

# 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 Selaras Abadi Utama

TOTAL HECTARES: 13,600 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 13,600 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: August 14, 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

AUDIT END DATE: August 17, 2019

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

*[Handwritten signature]*

AUDIT TEAM: I Wayan Sudi Antara

SIGNATURE:

*[Handwritten signature]*

Abdul Salam

SIGNATURE:

*[Handwritten signature]*

MAJOR CARS : 0

MINOR CARS : 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Selaras Abadi Utama	Districts of Pelalawan and Teluk Meranti, Pelalawan Regency, Riau Province, Republic of Indonesia	August 14 to 17, 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 Selaras Abadi Utama has IUPHHK-HTI operating permit based on Pelalawan Regent Decree Number: 522.21 / IUPHHKHT / XII / 2002/005 concerning Granting of Business Permit for Timber Forest Product of Plantation Forest Utilization to PT. Selaras Abadi Utama covering an area of about 13,600 ha in Pelalawan Regency, established on December 30, 2002.

The Management Unit has RKUPHHK-HTI documents that are validated based on:

1. Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.974 / MenLHK / Setjen / HPL.1 / 3/2018 Date March 5, 2018 regarding Approval of Business Plan for Utilization of Timber Forest Industrial Timber (RKUPHHK-HTI) Year 2018 to 2027 in order to Improve Peat Governance on behalf of PT Selaras Abadi Utama in Riau Province
2. Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.8511 / MenLHK-PHPL / UHP / HPL.1 / 12/2018 December 10, 2018 regarding Approval of the Adjustment of Work Plan for Utilization of Forest Timber Forest Products (RKUPHHK-HTI) Period 2018 to 2027 Activity Year 2018 to 2019 on behalf of PT Selaras Abadi Utama In Riau Province

The Management Unit has conducted spatial planning (RKU Adjustment) which consists of: Protected Area of Peat Ecosystems of 1,922 ha (14.13%), Staple Plants Area of 8,958 ha (65.87%), and Livelihood Plants Area of 2,720 ha (20.00%).

The Protected Area for Peat Ecosystem has a total area of 1,922 ha (14.13%), consisting of: Riparian Area 741 ha (5.45%), Buffer Zone Area of 305 ha (2.24%), KPPN Area of 300 ha (2.21%), KPSL Area of 300 ha (2.21%), and Other Protected Areas of 276 ha (2.03%); difference in sum of percentages due to rounding.

Administratively, the concession area of PT Selaras Abadi Utama falls under Pelalawan District and Teluk Meranti District, Pelalawan Regency, Riau Province, while the Forestry Administration Region is included in Riau Province's Environmental and Forestry Service.

Geographical location of the work areas are:

- Block I: 00° 13' 15" North to 00° 28' 06" South and 102° 06' 21" to 102° 21' 15" East, with working area boundaries: north of PT Riau Andalan Pulp and Paper, south of Other Use Area, east of PT Riau Andalan Pulp and Paper and west of Other Use Area and HPK (Convertible Production Forest),
- Block II: 00° 09' 03" North to 00° 14' 40" South and 102° 24' 35" to 102° 32' 55" East, with the boundaries of the working area: north of Other Use Area and HPK, south of Kerumutan Wildlife Reserve and PT Rimba Mutiara Permai, east of Other Use Area and HPK and west of HPK.

General condition of work area has a topography of slope class A (0-8%) at an altitude of 8-150 meters above sea level. Part of the Kampar Sungai Forest Group, the hydrology is of Salak Sub-Watershed River, Pinang River, and Kerumutan River. Type A climate (Schmidt & Ferguson 1955) with 2,731 mm of rainfall per year with 155 rainy days per year. Soil types: Tropohemists, Tropofibrists, Trophaquepts, Fluvaquents, Sulfaquents, Hydraquents. Geology: peat, new ocean deposits, and new river deposits.

In the work area of PT Selaras Abadi Utama, there has been no conversion of natural forest to plantation forest since December 31, 2010 and thus the scope of the IFCC certification is for an area of 13,600 ha. The working area of PT Selaras Abadi Utama's forest footprint is peat so that the species cultivated is *Acacia crassicaarpa* with a four-year cycle.

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

The people around the PT Selaras Abadi Utama concession area are classified as local inhabitants and there is no indigenous community. Generally the people around PT Selaras Abadi Utama make their living as rubber and palm oil farmers.

There is still a land claim in the area of PT Selaras Abadi Utama covering some 2,621 hectares spread across several villages. Generally the area is claimed by rubber farms and just a few oil palm areas. The Management Unit has conducted Potential Mapping and Conflict Resolution under the PHPL Order, and that the concession area falls under the vulnerable category. In this Surveillance 1 Audit a new claim area was made within the protected area in the form of a residential settlement.

There are several cooperation agreements with the community in regard to livelihood plants. In addition, there are also agreements in the form of Community Fire Awareness (MPA) with the village communities. According to an interview with the Public Relations Officer, the MPA and livelihood plant agreements were represented by the cooperatives located within their respective villages, whereas the village itself has a livelihood plant arrangement or agreement with another company.

PT Selaras Abadi Utama has provided support and assistance to the communities in eight villages around its concession. In the development of the concession, the number of villages around PT Selaras Abadi Utama's work area has been steadily increasing as the villages have expanded. Assistance and support provided through the CSR program comprises several areas of activity, including education, health, religious observance, economic opportunities, infrastructure, and social & environmental aspects. According to an interview with the Public Relations Officer, the CD's assistance to the community continues to be carried out in accordance with the financial capability of the company.

#### Description of the ecological conditions of the concession

The Management Unit has carried out management and monitoring of the impacts of forest management activities, including: microclimate change, ground water level, peat subsidence, soil fertility, pyrite oxidation, river water quality, river discharge, ambient air quality, forest and land fires. Details are contained in the report on the implementation of the environmental permit (RKL-RPL) forwarded to the requisite authorities each semester.

