

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 VI Bayas

TOTAL HECTARES: 35,531.46 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of Plantation Forest covering an area of 35,531.46 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: August 6, 2019

AUDIT END DATE: August 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: Utomo

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS : -

MINOR CARS : -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT SRL Blok VI Bayas	Indragiri Hilir Regency, Riau Province – Republic of Indonesia	August 6 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

PT Sumatera Riang Lestari obtained a Business License for the Utilization of Timber Forest Products in Plantation Forest based on Minister of Forestry Decree No. SK.208 / Menhut-II / 2007, 25 May 2007 concerning Amendment to the Decree of the Minister of Forestry No. SK.262 / Menhut-II / 2004 jo No. SK.99 / Menhut-II / 2006 concerning the Granting of IUPHHK-HTI to PT Sumatera Riang Lestari for approx.. 65,000 ha of Forest Area in North Sumatra Province.

The size of PT Sumatera Riang Lestari Blok VI Bayas as stipulated in the Minister of Forestry Decree No. SK.803 / Menhut-II / 2014, dated 24 September 2014 concerning the Determination of Part of the PT Sumatera Riang Lestari Block VI Bayas IUPHHK-HTI Work Area Boundary is 49,539.46 ha.

PT Sumatera Riang Lestari Blok VI Bayas converted 14,008 hectares of natural forest to plantation forest after December 31, 2010 consisting of 13,599 hectares of Staple Plants and 409 ha of Livelihood Plants. Thus the scope of IFCC certification is for an area of 35,531.46 ha

Management plan RKUPHHK-HTI for 2017 - 2026, was approved based on MenLHK Decree No. SK.265 / MenLHK-PHPL / UHP / HPL.1 / 2/2018 dated February 2, 2019 concerning Approval of RKUPHHK-HTI Year 2017 - 2026 within the Framework for Improving Peat Governance on behalf of PT. Sumatera Riang Lestari In North Sumatra Province and Riau Province.

Adjustment of Work Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) Period 2017 - 2026 Year Activities 2018-2019, was approved based on MenLHK Decree No. SK.8910 / MenLHK-PHPL / UHP / HPL.1 / 12/2018 dated 28 December 2018. The spatial layout of HTI according to the RKUPHHK-HTI is a Peat Ecosystem Protection Function Area of 11,128 (22.46%), Staple Plant Area of 28,805 ha (58.15 %) and Livelihood Plant Area of 9,606 ha (19.39%).

The work area falls under the administration of Tempuling, Kempas, Batang Tuaka and Gaung Anak Serka Districts, Indragiri Hilir Regency, Riau Province, and is located between 00° 12' 48" to 00° 25 ' 17" South and 102° 41' 19" to 102° 57' 51" East.

The area of PT Sumatera Riang Lestari Blok VI Bayas has a climate type A (Schmidt & Ferguson) with an annual rainfall of 1,919 mm. The soil consists of Tropohemite and Tropofibrist types. Based on the geology, it consists of geological types of floodplain inundated by new rivers (KLR) of 2% and Shallow Peat (MDW) of 98%. The entire Management Unit area is a Wetland Ecosystem (Peatland) Type. Peat type areas are found in the area of staple crops, livelihood plants and protected areas, where the management of peat areas is closely related to 'Water Management'. The species being cultivated is *Acacia crassicarpa*.

Based on 1: 250,000 Scale Map of Peat Ecosystem Functions issued by the Ministry of Environment and Forestry (Attachment of Minutes No.BA.046 / UHP / RKUPHT / HPL.I / 3/2017 dated March 20, 2017 all work areas of PT Sumatera Riang Lestari Blok VI Bayas are peat soils. Detailed Plan for the restoration of peat ecosystem functions is explained in the Peat Ecosystem Recovery Plan Document, Determination of Groundwater Surface Height Arrangement Points, and Rainfall Monitoring Station Points of PT Sumatera Riang Lestari (Block IV, Block V, and Block VI) which have received approval from the Director General of Pollution and Environmental Damage Control, Ministry of Environment and Forestry based on Letter No. SK.135 / PPKL / PKG / PKL.0 / 11/2018 dated 29 November 2018.

PT Sumatera Riang Lestari (including Blok VI Bayas) is in the process of revising the RKUPHHK Documents based on the above Recovery Document and the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.10 / Menlhk / Setjen / Kum.1 / 3/2019 Regarding Determination, Determination and Management of Peat Dome Peat Based on Peat Hydrological Unity.

