encounters, sounds, claw marks, footprints, and animal remains within the river boundary area.

B3 (Hazardous and Toxic) waste management aims to prevent pollution and environmental damage. PT Sinar Belantara Indah operates a B3 Waste Temporary Storage (TPS) with a valid permit, and collaborates with authorized transporters for waste disposal. All management activities follow the applicable standard operating procedures (SOPs) and regulations. The company enforces a no-burn policy for land preparation and uses roads and protected areas as fire breaks. It also installs and maintains warning boards and fire hazard index boards, while conducting patrols to prevent encroachment, illegal logging, and fires.

Pest and disease monitoring is done visually by employees, with infestations recorded on forms. Major pests include Helopeltis (leaf suckers), leaf rollers, and ring borers, while common diseases include Bacterial Wilt, Leaf Rust, and Root Rot. The company manages these issues through pesticide spraying, releasing natural predators, and removing affected plants.

Results of the Public Consultation

Before carrying out the Stage 2 Audit, PT ACube TIC International conducted public consultations commencing 1 October 2024, asking stakeholders to provide feedback and information about PT Sinar Belantara Indah. The public consultation was uploaded to the PT ACube TIC International website (www.ajaindonesia.com), sent to parties via e-mail or postal mail, and published in local newspapers. PT ACube TIC International did not receive any input from stakeholders during the public consultations.

The audit team also collected information from the mass media about PT Sinar Belantara Indah, the reported cases being given material consideration as part of the PT ACube TIC International audit process.



The Organization has identified all the requirements needed for this certification process, consisting of legal aspects that include compliance with rules and regulations, and international conventions. The management system has been established to cover all activities in the certification field, which is registered for an area of 5,197.36 ha.

Organization progress record related to corrective action on findings of nonconformities in previous audit

This is an initial audit.

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

The result of Stage 2 Audit is no non-conformity.

Conditions under which the certificate is issued

Certificate is valid until (dd/mm/yyyy), provided that PT Sinar Belantara Indah maintains its Surveillance schedule and does not have potential major non-conformity at the next Surveillance.