

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 in 13,600 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: RECERTIFICATION

AUDIT START DATE: August 6, 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

AUDIT END DATE: August 9, 2018

LEAD AUDITOR: R Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Agung Utama Lubis

SIGNATURE:

Amin Kadani

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Selaras Abadi Utama	Pelalawan District, Pelalawan Regency, Riau Province - Republic of Indonesia	August 6 to 9 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	



Brief Description of the concession

PT Selaras Abadi Utama (SAU) obtained a business license to use timber forest products based on the Decree of the Pelalawan District Head No: SK 522.21/IUPHHKHT/XII/2002/005, date; December 30, 2002 and Minister of Forestry Decree NO: 382/Menhut-VI/2004 dated September 28, 2004 covering an area of 13,600 ha.

There has been no conversion of natural forest to plantation forest since December 31, 2010. So the the scope of IFCC certification is 13,600 ha.

In carrying out sustainable plantation management, PT Selaras Abadi Utama has a RKUPHHK-HTI document for the 10-year period 2018 to 2027, which has been approved by the Decree of the Minister of Environment and Forestry Number: SK. 74 / MenLHK-PHPL / UHP / HPL.1 / 3/2018 Concerning the Approval of the Work Plan for the Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) 2018 - 2027 in the Framework of Improving Peat Governance in PT Selaras Abadi Utama dated 05 March 2018. Spatial planning based on the RKUPHHK-HTI is the Peat Ecosystem Protection Function Area covering an area of 10,505 ha (77%), Staple Plant Area covering 2,400 ha (18%) and Livelihood Plant covering an area of 695 ha (5%). To meet the Livelihood Plant allocation of 20%, the shortage (approx. 15%) will be met from the FLEG area through the utilization of NTFPs.

PT Selaras Abadi Utama is geographically located between 0° 09' 3" North to 0° 28' 6" South and 102° 06' 21" to 102° 32' 55" East. It falls under the governmental administration of Pelalawan District, Teluk Meranti Pelalawan Regency, Riau Province. It is bounded as follows: North of PT Riau Andalan Pulp and Paper (RAPP), South of the Kampar River, West of Kampar River and East of PT Riau Andalan Pulp and Paper (RAPP)

The condition of PT Selaras Abadi Utama area based on topography is flat (0-8%) at a height of 0.5 to 5 meters above sea level with Alluvial Soil Type, Organosol and Gleihumus and a Peat Geological Formation. It is classified as climate type A (Schmith Ferguson) with annual rainfall of 2,731 mm. Taking the foregoing into consideration, the plant species cultivated is *Acacia crassicarpa*.

Based on a Map of 1: 250,000 Scale, Peat Ecosystem Functions issued by the Ministry of Environment and Forestry (Attachment to Minutes No.BA.046 / UHP / RKUPHT / HPL.I / 3/2017 dated 20 March 2017) all work areas of PT Selaras Abadi Utama are peatland, from an area of 13,600 ha overlapping with the designation of a peat ecosystem (KFLEG) protected area covering an area of 10,505 ha (77%). KFLEG area boundary arrangement has been carried out in the field.

Plantation forest operational activities on 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. In the peat area identified as damaged, recovery activities were carried out based on the Ministry of Environment and Forestry Regulation No. P.16 / Menlhk / Setjen / Kum1 / 2/2017 concerning Technical Guidelines for Recovery of Peat Ecosystem Functions. 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.

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

The community living in the vicinity of the PT Selaras Abadi Utama concession is a local community, there being no customary law communities. However, based on interviews with community leaders in Pelalawan Village, in the past the Pelalawan Kingdom had customary land that it controlled, although these were ceded by the kingdom to the government of the Republic of Indonesia after Indonesia became independent.

When PT Selaras Abadi Utama began activities in its concession area, these aspirations re-emerged, and have been

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accommodated by the company by collaborating with the surrounding community. Based on interviews with community leaders, the livelihoods of the residents of Pelalawan Village are in the agriculture and fisheries. In agriculture, people work in the oil palm plantation sector and in the fisheries sector they fisher the Kampar river.

