

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

SCOPE OF REGISTRATION: Sustainable Forest Management of Plantation Forest covering an area of 35,531.46 hectares in the province of Riau, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: September 07, 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 10, 2016

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: R Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

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 District , Riau Province, Republic of Indonesia	September 07 to 10, 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		



Brief Description of the concession

PT Sumatera Riang Lestari Blok VI Bayas obtained forest product utilization permit timber (IUPHHK) PT Sumatera Riang Lestari per the Minister of Forestry Decree No. SK.208/Menhut-II/2007, dated May 25, 2007 regarding changes to SK Ministerial Decree No. 0.262/Menhut-II/2004 and No. SK.99/Menhut-II/2006 Provisional Utilization License Timber Forest Products (IUPHHK) in Plantation Forest issued to PT Sumatera Riang Lestari (PT SRL) for forest areas covering approximately 65,000 hectares in North Sumatra. The decision changes the acreage of IUPHHK work-HTI PT Sumatera Riang Lestari (PT SRL) covering an area of approximately 215,305 ha consisting of an area of approximately 67,230 ha located in the province of North Sumatra and an area of approximately 148,075 hectares in Riau Province. The total area of PT Sumatera Riang Lestari Blok VI Bayas per Decree No. 208/Menhut-II/2007 dated May 25, 2007 covers an area of approximately 48,635 hectares.

The Management Unit has prepared the management plan for PT Sumatera Riang Lestari, being Revised Documentation of Work Plan Timber Forest Products Management on Industrial Plantation Forest (RKUPHHK-HTI) covering the 10-year period 2008-2017 in the provinces of North Sumatra and Riau, approved per Minister of Forestry Decree No. SK. 10 / VI-BUHT/2013 dated March 11, 2013. Further revisions were made in 2014 and approved per Decree of the Minister of Forestry No. SK.18 / VI-BUHT / 2014 dated April 16, 2014 concerning Revised Agreement Work Plan Utilization of Timber Plantation Forest 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 based on RKUPHHK-HTI for a total of 48,635 hectares is as follows: Protected Areas of 10,218 ha (21.01%), Area Not Suitable For Production / Infrastructure of 639 ha (1.31%), Staple Plant Area of 29,296 ha (60.24%) (58.36%), Seed Plant Area 5,436 ha (11.18%), Livelihood Plant Area of 3,046 ha (6.26%).

There has been conversion of natural forest to plantation forest since December 31, 2010 covering an area of 13,103.54 hectares, so the overall scope for certification was reduced to 35,531.46 hectares. The Management Unit has produced a map of the area on a scale of 1:90,000 that marks IFCC and Non-IFCC areas, plus has listed compartments and made physical designations in the field. The Management Unit has committed not to convert further natural forest to plantation forest in the future.

The work area of PT Sumatera Riang Lestari Blok VI Bayas falls under the public administration of Indragiri Hilir. The concession is bordered by other plantation companies. The land type of the Management Unit's work area is a wetland / peat with the species suitable for production being *Acacia crassicarpa*.

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

There are a number of villages surrounding the working area in the following sub-districts: Tempuling, Kempas, Kuala Cenako, GAS, Batang Tuaka and Gaung.

Based on RKUPHHK-HTI PT Sumatera Riang Lestari period 2008-2017, the Minister of Forestry Number: SK.10/VI-BUHT/2013, regarding the approval for the period 2008-2017 Revised RKUPHHK-HTI PT SRL in the province of North Sumatra and Riau Province, on March 11, 2013, the development plan for empowering the village communities during the period 2008-2017 covers actions in the following four main areas: increase economic revenue of the community, provision of facilities and socio-economic infrastructure, creation of awareness and positive behavior in respect to natural resources, and availability of a mechanism for the resolution of any social conflict.