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

There are a number of villages around PT Sumatera Riang Lestari's Block VI Bayas working area. Plans for the development of village community empowerment during the period 2008-2017 are concentrated in the following four main areas: increasing community economic income, providing socio-economic facilities and infrastructure, creating awareness and positive behavior in regard to natural resources, and providing resolution of social conflict. The AMDAL document was approved based on Riau Governor Decree Number: Kpts 566 / XII / 2005 concerning Environmental Feasibility of UPHHK HT Activities in Bengkalis, Indragiri Hilir and Rokan Hilir, Riau Province. December 28, 2005.

The Management Unit has identified land that is cultivated by the community. Based on data from community land claims entering the concession area in 2018, these cover an area of 911 ha spread across six (6) village with 17 claims.

PT Sumatera Riang Lestari Blok VI Bayas has established procedures / mechanisms relating to conflict resolution. In connection with the settlement of land claims, these have been documented from the start through to agreed settlement with each involved party.

PT Sumatera Riang Lestari Blok VI Bayas has entered into agreements with four (4) of the surrounding villages in regard to livelihood management. In addition to managing livelihood factories, cooperative partnerships have also been formed in regard to Fire Prevention (MPA) activities.

Realization of the Community Development (CD) program in 2015 and 2016 consisted of providing materials for additional construction projects in various villages, together with the provision of sacrificial animals and other religious facilities for 18 villages as a whole, which are best described as charitable contributions.

Description of the ecological conditions of the concession

The Management Unit has conducted Forest Ecosystem and Hydrological Function Management activities to identify those activities with significant impacts, and conducted an environmental impact assessment through: carrying out AMDAL activities, RKL RPL of PT Sumatera Riang Lestari Block VI Bayas in 2004. Moreover, implementation of environmental management and monitoring each semester is presented in the Environmental Permit Implementation (RPL / RKL) report.

Reduced Impact Logging activities are carried out in stages: pre-harvesting, during harvesting, and post harvesting. Identification of areas with the function of the protection of land and water are made by allocating a Peat Ecosystem Protected Function Area covering 11,128 ha (22.46%) consisting of River Basin area of 1,871 ha (3.78% %), KPPN / KPSL covering 535 ha (1.08%), Other Protection covering 8,223 ha (16.60%) and Peat Ecosystem Function covering 499 ha (1.01%); difference in percentage totals due to rounding.

Monitoring the negative impacts of forest management activities in the concession area is conducted in accordance with the RAL and RPL ANDAL documents of PT Sumatera Riang Lestari Blok VI Bayas, 2004. The Management Unit has documented procedures that guide the monitoring of negative impacts due to forest management activities in such areas as protected area monitoring, debit monitoring and water quality, and monitoring soil density and erosion.

The Management Unit has also carried out biodiversity management activities through identification and inventory of protected, endemic, rare and threatened / endangered flora and fauna in the concession area. The results of the identification and inventory are reported in the Environmental Permit Implementation Report each semester. The staple species cultivated at PT Sumatera Riang Lestari Block VI Bayas is not a genetically modified tree species, but *Acacia crassicarpa*.

The Management Unit has carried out Forest Protection activities to identify and monitor disturbance in Sustainable Forest Management. The Management Unit has documented procedures to prevent and deal with natural attacks

under integrated pest and disease management, which involves the use of chemical pesticides in the field. As such, it has documented procedures for the controlled use of B3 (Hazardous and Toxic Material) as well as for handling of fuel spills, lubricants and chemicals, together with waste management of hazardous and toxic materials (B3).

PT Sumatera Riang Lestari Blok VI Bayas has implemented forest protection measures against fire hazards. Besides implementing effective measures, the Management Unit has also formed cooperative partnerships with the local communities through its fire protection (MPA) agreements.

Results of the Public Consultation

Prior to carrying out the First Surveillance Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing July 18, 2019, asking stakeholders to provide feedback and information about PT Sumatera Riang Lestari Blok VI Bayas. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia's website (www.ajaindonesia.com), sent to parties via email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Sumatera Riang Lestari Blok VI Bayas, such reported cases being given material consideration as a part of the audit process carried out by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements needed for this certification process, consisting of legal aspects that include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the field of certification, which is registered for an area of 35,531.46 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 VI Bayas, no Non-Conformities of either a major or minor nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until November 03, 2021, provided that PT Sumatera Riang Lestari Blok VI Bayas maintains its surveillance schedule and does not have any major non-conformities at the time of the next surveillance visit.