

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

TOTAL HECTARES: 35,531.46
ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: August 22, 2017

AUDIT END DATE: August 25, 2017

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:

MINOR CARS: 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Sumatera Riang Lestari	Blok VI Bayas - Indragiri Hilir Regency, Riau Province - Indonesia	August 22 to 25 2017,
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

PT Sumatera Riang Lestari Block VI Bayas obtained a permit for timber forest utilization (IUPHHK) of PT Sumatera Riang Lestari pursuant to Decree of Minister of Forestry No. SK.208/Menhut-II/2007, dated 25 May 2007 concerning amendment to Decree of Minister of Manpower Decree No. 0.262/Menhut-II/2004 and No. SK.99/Menhut-II/2006 Permit for Temporary Utilization of Timber Forest Products (IUPHHK) in Plantation Forest issued for PT Sumatera Riang Lestari (PT SRL) for forest area of approximately 65,000 hectares of North Sumatra. The decision changed the working area of IUPHHK - HTI of PT Sumatera Riang Lestari (PT SRL) covering approximately 215,305 ha, consisting of about 67,230 ha located in North Sumatra Province and covering an area of approximately 148,075 hectares in Riau Province. The total area of PT Sumatera Riang Lestari Block VI Bayas per Decision No. 208/Menhut-II/2007 dated May 25, 2007 covered an area of approximately 48,635 hectares.

The Management Unit has prepared Revised Documentation of Forest Product Forest Management of Industrial Timber Estate (RKUPHHK-HTI) covering the 10-year period 2008-2017 in the provinces of North Sumatra and Riau, approved in accordance with Decree of the Minister of Forestry No. SK. 10/VIBUHT/2013 dated March 11, 2013. Further revisions were made in 2014 and approved by Decree of the Minister of Forestry Number SK.18 / VI-BUHT / 2014 dated April 16, 2014 on the Work Plan for Revision of Timber Plantation Utilization of RKUPHHK- HTI for the 10-year period 2008-2017 on behalf of PT Sumatera Riang Lestari in the province of North Sumatra and Riau.

Spatial planning based on RKUPHHK-HTI covering 48,635 hectares is as follows: Protected Areas of 10,218 ha (21.01%), Area Not Suitable for Production / Infrastructure 639 ha (1.31%), Main Crop Area 29,296 ha (60.24%), Seed Plant Area 5,436 ha (11.18%), Livelihood Plant Area 3,046 ha (6.26%).

There has been conversion of 13,103.54 hectares of natural forest to plantation forest since 31 December 2010, so the overall coverage of certification is reduced to 35,531.46 hectares. The Management Unit has produced a 1: 90,000 area map that marks the IFCC and Non-IFCC areas, plus has included a compartment and made physical names on the ground. The Managing Unit has committed itself not to further convert natural forest to plantation forest in the future.

The working area of PT Sumatera Riang Lestari Block VI Bayas is under the public administration of Indragiri Hilir. This concession is bordered by other plantation companies. The type of land from the working area of the FMU is a wet / peatland, and thus the suitable species for production is *Acacia crassicarpa*.

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

There are a number of villages around the work area, and the village community empowerment development plan for 2008-2017 is laid out in the following four key areas: improving people's economic income, providing socio-economic facilities and infrastructure, creating awareness and positive behavior in regard to natural resources, and the availability of a social conflict settlement standard. The targeted area as part of community development activities is the improvement of people's welfare in the field of economic progress as well as improving the welfare of society and education. Interviews with village community and community leaders and the Management Unit of PT Sumatera Riang Lestari Block VI Bayas has established procedures / mechanisms relating to conflict resolution. In connection with the settlement of land claims, these have been documented from the commencement through to their completion with the agreement of each party concerned. PT Sumatera Riang Lestari Block VI Bayas has entered into agreements with four of the surrounding villages for livelihood plant management. In addition to managing livelihood plant operations, a partnership has also been established in regard to fire prevention (MPA).

The realization of the Community Development (CD) program in 2015 and 2016 consisted of providing materials for additional construction projects in various villages, along with the supply of sacrificial animals and other religious facilities to 18 villages in total, which can best be termed charitable contributions.



Description of the ecological conditions of the concession

Based on the AMDAL document of PT Sumatera Riang Lestari Block VI Bayas in 2004, the Management Unit has identified forest management activities that have significant impacts on physical, chemical (erosion, sedimentation, water quality, soil fertility, microclimate) and biological (standing potential, species diversity, pests, habitat changes). The Management Unit has made efforts to minimize the negative impacts of the RKL (Environmental Management Plan) / RPL (Environmental Monitoring Plan) report, the results of which are reported to the requisite authorities on a periodic basis. In efforts to minimize negative impacts, reduced impact logging activities are carried out in stages: before harvesting, during harvesting operations, and after harvesting activities. Meanwhile, identification of areas where soil and water protection are necessary has led to the allocation of protected areas of 10,218 ha (21.01%), which comprise 9,683 hectares of riparian areas along the Seluas river, 334 ha of KPPN, and 201 ha of KPSL.

