

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: 26,930.92
ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest of 26,930.92 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: September 26, 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

AUDIT END DATE: September 29, 2017

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 8

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Sumatera Riang Lestari	Blok IV Rupert - Rupert and North Rupert Districts, Bengkalis Regency, Riau Province, Republic of Indonesia	September 26 to 29, 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	
NA		

Document: Report Format Public - IFCC

Issue: D

Date: 15 September 2016

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Brief Description of the concession

PT Sumatera Riang Lestari Block IV Rupert was granted a forest management permit based on Ministry of Forestry Decree No. SK.208/Menhut-II/2007, dated May 25, 2007 covering an area of approximately 215,305 ha, which covers an area of approximately 67,230 ha located in North Sumatra Province and approximately 148,075 ha in Riau Province. The area of Block IV Rupert is 38,210 ha.

PT Sumatera Riang Lestari Block IV Rupert management plan documents in the form of Timber Forest Product Utilization Working Plan (RKUPHHK-HTI). Revised RKUPHHK-HTI PT Sumatera Riang Lestari in 2008 - 2017 has been approved by Decree of the Minister of Forestry No. SK.18/VI-BUHT/2014 dated April 16, 2014. In the document, the Management Unit records the spatial arrangement of its working area as follows: Protected Areas of 13,121ha (34.34%), Infrastructure Area of 1,224 ha (3.20%), Staple Plant Area of 17,720 ha (46.38%), Enrichment Plant Area of 3,853 ha (10.08%) and Livelihood Plant Area of 2,292 ha (6.00%).

There has been conversion of 11,279.08 ha of natural forest to plantation forest since December 31, 2010, which is not registered for certification. Thus the scope for IFCC certification is $38,210 - 11,279.08 = 26,930.92$ ha. The Management Unit is committed to no further conversion of natural forest.

The working area of PT Sumatera Riang Lestari Block IV Rupert is administratively located in Rupert and North Rupert Sub-districts of Bengkalis Regency of Riau Province. Geographically it lies between $01^{\circ} 44' 43.0''$ to $01^{\circ} 57' 53.0''$ North and $101^{\circ} 26' 16.0''$ to $101^{\circ} 40' 34.0''$ East. The northern limit of the working area is HPT (Limited Production Forest), to the South: APL (Other Use Areas), and HPK (Convertible Production Forest), to the East: HPT (Limited Production Forest), and to the West: HP (Permanent Production Forest) and HPT (Limited Production Forest).

The working area of the Management Unit has peat soil and species developed for production is *Acacia crassicarpa*.

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

In the field of socio-economic and cultural management, PT Sumatera Riang Lestari Block IV Rupert seeks to provide jobs and business opportunities for the villagers surrounding the work area.

The Management Unit has identified, appreciates, recognizes and respects the rights of indigenous peoples and local communities in the ownership, control and use of land and forest resources. Community rights over non-timber forest products (NTFP) are respected through the provision of community access to NTFP, which include honey and fish, providing no damage is done to crops or the environment.

PT. Sumatera Riang Lestari Block IV Rupert shows no discrimination between employing local or immigrant workers. The Company has a Collective Employment Agreement (PKB) that regulates the rights and obligations of the employer and employees including: recruitment, remuneration, employee placement, transfer, transfer, promotion, skills upgrading program, restrictions, and other matters.

The Management Unit has set in place standard conflict resolution standards that fully document and map all conflicts from their initial reporting through to final resolution. This participatory conflict resolution mechanism has been established and agreed upon by PT. Sumatera Riang Lestari Block IV Rupert and the local community.



The Management Unit complies with all laws and regulations relating to forest management practices, environmental protection, protected and endangered species of flora and fauna, the rights of indigenous peoples and local communities relating to land ownership and use, and occupational health and safety issues (OSH).

The majority of the Corporate CSR programs are charitable in nature, such as the donation of sarongs and sacrificial animals. However, irrigation facilities for farmer groups have also been pioneered, as have the offer of scholarships to students from surrounding villages.

Description of the ecological conditions of the concession

PT. Sumatera Riang Lestari Block IV Rupert carries out monitoring and evaluation of the related aspects of production, environment (physical, chemical, biological) and socio-economic culture of society in accordance with prepared plans and procedures. The monitoring and evaluation is a sustainable program based on the documented Environmental Management Plan and RKL-RPL.

