

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 BLOCK VI BAYAS

TOTAL HECTARES: 35,531.46
ha

SCOPE OF REGISTRATION: Sustainable Forest Management on Plantation Forest covering 35,531.46 hectares In Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: August 13, 2018

AUDIT END DATE: August 16, 2018

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: I Wayan Sudi Antara

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan

SIGNATURE:

Mashari

SIGNATURE:

MAJOR CARS:

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Block VI Bayas	Indragiri Hilir Regency, Riau Province - Indonesia	August 13 to 16, 2018
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 Timber Forest Utilization Business License (IUPHHK) on behalf of PT Sumatera Riang Lestari. This is according to Minister of Forestry Decree No. SK.208 / Menhut-II / 2007, dated May 25, 2007 in amendment to Decree of the Minister of Manpower Decree No. 0,262 / Menhut-II / 2004 and No. SK.99 / Menhut-II / 2006 concerning Permit for Provisional Use of Timber Forest Products (IUPHHK) in Plantation Forests issued for PT Sumatera Riang Lestari (PT SRL) covering a forest area of approximately 65,000 hectares in North Sumatra. The decision changed the work area in IUPHHK - HTI of PT Sumatera Riang Lestari covering an area of 215,305 ha, consisting of approximately 67,230 ha located in the province of North Sumatra and approximately 148,075 hectares in Riau Province. Area of PT Sumatra Riang Lestari Block VI Bayas per Decree No. 208 / Menhut-II / 2007 dated May 25, 2007 covering an area of approximately 49,539.46 hectares.

There has been conversion of 14,008 ha of natural forest to plantation forest since December 31, 2010, thus the scope of the IFCC certification is for an area of 35,531.46 ha

The Management Unit has a Document of Work Plan for Utilization of Timber-Industrial Forest Products (RKUPHHK-HTI) for the 2017-2026 period, PT Sumatera Riang Lestari (PT SRL) in North Sumatra Province and Riau Province, which was ratified by the Decree of the Minister of Environment and Forestry No. SK. 265 / MenLHK-PHPL / UHP / HPL.1 / 2/2018 dated February 2, 2018. The Spatial Planning is as follows: Local Protected Areas and Other Protected Areas covering a total Area of 10,629.46 ha (21.45%), Staple Plant Areas of 28,805 ha (58.15%) and Livelihood Plant Area of 10,105 ha (20.40%).

PT Sumatera Riang Lestari - Blok VI Bayas is administratively located in the Sub-districts of Tempuling, Kempas, Batang Tuaka and Gaung Anak Serka of Indragiri Hilir Regency, Riau Province, and is geographically located between 00° 12' 48" to 00° 25' 17" South and 102° 41' 19" to 102° 57' 51" East.

The area of PT Sumatra Riang Lestari Blok VI Bayas is classified as climate type A (Schmidt & Ferguson) with an average annual rainfall of 1,919 mm. The type of soil consists of Tropohemite and Tropofibrist. Based on the geology, the area consists of 2% floodplain geology that is flooded by a new river (KLR) and 98% of Shallow Peat (MDW). The entire Management Unit area is the Wetland Ecosystem Type (Peatland). Peat type areas are found in the area of staple plants, livelihood plants and protected areas, wherein the management of peat areas is strongly related to 'Water Management'. The species cultivated is *Acacia crassicarpa*.

The area of PT SRL VI Bayas is based on a Map of 1: 250,000 Peat Ecosystem Functions issued by the Ministry of LHK (Attachment to Minutes No.BA.046 / UHP / RKUPHT / HPL.I / 3/2017 dated 20 March 2017, on which all work areas are peatland. From an area of 49,539.46 ha, that designated as peat ecosystem (KFLEG) protected area covers an area of 20,987 ha (42%), and while the peat ecosystem cultivation function Area (KFBEG) covers 28,552 ha (58%). The area of the peat ecosystem protection function in the field is carried out in stages until the logging of the previous crop cycle has been completed, the KFLEG area boundary arrangement being made in the field.

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

There are a number of village settlements around the concession area. The community is dominated by those of local origins intermingled with Malay, Javanese and Batak migrants. The livelihoods of the majority of the villagers are mostly as cultivators of coconut and oil palms.

The Management Unit has identified land cultivated by the community. Based on data from community land claims as recorded up to 2018, there have been a total of 17 claims covering an area of 911 ha scattered in the villages: Karya Tunas Jaya, Mumpa, Pekan Tua, Sungai Salak, Teluk Jira and Teluk Kiambang.

Settlement of these land claims has been carried out through deliberations to reach consensus with compensation being agreed and cooperation agreements reached on the management of livelihood plants for four villages around the concession area, namely Pekan Tua, Bayas Jaya, Mumpa and Teluk Kiambang Villages. The company also provides access to the community to utilize non-timber forest products in the form of fish from its watercourses.