The Management Unit has documented procedures that guide the management and monitoring of the plantation working areas, which include physical, chemical and biological components. Physical and chemical components include microclimate, air quality, soil fertility, soil erosion, river discharge, sedimentation, and water quality. From a biological aspect, the Management Unit undertakes the identification and regular inventory of protected, endemic, rare and threatened / endangered / endangered flora and fauna within its licensed operational area. The main plant species cultivated in PT Sumatera Riang Lestari Block VI Bayas is not a genetically modified tree species, but *Acacia cracicarpa*.

PT Sumatera Riang Lestari Block VI Bayas also has documented procedures for the controlled use of hazardous and toxic materials (B3) and collection of their waste. This includes an inventory of waste, source, and estimated amount, which is regularly collected and retained in temporary storage until its collection by a licensed disposal company.

The Management Unit undertakes forest protection activities to identify and monitor any possible disturbance to its sustainable forest management operations. These include regular patrols to forestall such activities as illegal incursion, illegal felling of trees, lighting of fires, as well as to swiftly identify any outbreak of pest infestation or disease within the plantation area. PT Sumatera Riang Lestari Block VI Bayas also implements forest protection measures against fire hazards by monitoring potential hotspots, as well as having in place adequate facilities to swiftly identify and contain any outbreaks.

Results of the Public Consultation

Prior to conducting the second surveillance audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing August 9, 2017, requesting stakeholders to provide feedback and information on PT Sumatera Riang Lestari Block VI Bayas. Public consultations were uploaded to PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in local newspapers.

Inputs were received from stakeholders during the public consultation, from Bayas Jaya Village Head, Teluk Jira Village Head and Mumpa Village Head. Input from the Mumpa Village Head concerned definition of village boundary entering PT Sumatera Riang Lestari Block VI Bayas. Feedback from Teluk Jira Village Head concerned compensation for the harvesting of the edible starch core from the sago palms of the community of Teluk Jira Village from 2010 till to date, which he was unsure had been paid. The input from the Bayas Jaya Village Head, meanwhile, was in regard to the assistance received from PT Sumatera Riang Lestari Block VI Bayas, plus asked for explanation in regard to the livelihood plants for the community.

Field verification results in regard to these queries are as follows:

1. The Management Unit entered into a livelihood crop management agreements with four villages around the concession area in 2011: Pekan Tua Village, Bayas Jaya Village, Mumpa Village and Teluk Kiambang Village.
2. The Management Unit has allocated fee sharing for the 2016 livelihood crops intended for the community, but due to the failure of the district government to provide a map clearly marking the village boundaries there can be no agreement on the boundaries between the villages. This has resulted in the distribution of fee-sharing fee still being held in escrow pending definition of the boundaries.

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3. Some of the villages have expanded, which will affect the amounts of livelihood plant fees to be distributed to the parent villages after the expansion. The government of Indragiri Hilir regency has not yet released the map showing definitive village boundaries after the division of the villages.
4. The Management Unit holds all sago palm payments to be made to the surrounding community. Based on the data, the sago palm completion document is finalized by a Letter of Agreement signed by several parties: the recipient of sago palm cores, RT, RW, the head of the hamlet, the village head and the local sub-district head. This is done to avoid any re-occurrence by parties seeking profit. The audit team were shown an example of Mumpa Village sago palm completion document dated December 03, 2011 for a land area of 50 hectares completed by the attachment of the recipient's ID card, letter of agreement and map of the location.

The audit team also gathered information from the mass media about PT Sumatera Riang Lestari Block VI Bayas, such reported cases being considered a material part of the audit process conducted by 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 regulations and conventions. The management system has been built 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 non-conformity.

Results of Surveillance 2 Audit of PT Sumatera Riang Lestari Block VI Bayas identified three Minor Non-Conformities as listed below. The management system of PT Sumatera Riang Lestari Block VI Bayas is operating effectively. No critical issues were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	The majority of the heavy equipment operators did not have the SIO license required to operate the vehicles. Clause Ref I.1.13	The Management Unit has entered into an agreement with the contractor to ensure all heavy equipment operators undergo training to obtain the required SIO license for harvesting operations	Minor
2	The Management Unit could not show proof of membership and proof of payment of BPJS for employees of all the contractors. Clause Ref I.11.1	The Management Unit has since obtained proof of membership and proof of payment of BPJS by all contractors for their employees	Minor
3	Based on the results of field visits to employee housing and housing complex nursery, mixing of organic and non-organic waste was found in the garbage. Clause Ref I.12.6	The Management Unit has issued a statement to employees in regard to the correct management of waste in the company environment, accompanied by socialization to housing employees.	Minor

Conditions under which the certificate is issued

SFM Certificate IFCC PT Sumatera Riang Lestari Block VI Bayas, certificate number: AJA/IFCC-PEFC/FMC-HT/00008/XI/2015 remains valid until 03/11/2018