The EIA document PT Sinar Sumatra Plywood Industry (PT SSPI / PT Sumatera Riang Lestari) was approved by Riau Governor Decree Number: Kpts 566 / XII / 2005 on Environmental Feasibility UPHHK HT activities in Bengkalis, Indragiri Hilir and Rokan Hilir, Riau Province. A.N. PT SSPI, dated December 28, 2005. Under the HTI, the important areas to be targeted as part of the community activities are improving the welfare of forest communities in the fields of economic advancement as well as enhanced public welfare and education. Interviews with village and community leaders reveals



that PT Sumatera Riang Lestari recognizes and respects the legal rights of the local communities.

The Management Unit of PT Sumatera Riang Lestari Blok VI Bayas has set in place procedures/mechanisms relating to conflict resolution. In regard to the settlement of land claims, maps have been prepared identifying encroachment and claim areas together with full details of land settlement agreements with each party involved.

PT Sumatera Riang Lestari Blok VI Bayas has entered into agreements with four of the surrounding villages for the management of the livelihood plants. In addition to the livelihood plant management, cooperation partnership have also been formed for Concerned Citizens for Fire Prevention (MPA).

Realization of the Company's Community Development (CD) program in 2015 and 2016 consisted of the provision of materials for a number of construction projects in various villages, together with provision of sacrificial animals and other religious facilities for 18 villages in total, which could best be termed charitable contributions.

Description of the ecological conditions of the concession

PT Sumatera Riang Lestari Blok VI Bayas has allocated 10,218 ha (21.01%) as Protected Areas, which consist of: River Borders of 9,683 ha (19.91%), KPPN of 334 ha (0.69%), and DPSL of 201 ha (0.41%).

The management unit has identified forest management activities that have an important impact, and assesses the environmental impact:

1. It has been reviewing the EIA, with Amdal document timber forest product utilization at Forest Plantation PT Sinar Sumatra Plywood Industry. Unit Indragiri River, Indragiri Hilir District, Riau Province. No: Kpts 566/XII/2005. Dated: December 28, 2005.
2. It has been monitoring environmental management, with RKL and RPL documents: Documents Report of the Environmental Permit: RKL and RPL PT Sumatera Riang Lestari (Blok VI) being submitted to the Environment Agency (BLH) Indragiri Hilir, Riau Province each semester.

Results of the Public Consultation

Prior to carrying out the first surveillance audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing August 29, 2016, asking stakeholders to provide feedback and information on PT Sumatera Riang Lestari Blok VI Bayas. 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 VI Bayas. Such reported cases are considered to be a material part of the audit process carried out by PT AJA Sertifikasi Indonesia.

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 35,531.46 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 I Audit of PT Sumatera Riang Lestari Blok VI Bayas identified three Minor Non-conformities. The management system of PT Sumatera Riang Lestari Blok VI Bayas is operating effectively. No time-critical issues were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	There were no procedures or guidelines to ensure demarcation between the wood collection points for	Planning Section to ensure procedures for traceability of wood from IFCC and non-IFCC	Minor

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	the IFCC and non-IFCC areas, or for the separation of documentation in the filing of the Production Report for the two areas. Clause Ref: III.2.1	areas	
2	Management was unable to provide results of special health check (MCU) for workers in high-risk areas (workers spraying herbicide / insecticide or working with renderers chemicals) for the period 2016. Clause Ref: I.12.1	At the start of each year, the medical personnel in charge of the clinic provides a notice / circular on the MCU schedule for each worker who has worked in a high-risk location.	Minor
3	No Bipartite Cooperation Institution (LKS-bipartite) has yet been formed as required by the laws and regulations. Clause Ref: I.11.4	Encourage both the respective union representatives and employers to form Bipartite Cooperation and register such with the Provincial Department of Manpower	Minor

Conditions under which the certificate is issued

The Certificate is valid until 28/08/2018 provided that PT Sumatera Riang Lestari Blok VI Bayas completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problems at the next Surveillance visit. If the 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.