The Management Unit has implemented Reduced Impact Logging activities being carried out in three distinct stages: pre-harvesting, during harvesting and post-harvesting. This is to ensure the most effective logging procedures with the minimum of disruption to the forest ecosystem and non-disturbance of protected areas.

The Management Unit has also implemented a peat ecosystem protection regulation as stipulated in the Minutes of Meeting Results of the Assessment Team for Determination of Manual Groundwater Height Points, Automatic Ground Level Gauges (Data Loggers), Rainfall Monitoring Station Points, Wetting Infrastructure Development Points and vegetation rehabilitation for the restoration of Peat Ecosystem No. BA-59 / PEG / PKG / 7/2018 with the Directorate of Peat Damage Control Director General of KLHK Pollution and Environmental Damage Control dated July 4, 2018.

The Management Unit has identified, conducted inventory and mapped the distribution of protected, endemic, rare and endangered and endangered species of flora and fauna and their habitat in the riparian zone and other protected areas. The Management Unit has an information report on the existence of wildlife in the HTI area and its 2018 distribution map. The results of monitoring have identified the presence of protected flora such as the flowering species *Cratoxylum* sp., the Red-Listed Light Red Meranti (*Shorea platycarpa*), as well fauna that include the white-throated kingfisher (*Halcyon smyrnensis*), sub-species of the red-tailed hawk (*Buteo jamaicensis*) and the rhinoceros hornbill (*Buceros rhinoceros*).

The Management Unit has identified potential disturbances to the forest ecosystem caused by human elements such as forest fires, illegal logging, forest encroachment and hunting, as well as natural threats like pests and diseases, etc. Among the forest protection activities of the Management Unit has introduced are:

1. Single access point to the concession via a security post shared with PT. Riau Andalan Pulp and Paper. With no community settlement between the two concessions, along with perimeter canals and guard posts this facilitates restriction on community encroachment and illegal logging.
2. Installing and maintaining sign boards identifying restricted areas and forbidding such activities as lighting fires, or conducting illegal logging, hunting, etc..
3. Conducting regular patrols to monitor for forest fires and other forest disturbances.
4. Counselling local community on fire hazards through MPA agreements.
5. Capacity and capability building of human resources to counter fire hazards.
6. Provision of fire fighting facilities and infrastructure (fire tower, operational vehicles and fire extinguishers).
7. Monitoring of forest pests and diseases, as well as coordination with the R&D section. This includes the development of such biological agents as *Turnera subulata*.
8. Documenting every incident of forest disturbance and coordinating with the local police in cases of fire, theft of wood or forest incursion.

### Results of the Public Consultation

Prior to undertaking the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing August 2, 2019, which asked stakeholders to provide feedback and information on PT. Selaras Abadi Utama. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to related parties via email or postal mail, and announced 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 Selaras Abadi Utama, such reported cases being given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

PT Selaras Abadi Utama has identified all necessary requirements for this certification process, comprising legal aspect that include compliance with international regulations and conventions. The established management system includes all field activities for certification, where the area registered for certification is 13,600 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 Selaras Abadi Utama there were three (3) Minor Non-Conformities identified.

No	Non-Conformities	Corrective Action Performed	Category
1	<ul style="list-style-type: none"> <li>• The Management Unit was unable to show evidence of controlled chemical waste management, results in the field showing the re-use of former gramoxone containers.</li> <li>• The Management Unit has been unable to ensure the management / disposal of B3 Waste (used oil and pesticide containers) to licensed B3 Waste TPS. Interviews with contractors revealed that used oil, filters and batteries are sent to the contractor's warehouse.</li> </ul> <p><b>Indicator I.6.6</b></p>	<ul style="list-style-type: none"> <li>• Conducting socialization and direction to the contractor to carry out B3 waste treatment (storage, handling, transportation, use and disposal) in accordance with applicable procedures and regulations.</li> <li>• Improving coordination of the field employees in handling and managing the B3 waste.</li> </ul>	Minor

2	<p>The Management Unit was unable to provide evidence of flora and fauna identification, inventory and mapping in Kerumutan Nature Reserve Buffer Zone and Wildlife Conservation Areas.</p> <p><b>Indicator I.7.1</b></p>	<ul style="list-style-type: none"> <li>- Planning to make flora and fauna analysis plots in protected areas of Buffer Zone and KPSL of PT. Selaras Abadi Utama and carry out its realization</li> <li>- Plans prepared for Identification of flora and fauna of PT Selaras Abadi Utama in 2019</li> <li>- Mapping monitoring path for NTFPs, flora, PPWT and peat subsidence on a scale of 1: 250,000</li> <li>- Mapping wildlife distribution, on a scale of 1: 250,000</li> </ul>	Minor
3	<p>Based on the results of protected area overlay with a map interpretation of satellite images coverage on May 6, 2019, a protected area was identified as an open area of 15 hectares. The Management Unit was unable to show evidence of rehabilitation of the protected area.</p> <p><b>Indicator I.7.2</b></p>	<p>Rehabilitating open areas in protected areas of PT. Selaras Abadi Utama based on the rehabilitation plan that has been prepared:</p> <ul style="list-style-type: none"> <li>- Making a rehabilitation plan for PT Selaras Abadi Utama in 2019. The planned rehabilitation is for 3 hectares with a spacing of 3 x 5 m (668 / ha) with local species</li> <li>- Preparing a plot map of the rehabilitation plan location, with scale of 1: 60,000</li> </ul>	Minor

### Conditions under which the certificate is issued

Certificate is valid until December 13, 2021, provided that PT Selaras Abadi Utama 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.