PT Selaras Abadi Utama has made efforts to resolve conflicts between the company and the community. Based on interviews with community leaders, PT Selaras Abadi Utama respects land tenure by local communities and when there are claims of land previously controlled by the local community, collaborative efforts have been made in managing the land. In addition, there is livelihood plant cooperation between the company and the community based on the customs of the local community, which involves profit sharing system in forest management. This livelihood plant program is subject to notarized agreements with seven village cooperatives that give the right to share the crops.

PT Selaras Abadi Utama has implemented Community Development programs in the seven villages around the company. Community Development programs are carried out in support of religious activities, social affairs, as well as implementation of local community ceremonies, and youth assistance.

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 activities, RKL (Environmental Management Plan), RPL (Environmental Monitoring Plan) of PT Selaras Abadi Utama in 2002. An implementation of management and monitoring the environment in each semester is included in the Environmental Permit Implementation Report (RPL/RKL), namely the semester 2 report of 2017 and semester 1 of 2018.

Reduced 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 for soil and water protection is to allocate the area of the peat ecosystem protection function area (KFLEG) covering an area of 10,505 ha (77%) consisting of, River Basin 741 ha, Buffer Zone 305 ha, KPPN (Germplasm Conservation Area) 300 ha, KPSL (Wildlife Conservation Area) 300 ha, Other protected areas 276 ha and Peat Ecosystem Functions 8,583 ha.

Monitoring the negative impacts of forest management activities in the Management Unit concession area is carried out in accordance with the AMDAL, RKL, and RPL Documents of PT Selaras Abadi Utama in 2002. The Management Unit has documented procedures that guide the monitoring of negative impacts due to forest management activities, as well as for controlled use of B3 (Hazardous and Toxic Materials), and for integrated pest and disease management,

The Management Unit conducts biodiversity management activities in regard to identification and inventory of flora & fauna that are protected, endemic, rare and threatened/ endangered. The results of the identification and inventory are reported in the Environmental Permit Implementation Report (Implementation of the second semester of 2017 RKL/RPL and first semester of 2018. The main crops cultivated at PT Selaras Abadi Utama are not genetically modified tree species, but *Acacia cracicarpa*.

PT Selaras Abadi Utama has implemented forest protection measures against fire hazards. By implementing appropriate measures, the Management Unit has documented procedures for forest protection activities, which include the provision of equipment and training improve fire protection capabilities. To minimize disruption caused by human elements, the Management Unit carries out socialization with the local community, erects and maintains notice boards warning against lighting fires, illegal incursion, etc., plus conducts regular security patrols.

Results of the Public Consultation

Before carrying out Recertification Audit, PT AJA Sertifikasi Indonesia held a public consultation commencing July 20, 2018, asking stakeholders to provide feedback and information about PT Selaras Abadi Utama. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via email or postal mail,

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and published in local newspapers. There were no inputs from stakeholders during public consultation.

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 audit process of 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 rules and regulations and conventions. The management system has been built to cover all activities in the field of certification, which are registered for certification covering an area of 13,600 ha.

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

The results of this Recertification Audit identified 2 Minor area of non-conformity(N/C)

No	Non-conformity (N/C)	Corrective Action to be Undertaken	Category
1	The Social, Employment, and Occupational Health and Safety Documents were not yet available. Clause Ref. I.1.12	PT Selaras Abadi Utama has completed the documentary evidence of Social, Employment, Occupational Safety and Health and Organizational Structure of Conflict Resolution.	Minor
2	Supporting evidence was not yet available on the Report on the Implementation of Environmental Permits for the Social, Economic and Cultural Components. Clause Ref. I.10.2	PT Selaras Abadi Utama has completed supporting evidence of the Implementation Report on the Social, Economic and Cultural aspects of the Environmental Permit.	Minor

Conditions under which the certificate is issued

Certificate is valid until 13/12/2021 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.