

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 in Plantation Forest covering an area of 13,600 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: October 24, 2016

AUDIT END DATE: October 27, 2016

LEAD AUDITOR: Warsito

AUDIT TEAM: Utomo

Ardi Prasetyo

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

SIGNATURE:

SIGNATURE:

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	Teluk Binjai District, Pelalawan Regency, Riau Province, Republic of Indonesia	October 24-27 2016
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	

Document: Report Format Public – IFCC

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Date: 15 September 2016



Brief Description of the concession

PT Selaras Abadi Utama is a company engaged in the operation of Industrial Plantation Forest and obtained SK IUPHHK per Pelalawan District Decision Number: 522.21/IUPHHKHT/XII/2002/005 on Granting Permit for Utilization of Timber Forest Plantation PT Selaras Abadi Utama of approximately 13,600 ha (gross), or approximately 11,690 ha (net) in Pelalawan, issued on 30/12/2002. SK IUPHHK HTI was issued by the Pelalawan Regent and subsequently the Minister of Forestry issued Letter No. S.382 / Menhut-VI / 2004 dated 20/09/2004. This letter was the result of the verification of the Decree of the Ministry of Forestry Pelalawan District stating that legally, the permits issued by Pelalawan District had met the requirements referred to in accordance with the legislation in force.

The PT Selaras Abadi Utama Work Plan for Utilization of Industrial Plantation Forests (RKUPHHK-HTI) for the period of 2008 -2017, was approved by the Minister of Forestry Number: SK.52 / VI-BUHT / 2014. The spatial planning of the work area was as follows: Staple Plant Area of 9,173 hectares (67.45%), Seed Plant Area of 1,360 ha (10.00%), Livelihood Plant Area of 680 ha (5.00%), Area Not Suitable For Production of 465 ha (3.42%), and Protected Areas of 1,922 ha (14.13%). There has been no conversion of natural forest to plantation forest since December 31, 2010 and thus all of the concession of 11,670 hectares falls within the scope of the IFCC certification.

The working area of PT Selaras Abadi Utama is geographically located between 0° 09' to 0° 28' North and 102° 06' to 102° 32' East. The concession area falls under the governmental administration of Teluk Binjai, Pelalawan, Riau Province, while it is surrounded by the villages of Kuala Tolam, Pangkalan Terap, Pelalawan, Petodan, Rangsang, Sungai Ara and Teluk Binjai. The working area is bordered by IUPHHK-HTI PT Riau Andalan Pulp & Paper Sector Pelalawan, CV. Mutiara Lestari, and IUPHHK-HTI PT Rimba Mutiara Permai, as well as Production Forest (HP) that can be converted into production forest (HPK) and Wildlife (SM) Kerumutan.

Based on the topographic map of scale 1: 100,000 the concession area is situated at an altitude of 5 to 150 m with a flat topography (slope 0-8%). Based on the map of land units and ground sheets Siak Sri Indrapura (0916), a scale of 1: 250,000, the soil consists of two types, group Alluvial soil type Tropaquepts, Dystropepts, Troposamments (Au, 1.2), and group Domed Peat soil type Troposaprists, Tropohemists, Tropofibriss (D.2.1.2) and Troposaprists, Tropohemists, Tropofibrists (D.2.1.3).

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

There are no human settlements actually within the concession area of PT Selaras Abadi Utama, as the location is surrounded by plantation companies, production forest and Kerumutan Wildlife Protection, while the surrounding rural area is spread over the two sub-districts of Pelalawan (Kuala Tolam, Pelalawan and Sungai Ara villages) and Teluk Meranti (Pangkalan Terap, Rangsang, Petodaan, and Binjai villages). There are no indigenous peoples as defined under the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999) with the inhabitants of the surrounding villages being predominantly native Malay. Their livelihoods largely depend on agriculture (rubber plantations and palm oil), traders, fishermen, civil servants and private employees.

The Management Unit has cooperation agreements with seven (7) village cooperatives, each receiving compensation for timber harvested from a concession bordering the administrative entrance of each village. A



Concerned Citizens Group has also been formed in regard to fire watching (MPA) by the Teluk Meranti villages, which was formed in 2013.

The Management Unit grants access to the local communities in the form of utilization of non-timber forest products (NTFPs) such as rattan and fish in rivers and canals, providing there is no pollution, and traditional tools are used. There are also two contractors from the village of Palalawan who supply water transport activities (boat) and procurement of labor.

The Management Unit's Corporate Social Responsibility (CSR) Programs are targeted at capacity building of local communities. Much of the realization of the 2016 Community Development (CD) program, however, can be classified as charitable in nature in the form of funding of Ramadhan travel and funding for the MTQ at district level, plus provision of sacrificial animals. Of more long-term benefit, meanwhile, were supplies for student learning, assistance with office facilities BPD Sungai Ara, provision of facilities for tournament activities in Palalawan village, and help with irrigation for the farmers' group in Lintas Bono Petondan village.

The Management Unit has in place procedures for the management of conflicts with people who are classified as claimant or opportunist, as well as dividing conflicts into three types (the company with individuals, the company with the community, and the company with other companies). It has socialized the conflict resolution mechanisms conducted in October 2015 in the village of Rangsang and the village of Kuala Tolam, District of Palalawan. During the meeting, it presented the mechanisms of conflict resolution and of the communities who wanted the conflict resolution to go through the process of deliberation, which was agreed by both parties.

Based on identification conducted in March 2016, the area of land claimed by the community was in the form of rubber plantations and oil palm plantations spread over seven (7) villages. The Management Unit has submitted a settlement plan for the land claimed by the community that contains a number of activities: meetings with community leaders and village governments to further identify the area claimed; reporting to the agency and negotiation with the community the location of land claims in each respective village, and the estimated time frame for completion of resolution.

Description of the ecological conditions of the concession

To protect the flora and fauna, PT Selaras Abadi Utama has allocated Protected Areas of 1,922 ha (14.13%), consisting of 1,220 ha of Riparian Area, Region of Germplasm Protection (KPPN) covering an area of 297 ha, Buffer Zone covering an area of 305 ha, and the Regional Wildlife Protection (DPSL) covering an area of 100 ha. Other management activities include monitoring and identification of vegetation and wildlife each semester, as well as enrichment planting of local species. In addition the Management Unit has a documented environmental management plan and environmental monitoring plan, the implementation of which are reported each semester.

The Management Unit monitors the use of Hazardous Substances and the toxic waste (B3), recording its storage and transmission to a third party (transporter) in accordance with the procedures. Moreover, the Management Unit makes efforts to control forest fires and land occupation activities by carrying out routine patrols and outreach to the community. The Management Unit already has adequate facilities and infrastructure in order to counter forest and land fires. In pest management control, the Management Unit has implemented an integrated pest management program in accordance with its documented procedures.

PT Selaras Abadi Utama has already identified the threat to the health and vitality of forest resources, such as forest fires, illegal logging, illegal grazing, encroachment, poaching, pests and diseases and weeds, which it counteracts through:

a. Socialization to employees and local communities

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- b. Examination on entering the area (Security Post) by security personnel
- c. Installation of signboards prohibiting cutting down forest, burning forest and clearing land.
- d. Regular daily patrols
- e. Creating incident report or news event if there are cases of illegal activities,
- f. Reporting to the competent authorities in the event of unauthorized activity.

Forest fires did occur in the second half of 2015 in part of the protected area, allegedly committed by unscrupulous people to open up shrub land in areas adjacent to the concession area of the Management Unit. Results of the field investigations found a domicile in an encroachment area, destruction of which has since been effected to deny future use. The Management Unit made efforts to extinguish the fire, made a report to the police and the local forestry agency, and replanted the acreage with native local species.

Results of the Public Consultation

Prior to carrying out the First Surveillance Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing October 7, 2016, asking stakeholders to provide feedback on PT Selaras Abadi Utama. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email and / or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. As this was the first surveillance audit no agencies responded to the public consultation, so no one except the government contacted the village and the people who were to become the sample (Pangkalan Terap village and Teluk Binjai village).

The audit team also gathered information from the news media about PT Selaras Abadi Utama. Such reported cases are considered to be a material part of the audit process that has been carried out by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with rules and international regulations and conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of 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 the Surveillance 1 Audit of PT Selaras Abadi Utama identified three (3) Minor Non-conformities, which are enumerated below. There were no time-critical issues identified

No	Nonconformities	Corrective Action performed	Category
1	SK IUPHHK HTI PT Selaras Abadi Utama was published on December 30, 2002. Yet the boundaries are not clearly marked in the field. Based on these facts and occupation of land by the community, there is no assurance and certainty of long-term efforts. Clause Ref. I.1.1. and I.4.1.	Work Instructions have been out of BPKH Boundary and PT Selaras Abadi Utama has followed up and coordinated with related parties for the implementation of the boundary on the ground.	Minor
2	Demarcation of the field area was not appropriate for the SOP in one area Clause Ref. I.1.14;	The Management Unit had to revise the SOP and the things that needed to be revised have been implemented in the field	Minor



3	Management Unit has identified a key species in the area, namely hornbill (<i>Aceros corrugatus</i>). But the results of the inventory and identification of animals that has been carried out is not listed in the EIA document. Species in the EIA document is <i>Buceros rhinoceros</i> hornbill. Clause Ref. 7.3.	K3L correcting part of hornbill Latin name is written in the outcome document of identification; it should be <i>Buceros rhinoceros</i> hornbill.	Minor
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Conditions under which the certificate is issued

Certificate is valid until 13/10/2018 provided that PT Selaras Abadi Utama complete all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problem at the next Surveillance visit. If 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.