

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 hectares

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 09, 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: October 12, 2017

LEAD AUDITOR: Warsito (Auditor Social)

SIGNATURE:

AUDIT TEAM: Priyo Handoko (Auditor Production)

SIGNATURE:

R Sigit Pamungkas (Auditor Ecology)

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Selaras Abadi Utama	Teluk Binjai District, Pelalawan Regency, Riau Province, Indonesia	October 09 to 12, 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	
N/A		



Brief Description of the concession

PT Selaras Abadi Utama is a company engaged in the field of Industrial Timber Plantation and obtained SK IUPHHK based on the Decree of the Regent of Pelalawan Number: 522.21/IUPHHKHT/XII/2002/005 of December 30, 2002 on the Granting of Right to License of Forest Timber Forest Product Utilization to PT Selaras Abadi Utama covering an area of approximately 13,600 ha (gross), approximately 11,690 ha (net) in Pelalawan Regency.

Furthermore, the Minister of Forestry issued a Letter No. S.382 / Menhut-VI/2004 dated 20/09/2004 regarding Provision of Administration Services to PT Nusa Prima Manunggal and PT Selaras Abadi Utama. This letter is the result of verification of the Ministry of Forestry on the Decision of Pelalawan District Number: 522.21/IUPHHKHT/XII/2002/005 dated 30/12/2002. Item 2 Letter of the Minister of Forestry stated that judicially the granting of license by the Bupati Pelalawan has fulfilled the requirements and is in accordance with the prevailing laws and regulations.

RKUPHHK-HTI runs for a period of ten (10) years from 2008 -2017 on behalf of PT Selaras Abadi Utama approved by Decree of Minister of Forestry Number: SK.52/VI-BUHT/2014 dated 24/09/2014.

The Management Unit of PT Selaras Abadi Utama has undertaken the spatial arrangement of the working area of 13,600 ha as follows: Staple Plants Area of 9,173 ha (67.45%); Indigenous Plants Area of 1,360 ha (10.00%), Livelihood Plants Area of 680 ha (5.00%); Protected Areas of 1,922 ha (14.13%); and Infrastructure Area of 465 ha (3.42%).

The geographical location of the concession area lies between 0° 28' to 0° 09' North and 102° 06' to 102° 32' East. Administratively, governance falls under Teluk Meranti Sub-district, Pelalawan District, Pelalawan Regency, Riau Province. PT Selaras Abadi Utama is bordered by the IUPHHK-HTI area of PT Riau Andalan Pulp & Paper Sector Pelalawan, CV. Mutiara Lestari, and IUPHHK-HTI PT Rimba Mutiara Permai, and Production Forest, Converted Production Forest and Kerumutan Wildlife Reserve.

Based on the 1: 100,000 scale topography map, the concession area of PT Selaras Abadi Utama is located at an altitude of between 5 and 150 meters above sea level and is predominantly flat (0-8% slope) in nature. Based on the land unit map and land of Siak Sri Indrapura (0916), 1: 250,000 scale, there are two main groups of soil, i.e. Alluvial group with Tropaquepts soil type, Dystropepts, Troposamments (Au 1.2), and the Peat Dome group with 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 application of the silvicultural system considers the characteristics of forest resources, site conditions and species. The concession area of the tread site is peatland, forest management with treated water from canals, and thus the selected species grown is *Accacia crasicarpa*.

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

Based on AMDAL and RKU documents no indigenous peoples are found within or around the concession area as the Malay ethnic group who form the majority of the population of the villages adjacent to the concession do not have customary rights as required by law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999).

Cooperation between PT Selaras Abadi Utama and cooperative units from the seven villages spread over Pelalawan and Teluk Meranti is documented, under which the cooperatives receive fund compensation for timber harvested from the concession area within the administrative boundaries of each village.

PT Selaras Abadi Utama has procedures for managing conflicts with communities, classifying them under three distinct types (company and individuals, company and communities, and company and other companies). Socialization of the conflict resolution mechanism was conducted on October 9, 2015 in Rangsang Island Village and Kuala Tolam Village, Pelalawan District, through which it was explained that the conflict resolution mechanism must be through the process of deliberation to reach consensus.

