

# Public Report Sustainable Forest Management System

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CLIENT NAME: PT SELARAS ABADI UTAMA

TOTAL HECTARES: 13,600

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

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: 28 August 2023

AUDIT END DATE: 31 August 2023

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: Andri Wibisono

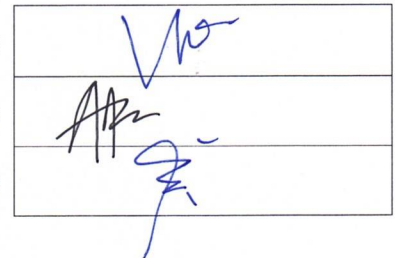
SIGNATURE:

AUDIT TEAM: Ardi Prasetyo

SIGNATURE:

Tata Sumitra

SIGNATURE:



MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head office	Jl. Sei Duku No. 333, Kelurahan Tanjung Rhu, Kecamatan Lima Puluh, Pekanbaru 28143, Riau Province, Indonesia	28 August 2023
Site	Kecamatan Teluk Binjai, Kabupaten Pelalawan, Propinsi Riau, Indonesia	29 to 31 August 2023
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	

#### Brief Description of the concession

PT Selaras Abadi Utama first received IUPHHK-HTI based on Pelalawan Regent's Decree Number: 522.21/IUPHHKHT/XII/2002/005 concerning the Granting of Business Permit Rights to Utilize Plantation Forest Timber Products to PT Selaras Abadi Utama of approximately 13,600 Ha in Pelalawan Regency, determined on December 30 2002. The latest decree is a Decree from the Minister of Environment and Forestry of the Republic of Indonesia Number SK.1122/MENLHK/SETJEN/HPL.0/11/2021 dated 17 November 2021. There was a change in the IUPHHK-HT Nomenclature to PBPH (Forest Utilization Business License).

In its operations, the Management Unit already has a long-term management plan document in the form of the RKUPH (Forest Utilization Business Work Plan) document. Short term plan within a one-year period in the RKTPH (Annual Work Plan for Forest Utilization) document. Document changes to the 2022 RKUPH was approved based on the Decree of the Minister of Environment and Forestry Number SK.8040/MenLHK-PHL/PUPH/HPL.1/10/2022 dated 18 October 2022 concerning Approval of changes to the forest utilization business work plan for the period of 2018 to 2027 in the name of PT Selaras Abadi Utama.

PT Selaras Abadi Utama spatial layout based on the 2022 RKUPH Amendment is Protected Area of 1,712 Ha (12.59%) and Cultivation Area of 11,888 Ha (87.41%), with a total of 13,600 Ha (100%). The details of each area are:

1. Protected Area of 1,712 Ha (12.59%) consists of River Border of 124 Ha (0.91%), Buffer Zone SM Kerumutan of 305 Ha (2.24%), KPPN of 300 Ha (2.21%), KPSL of 300 Ha (2.21%), and Other Protected Areas of 683 Ha (5.02%)
2. Cultivation Area of 11,888 Ha (87.41%) consists of Staple plants of 11,394 Ha (83.78%), Infrastructure of 494 Ha (3.63%).

The location of the work area based on geographical location is 102° 06' to 102° 32' East and 0° 28' to 0° 09' North. Administratively, the government is located in Pelalawan District and Teluk Meranti District, Pelalawan Regency, Riau Province. Based on a 1:100,000 scale topographic map, it shows that the PT Selaras Abadi Utama concession area is located at an altitude ranging from 5 - 150 m with the overall topography being flat (slope 0-8%). Based on the land unit map and soil sheet of Siak Sri Indrapura (0916), scale 1: 250,000, the soil types consist of 2 groups, namely the Alluvial group with the soil types Tropaquepts, Dystropepts, Troposamments (Au. 1.2), the Peat Dome group with the soil type Troposapristis, Tropohemists, Tropofibriss (D.2.1.2) and Troposapristis, Tropohemists, Tropofibrists (D.2.1.3).

In sustainable forest management, PT Selaras Abadi Utama applies the principles of production sustainability, ecological sustainability and social sustainability. The implementation of the silviculture system takes into account the characteristics of forest resources, site conditions and species. The site condition of the concession area is peat land, forest management involves building canals with water level regulation and the species chosen is *Acacia crassicarpa*. The Management Unit has complied with regulations related to peatland management. There is an area of Peat Dome Peak of 244.51 ha located in a protected area (Buffer Zone SM Kerumutan).

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

The community around the concession is a local community. There are no customary law communities. Based on the 2023 Social Impact Assessment Report, livelihoods of residents in seven villages assisted by PT Selaras Abadi Utama are dominated by livelihoods as farmers/laborers, namely 83.33%.

The Management Unit has a potential mapping and conflict resolution report document for the second semester of 2022 and has carried out conflict analysis calculations based on P.5/PHPL/UHP/PHPL.1/2/2016 and P.8/2021 with the conflict criteria having a score in the ALERT Category (52% - 68%). The conflict criteria analysis report has been completed with the creation of the Encroachment and Claim Identification Map, Scale 1: 200,000. Based on PT Selaras Abadi Utama Conflict Resolution Efforts Report, the resolution efforts that have been carried out include Identification

of Claim Areas in 2023 and settlements through cooperations. The remaining claims consist of nine claimants. This is a target for future resolution efforts.