The realization of the Community Development (CD) program in 2017 consisted of providing additional materials for infrastructure projects in various villages, plus providing sacrificial animals and other religious facilities for 18 villages.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities that have important impacts, and conducted an environmental impact assessment through: implementation of AMDAL (Environmental Impact Analysis), RKL (Environmental Management Plan), and RPL (Environmental Monitoring Plan) activities in PT Sumatera Riang Lestari Blok VI Bayas in 2004. Implementation of management and environmental monitoring every semester is included in the Environmental Permit Implementation (RPL / RKL) Report submitted to the requisite authorities.

Reduce Impact Logging activities are carried out in stages before logging (pre-harvesting), during logging operations (harvesting), and after logging (post-harvesting). Identification of the area that functions to protect land and water sees the allocation of a protected area of 10,629.46 ha. PT SRL Blok VI Bayas is entirely peat land, consisting of 20,987 ha (42%) Peat Protection Function and 28,552 ha (58%) Peat Cultivation Function. Based on Minister of Environment and Forestry Regulation No: P.17 / MenLHK / Setjen / Kum.12 / 2017 the peat area cannot be replanted and must be left to recover.

Plantation forest operational activities in peatlands raise fears of causing damage to the peat ecosystem, characterized by the presence of artificial drainage, exposure to pyrite sediments and the reduction of land cover area. Specific guidelines have been prepared for recovery of damaged peat ecosystems, which include no replanting of staple or livelihood plants, taking measures to maintain water levels, no further clearing but re-vegetation with right type, species and process for the specific area.

Monitoring of the negative impacts of forest management activities in the Management Unit's concession area is carried out in accordance with the RKL, AMDAL, and RPL documents of behalf of PT Sumatera Riang Lestari Blok VI Bayas in 2004. The Management Unit has documented procedures that guide the monitoring of negative impacts in regard to such matters as water debit and quality and soil density and erosion. PT Sumatera Riang Lestari Blok VI Bayas has documented procedures for controlled use of B3 (Hazardous and Toxic Materials).

The Management Unit has carried out Biodiversity Management activities, namely through the activities of identifying and taking inventory of protected, endemic, rare and threatened / endangered flora and fauna living in the concession area. The results of the identification and inventory are reported in the Environmental Permit Implementation Report (Implementation of the first semester of RKL / RPL in 2018). The species of staple plant cultivated in PT Sumatera Riang Lestari Blok VI Bayas is not a genetically modified tree species, but *Acacia cracicarpa*.

The management unit has carried out Forest Protection activities, which have identified and monitored disturbances in Sustainable Forest Management. The Management Unit has documented procedures for preventing and handling disease and pest infestation, plus conducts regular patrols of the concession to minimize disruption due to human elements..

PT Sumatera Riang Lestari Blok VI Bayas has implemented forest protection measures against fire hazards, namely by implementing appropriate measures, in which the Management Unit has documented procedures for forest protection activities, as well as establishing a Fire Aware Community (MPA) with local villages.

Results of the Public Consultation

Prior to conducting Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing August 15, 2018, asking stakeholders to provide feedback and information on PT Sumatera Riang Lestari Blok VI Bayas. Public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via e-mail or postal letter, and published in local newspapers.

There was feedback from stakeholders during the public consultation, namely from the Heads of Bayas Jaya Teluk Jira and the Mumpa Villages in regard to the form of compensation for livelihood plant; agreement with the community; CSR; local labor and non-timber forest products.

The audit team verified the following: Cooperation agreements on the management of livelihood plants between the Management Unit and four villages. Allocation for the distribution of fees for felled livelihood plants intended for the communities had been made, but due to the absence of a clear village boundary map from the district government, the

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distribution of the profit-sharing fees is still pending; There are also several additional villages that will affect the amount of the distribution of the payment for livelihood plants.

The audit team also collected information from the mass media about PT Sumatera Riang Lestari Blok VI Bayas, the cases reported 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, which consists of legal aspects that include compliance with international 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 conformity.

Results of the Recertification Audit of PT Sumatra Riang Lestari Block VI Bayas identified one Minor Non-conformities as listed below. PT Sumatra Riang Lestari Block VI Bayas management system operates effectively. There were no critical problems identified.

No	Non-Conformities	Corrective Action Performed	Category
1	Temporary storage of B3 (Hazardous and Toxic Material) waste is full, the last collection being on 11-29-2017. Former pesticide containers have accumulated in various other areas, which is not in accordance with the procedures and Regulatory Regulations for B3 Waste Management. Clause Ref I.6.6	The Management Unit has contacted the transporter of B3 Waste to immediately collect the B3 waste that has accumulated. The Management Unit will ensure the storage and handling of B3 waste are according to procedures.	Minor

Conditions under which the certificate is issued

Certificate is valid until 03/11/2021 provided that PT Sumatera Riang Lestari Block 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.