Based on the results of identification conducted in March 2016 the land area claimed by the community in the form of rubber and oil palm plantations spread across the seven villages had been reduced from the previous 2,302 ha to an area of 1,921.2 ha. The most extensive land claims are located in Pangkalan Terap Village with an area of 662 ha, Binjai Bay



Village 476 ha and Petodan Village covering 407 ha, the remainder being spread across the villages of Kuala Tolam, Pelalawan, Rangsang and Sungai Ara.

The Management Unit has developed a community-defined land settlement plan (meeting with community leaders and village government, identifying deeper areas of claimed area, reporting to agencies and negotiating with the community), location of land claims in each area, each village, and settlement time frame).

Based on the results of interviews with Teluk Meranti sub-district, there was a demonstration by the Teluk Binjai Village community in Teluk Meranti sub-district on May 18, 2017 regarding the demand for loan payment from the livelihood-plants fee fund that led to conflict with the security. Following several meetings agreement was reached between PT Selaras Abadi Utama and the Binjai Bay community mediated by Pelalawan Resort Police on May 20, 2017. Under this agreement the Teluk Meranti villagers accepted a loan from the fund, payment of which was made on May 22, 2017 in front of Notary H. Riyanto, SH. MKn, and in response they will take no further action or demonstration against the company.

PT Selaras Abadi Utama has been developing the capacity of local communities through the activities of its Community Development (CD) program. Realization of the program in 2017 covered activities in the fields of education, religion, and infrastructure, as well as in the economic field with the provision of irrigation assistance.

Description of the ecological conditions of the concession

The Management Unit of PT Selaras Abadi Utama undertakes activities to minimize negative environmental impacts in accordance with RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documentation, the results of which are reported to the requisite authorities on a periodic basis. Among the impacts monitored are various indicators relating to the health of the soil and the quality of the water.

In addition to the regular inventory and mapping of the flora and fauna as required for biodiversity management within its concession area, PT Selaras Abadi Utama pays specific attention to its protected areas of 1,922 ha (14.13%) consisting of 1,220 ha of riparian area, 297 ha of KPPN, 305 ha of buffer zone, wildlife protection area (DPSL) covering an area of 100 ha.

The Management Unit monitors the use of Hazardous Hazardous Materials (B3) waste by collecting, storing and transporting by a licensed third party in accordance with the regulations. In addition, the Management Unit controls forest fires and land occupation activities by conducting routine patrols and counseling the community. The Management Unit already has adequate facilities and infrastructure necessary to respond to any occurrence of forest and land fires, and monitors potential hotspots. The Management Unit has implemented an integrated pest management program in accordance with its documented procedures. PT Selaras Abadi Utama has identified threats to the health and vitality of forest resources, such as forest fires, illegal logging, wild grazing, forest encroachment, hunting, pests and diseases and weeds. In order to maintain responsible forestry operations, the Management Unit undertakes:

- Socialization to employees and local communities
- Security post checks at point of entry.
- Installation of signboards forbidding cutting down forests, burning forests and clearing land
- Daily patrols
- Creation of an event report or an official report if there are cases of illegal activities
- Report to the appropriate authorities in the event of unauthorized activity.

Results of the Public Consultation

Prior to conducting Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing September 25, 2017 asking 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), sent to related parties via email and / or postal mail, and announced in local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation The audit team has also

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gathered information from the mass media about PT Selaras Abadi Utama, such items being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all necessary requirements for this certification process, comprising legal aspects that include compliance with international rules or conventions. The management system has been built to include all activities in the field of certification, which is registered for an area of 13, 600 ha.

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

The results of Surveillance 2 Audit of PT Selaras Abadi Utama identified one (1) minor non-conformity (NC) as shown below. No critical issues were found.

No	Non-Conformities	Corrective Action Performed	Category
1	The management unit has not performed Medical Check Up (MCU) checks specifically for workers at risk of exposure to chemicals (warehouse officers, poison mixers, and spraying officers) in accordance with the requirements in the prevailing regulations. Clause ref. I. 12.1.	The Management Unit of PT. Selaras Abadi Utama has registered a Medical Check Up (MCU) specific to officers who work with toxic chemicals and spraying officers.	Minor

Conditions under which the certificate is issued

SFM Certificate IFCC PT Selaras Abadi Utama, certificate number: AJA/IFCC-PEFC/FMC-HT/00013/XII/2015 remains valid until 13/10/2018.