PT Selaras Abadi Utama has collaborated with the surrounding community, including livelihood plant and Community with Fire Awareness. Meanwhile, the Management Unit has not made agreement/cooperation agreement document on the use of NTFPs with the community, despite the fact that in the field there is utilization of fish in the canal by local communities.

The company has implemented the CD/CSR program to the surrounding community. There is a letter submitting the 2022 CD report (Annual Report) to the Riau Province Environment and Forestry Service. There is a Minutes of Handover of the CD/CSR Program which was implemented in 2022-2023 including construction of the prayer room in a hamlet, aid of cooking oil, fund for regional event, food aid for the villages, etc. Based on interviews with some village heads, the company had helped the community in social areas as well such as education, health, infrastructure, economy, etc.

#### Description of the Ecological conditions of the concession

PT Selaras Abadi Utama identified and analyzed the important impacts caused by company operations on the environment as stated in the AMDAL, RKL/RPL documents and Environmental Permit Implementation Reports for semester 2 of 2022 and semester 1 of 2023. Considering the entire area of the concession is peatland, the Management Unit has built base camp and canal infrastructure for its operational activities. Periodic maintenance of the canal is carried out, such as dredging sediment, cleaning wood and installing wooden chimneys so that the canal banks do not slide. The infrastructure being built is not in a protected area.

The Management Unit has identified land cover and in the last 1 year, no degraded land or less vegetation has been found other than the area claimed by the community. In harvesting activities, the Management Unit has implemented RIL (Reduce Impact Logging), including marking the boundaries of felled areas with protected areas, the Management Unit has also scattered felled waste into logged-over areas, not burned and avoided exposing land for long periods of time.

The Management Unit has implemented appropriate/measurable steps to protect its work area from damage resulting from forest management operational activities. These steps are:

- Maintain Protected Areas, with steps taken including installation of sign boards; "It is prohibited to enter without permission, encroach, cut down, occupy forest areas illegally, work under the age of 18 is prohibited, burn forests and land, hunt animals, swim in canals and catch fish by poisoning and electrocution."
- Monitoring Soil Fertility, Peat Subsidence, Monitoring Ground Water Levels, Monitoring Pyrite Oxidation, in production areas and protected areas. Apart from that, monitoring of the water discharge and water quality of the Polar River and canals is also carried out.
- Daily patrols are carried out to protect against illegal activities and forest and land fires.

In the management of Hazardous and Toxic Waste (LB3), The Management Unit has TPS LB3 along with permits and has carried out transportation of LB3 and reporting. Other than that, at Base Camp there are also buildings for storing fuel and generators accompanied by waste containers.

Within the Management Unit Area, there are genetic resources of local native species (and their derivatives) that are threatened or protected. For example, in plants, Meranti (*Shorea sp.*), Punak (*Tetramerista glabra*), and pitcher plant (*Nepenthes mirabilis*), etc. While the types of fauna are Sumatran tiger (*Panthera tigris sumatraensis*), bear (*Helarctos malayanus*), slow loris (*Nycticebus coucang*), etc. Based on the results of the fauna inventory in the last one-year period, a key species was found, namely the Sumatran tiger (*Panthera tigris sumatraensis*), which is rare and protected. PT Selaras Abadi Utama has maintained and improved flora and fauna habitat by conducting regular vegetation monitoring, arrange the boundaries of protected areas, and maintain the condition of the protected areas.

The Management Unit does not plant genetically modified (GMO) plant seeds but *Acacia crassicarpa*.

#### Results of the Public Consultation

Before carrying out the Surveillance 1 Audit, PT ACube TIC International conducted public consultations commencing July 7, 2023, asking stakeholders to provide feedback and information about PT Selaras Abadi Utama. The public consultation was uploaded to the PT ACube TIC International website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to parties via e-mail or postal mail, and published in local newspapers. PT ACube TIC International did not receive any input from stakeholders during the public consultations.

The audit team also collected information from the mass media about PT Selaras Abadi Utama, the reported cases being given material consideration as part of the PT ACube TIC International audit process.

The Management Unit has identified all the requirements needed for this certification process, consisting of legal aspects that include compliance with rules and regulations, and international conventions. The management system has been established to cover all activities in the certification field, which is registered for an area of 13,600 hectares.

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

The audit result is two (2) non-conformities in Minor category. The Management Unit have made improvements, and the non-conformities can be closed:

Number	Non-Conformities	Corrective Action Performed	Categories
1	During a visit to the harvesting progress of the wood sorting distribution activity, it was found that the length of the wood was not standard. The chainsaw operator was not using complete PPE (safety shoes, saw cap, face shield) not in accordance with the SOP of Harvesting at Peat Locations.	<ul style="list-style-type: none"> <li>Carrying out measuring stick calibration.</li> <li>Ensure the contractor provides complete PPE.</li> <li>Providing briefings and education regarding the importance of PPE in every job.</li> <li>Ensure that each operator understands the wood size standards by conducting more intense briefings and monitoring of processes and results and always using complete PPE.</li> </ul>	Minor
2	During visit on the progress of harvesting activities, the heavy equipment operators was unable to show SIO (Heavy Equipment Operation License).	<ul style="list-style-type: none"> <li>Submit SIO Training through the PSE Team.</li> <li>SIO training activities have been carried out for the operators.</li> </ul>	Minor

#### Conditions under which the certificate is issued

Certificate is valid until December 13, 2025, 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 close out visit.

# AJA EUROPE

PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE

