

Public Report Sustainable Forest Management System

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CLIENT NAME: PT ARARA ABADI

TOTAL HECTARES: 294,915.86

SCOPE OF REGISTRATION: Sustainable Forest Management of 294,915.86 hectares of Plantation Forest in Riau Province

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

AUDIT START DATE: August 28, 2020

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: September 04, 2020

AUDITOR LEAD: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
HO PT Arara Abadi	Pinang Sebatang Village, Tualang District, Siak Regency, Riau Province – Republic of Indonesia	August 28, 2020
Minas District	- Minas District, Sungai Mandau District, Kandis District, Tualang District, and Koto Gasib District, Siak Regency, Riau Province - Republic of Indonesia - Tapung District and Tapung Hilir District, Kampar Regency, Riau Province - Republic of Indonesia - Rumbai Pesisir District, Pekanbaru City, Riau Province - Republic of Indonesia	August 29, 31, 2020
Sebanga District (Duri II)	Pangkalan District, Kuras District, Ukui District and Langgam District, Pelalawan Regency, Riau Province - Republic of Indonesia	September 1 to 2, 2020
Nilo District	Pinggir District, Bengkalis Regency, Riau Province - Republic of Indonesia	September 3 to 4, 2020
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	
Sorek District	Bunut District, Bandar District, Pelalawan District and Kerumutan District, Pelalawan Regency, Riau Province - Republic of Indonesia	

Merawang District	<ul style="list-style-type: none">- Teluk Meranti District, Pelalawan Regency, Riau Province - Republic of Indonesia- Gaung District, Indragiri Hilir Regency, Riau Province - Republic of Indonesia
Melibur District (Duri I)	<ul style="list-style-type: none">- Sungai Mandau District and Siak District, Siak Regency, Riau Province - Republic of Indonesia- Pinggir District, Bengkalis Regency, Riau Province - Republic of Indonesia
Bukit Kapur District (Duri III)	Pinggir District, Bengkalis Regency, Riau Province - Republic of Indonesia
Siak District	Pusako District, Sungai Apit District, Mempura District and Dayun District, Siak Regency, Riau Province - Republic of Indonesia

Brief Description of the concession

PT Arara Abadi work permit was based on PT decree Menhut No.743 / Kpts-II / 1996 dated November 25, 1996, with an area of 299,975 ha. Then, a new decree was issued on October 21, 2013 by the Decree of the Minister of Forestry No. 703 / Menhut-II / 2013 covering an area of 296,262 ha. There was a conversion of 1,346.14 hectares of natural forest to plantation forest after December 31, 2010. Thus, the scope for IFCC certification is an area of 294,915.86 ha. PT Arara Abadi divides the work area into eight (8) Districts, these are District of Minas, Sorek, Siak, Nilo, Melibur (Duri I), Sebanga (Duri II), Bukit Kapur (Duri III), and Merawang. Three sample districts, which were audited in this Surveillance 2 Audit, are District of Minas, Nilo, and Sebanga (Duri III).

The location of the PT Arara Abadi work area based on geographical location and administration:

No.	District	Geography	Administration	Forest Block
1	Minas	00° 34' to 00° 56' North 101° 07' to 101° 42' East	- Siak Regency (District of Minas, Sungai Mandau, Kandis, Tualang, and Koto Gasib) - Kampar Regency (Tapung and Tapung Hilir District) - Kota Pekanbaru (Rumbai Pesisir District)	Siak
2	Sorek	00° 00' to 00° 23' North 101° 58' to 102° 23' East	- Pelalawan Regency (District of Bunut, Bandar Pelalawan and Kerumutan)	Kampar
3	Siak	00° 43' to 01° 09' North 102° 04' to 102° 18' East	- Siak Regency (District of Pusako, Sungai Apit, Mempura and Dayun)	Siak – Rawa
4	Nilo	00° 08' to 00° 16' North 101° 47' to 101° 58' East	- Pelalawan Regency (District of Pangkalan Kura, Ukui and Langgam)	Kampar
5	Melibur (Duri I)	00° 54' to 01° 05' North 101° 37' to 101° 48' East	- Siak Regency (District of Sungai Mandau and Siak) - Bengkalis Regency (District of Pinggir)	Siak Kecil
6	Sebanga (Duri II)	01° 06' to 01° 20' North 101° 17' to 101° 30' East	- Bengkalis Regency (District of Pinggir)	Siak – Siak Kecil
7	Bukit Kapur (Duri III)	01° 25' to 01° 39' North 100° 42' to 101° 31' East	- Bengkalis Regency (District of Bukit Batu) - Rokan Hilir Regency (District of Tanah Putih) - Dumai City (District of Bukit Kapur)	Siak Kecil - Rokan
8	Merawang	00° 06' to 00° 13' North 102° 38' to 102° 54' East	- Pelalawan Regency (District of Teluk Meranti) - Indragiri Hilir Regency (District of Gaung)	Kampar - Kateman

The Management Unit has a RKUPHHK-HTI document that was legalized based on the Decree of the Minister of Environment and Forestry Number: SK.6024 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2020, concerning the Approval of Revised Business Plan for Utilization of Timber Forest Products in Industrial Plantation Forest (RKUPHHK-HTI) for a period of ten (10) years from 2017 to 2026 on behalf of PT Arara Abadi in Riau Province.

The spatial layout of PT Arara Abadi is: Local Protected Areas and Other Protected Areas of 38,889 ha (13.13%), Staple Plant Area of 196,367 ha (66.28%), and Livelihood Plant Area of 61,006 ha (20.59%), for a total of 296,262 ha. The Local Protected Areas and Other Protected Areas of 38,889 ha (13.13%) consists of Buffer Zone of 5,288 ha (1.78%), Germplasm Conservation Area of 846 ha (0.29%), Wildlife Conservation Area of 12,298 ha (4.15%), Riparian Areas of 18,388 ha (6.21%), and Peat Dome Peak of 2,069 ha (0.70%).

The types of production plants developed by the Management Unit are *Acacia mangium*, *Acacia crassicarpa*, and *Eucalyptus* sp.

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

PT Arara Abadi Management Unit has conducted an environmental study (AMDAL), based on which land ownership status is divided into two types: ownership rights and customary rights. Customary land is basically state land that has been cultivated by the community from generation to generation so that they determine the ownership of the land. Meanwhile, property rights are marked by the existence of legality from the government through registration and the issuance of certificates. Customary rights are not registered by the government, but are recognized by certain communities in the region and are orally passed down from generation to generation. In this area customary rights are, in fact, recognized like property rights. Accordingly, grasslands and scrub belonged to custom and were used for their shifting cultivation or livestock grazing.

In addition, the Management Unit of PT Arara Abadi has prepared a Social Impact Assessment (SIA) document that was carried out in 2017 by discussing the social conditions (community livelihoods, health, education, environment) of the communities around the concession and analyzing the social impacts of activities. and the company's presence in the communities around the PT Arara Abadi concession area.

There are cooperation agreements with the local community on forest management in the form of cooperation on livelihood plants, the Desa Makmur Peduli Api (DMPA) and the formation of the Community of Fire Awareness (MPA). The cooperation agreement on livelihood plants is in the form of allocating land from the concession, either managed by the community, or in the form of cooperation with staple crops (Eucalyptus and Acacia) managed by the company. At the time of the remote audit, there were additional livelihood plant collaborations in several districts that were signed at the end of 2019 and in 2020.

PT Arara Abadi's 2020 Operational Plan (RO) document is available regarding the empowerment of the village communities. Based on the RO and the report on the realization of the CD-CSR program for 2020 until July, 40% of that budgeted had been realized from the predetermined plan for activities, covering religious, people's economy, infrastructure, partnerships, education, and socio-cultural activities. The lower than normal realization of the CD-CSR program was due to the Covid-19 outbreak.

The Management Unit has a conflict resolution procedure that explains the work steps for resolving land conflicts that occur within the concession. Based on the mapping report and conflict resolution reported to the Riau Province Forestry and Environment Agency, the amount of land still controlled by the community remains the same as for the previous year, which is spread across the eight (8) districts with indicative maps of land claims for each district.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities with significant impacts and carried out an environmental impact assessment. The impact parameters that are managed and monitored include logging, planting and maintenance of plants and harvesting. Assessment, management plan and environmental monitoring of the impact of PT Arara Abadi activities are implemented in environmental assessment activities, monitoring and impact evaluation in semester I and II of 2019 in the Environmental Permit Implementation Report (Environmental Management and Monitoring) and annually in the biodiversity study monitoring report.

The Management Unit has established and implements Reduced Impact Logging (RIL) to minimize negative impacts from forest operation. The Management Unit also has a documented procedure related to RIL by referring to national guidelines and considering ecosystem types, namely dryland and wetland.

The efforts performed for soil and water conservation are:

- Maintain an open space area so that it is not less than 50%, so that infiltration water is always unimpeded.
- Greening in the office yard and open areas including fruit trees, ornamental plants and forest trees. Apart from increasing infiltration through stemflow, reforestation can also control the microclimate, especially temperature and humidity.
- Planting certain species of grasses on cliff roads in Tapung district in an effort to control erosion, although it does not have a dense canopy, the plant provide a root system that spreads effectively.

PT. Arara Abadi has identified and made an inventory of protected, endemic, rare and threatened / endangered flora and fauna in its concession area. The results of the identification and inventory can be found in the Environmental Permit Implementation Report (Environmental Management and Monitoring) of PT. Arara Abadi Semesters 1 and 2 of 2018.

Prevention of land and forest fires within concessions is carried out by maintaining the water level so that the topsoil moisture can always be maintained. Efforts that have been made are the construction of a weir or dam that functions to maintain the water table in each zone. Some of the other preventive efforts carried out are conducting socialization to the workers and community and perform the early detection system activities.

Results of the Public Consultation

Prior to undertaking the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing July 20, 2020, which asked stakeholders to provide feedback and information on PT. Arara Abadi. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (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 Arara Abadi, such reported cases being given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

PT Arara Abadi 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, which is registered for an area of 294,915.86 ha.

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 Surveillance 2 Audit of PT Arara Abadi, one (1) Minor Non-Conformity (NC) was identified by the audit team. No critical issues were identified.

Number	Non-Conformities	Corrective Action Performed	Category
1	Some of the chain saw operators have not used chap saws but rubber shoes. This is not in accordance with the PPE procedures. Indicator: I.12.4	<ul style="list-style-type: none"> - Periodic outreach to contractors about the obligation to use PPE in accordance with procedures. - The contractor makes a commitment letter to provide PPE according to the procedure for their workers, - Ensure that the implementation of PPE is consistent, as proven by the results of field inspections. 	Minor

Conditions under which the certificate is issued

Certificate is valid until (June 03, 2021), provided that PT Arara Abadi 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 Recertification visit. If the non-conformities are not closed at the next Recertification, the certificate will be suspended until such time as AJA is able to perform a closeout visit.