Monitoring program/environmental monitoring relating to the implementation of HTI development activities are grouped as follows: a. physical-chemical components, which include soil monitoring (minerals and peat), water and air; b. The monitored biological components include growth of food crops, disease and pest control, and biodiversity; and c. the socio-economic and cultural components that are monitored and include community development (CD)

The Management Unit has identified key protected and threatened / endangered species, as well as habitat and migration patterns including landscape considerations to implement appropriate management / scalable measures to minimize the negative impact of operational activities on endangered species. Within PT. Sumatera Riang Lestari Block IV of Rupert region, the CITES species (App 1) is hornbill (*Aceros spp*).

In relation to activities related to the management of forest fires, the following are carried out: a. Fire Risk Assessment and mapping of areas vulnerable to fire. b. identification and provision of necessary equipment c. improvement of firefighting skills through internal and external training.

Results of the Public Consultation

Prior to performing Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing August 28, 2017, asking stakeholders to provide feedback and information on PT Sumatera Riang Lestari Block IV Rupert. The public consultation was uploaded to PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received a public consultation response from the Darul Aman village head regarding the absence of CD program aid and the absence of local employment from the Darul Aman Village.

The audit team visited Darul Aman village to further verify the response, but unfortunately the village head was away in Dumai at the time and only the village secretary was available to provide details. Based on information from the secretary, the assistance offered by the Management Unit was not acceptable to the village. This dates back to the Company's promise in 2011 to provide assistance for the construction of the BPD office building. The Company had already budgeted the allocation of BPD office building in 2012, but because the contractor was directly handled by the former village head, up until 2014 no money had been provided for the construction of the BPD offices, which until now have not been built. On one occasion replacement in the form of mosque development aid was offered, but because this was not in accordance with the expectations of society it was finally rejected by the community. At the time of the meeting with the audit team,

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the secretary advised that the village plans to make a further proposal for the construction of the BPD office. As for the absorption of local manpower, there is currently just one person working as a security guard. In 2013, there were a number of people working for the Company, but as the palm oil companies have grown in the area, employment has been less attractive and most of them have moved to the oil palm companies, while some work on their own gardens.

The audit team also gathered information from the mass media about PT Sumatera Riang Lestari Block IV Rupert. The reported cases were considered material in the audit process carried out 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 26,930.92 hectares.

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

Result of Surveillance 2 Audit of PT Sumatera Riang Lestari Block IV Rupert identified eight (8) Minor Non-Conformities. The management system of PT Sumatera Riang Lestari Block IV Rupert is operating effectively. No critical issues of time were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit was unable to demonstrate proof of all heavy equipment operators having the requisite license (SIO). Clause Ref I.1.13	The Management Unit has approved cuts to the contractor in relation to training costs for heavy equipment operators.	Minor
2	Tree label designation on inventory activity in two sections was not in accordance with SOP on Plantation Forest Inventory Clause Ref I.4.2.	Documentation on labeling in the two sections to be socialized.	Minor
3	Implementation of marking trees in one plot is not in accordance with the SOP. Clause Ref I.5.2	The Management Unit will ensure the implementation is in accordance with the relevant SOP.	Minor
4	There are still numerous cases of management of B3 waste that do not comply with the SOP. Clause Ref I.6.6	The Management Unit to ensure monitoring of the management of B3 waste by the planting and harvesting contractors.	Minor
5	The Management Unit has cultivated livelihood crops in the form of rubber crops with a total area of 1,319.4 hectares from 2012 until 2014, but has no document of cooperation (MoU) with the people who are entitled to receive livelihood crops. Clause Ref I.9.3	The Management Unit is making progress in preparing the MOU on livelihood plants even though this program has been running and in agreement of the community for such a time period that the MOU is considered unnecessary	Minor
6	The Management Unit was unable to show	The Management Unit has provided proof of	Minor

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	proof of payment of BPJS Employment and BPJS Health for all employees of contractors. Clause Ref I.11.1	payment of BPJS Employment and BPJS Health for all employees of the four contractors.	
7	The Management Unit was unable to supply the results of special MCU checks on spray workers, toxic mixers and chemical warehouse workers to ensure that the workers are not suffering from exposure to hazardous chemicals.. Clause Ref I.12.1	The Management Unit has shown the results of the special warehouse MCU inspection. Gradually it will perform special MCUs on all spray workers, poison mixers and chemical warehouse workers to ensure that the workers are not suffering from exposure to hazardous chemicals.	Minor
8	The Management Unit has provided separate trash cans for organic and inorganic waste, yet based on the visit to various parts of the working areas these are not being properly utilized. Clause Ref I.12.6	The Management Unit will conduct monitoring and dissemination to the workers regarding the separation of organic and inorganic waste.	Minor

Conditions under which the certificate is issued

SFM Certificate IFCC PT Sumatera Riang Lestari Block IV Rupert certificate number : AJA/IFCC-PEFC/FMC-HT/00010/XI/2015 remains valid until 12/11/2018