

# Public Report Sustainable Forest Management System

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CLIENT NAME: PT ARARA ABADI

TOTAL HECTARES: 294,915.86 ha

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: Additional Surveillance due to Covid-19 Pandemic (REMOTE)

AUDIT START DATE: March 01, 2021

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: March 08, 2021

AUDITOR LEAD: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

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	March 01, 2021
Siak District	Pusako District, Sungai Apit District, Mempura District and Dayun District), Siak Regency, Riau Province - Republic of Indonesia	March 02 to 03, 2021
Bukit Kapur District (Duri III)	Pinggir District, Bengkalis Regency, Riau Province - Republic of Indonesia	March 04 to 05, 2021
Melibur District (Duri I)	- Sungai Mandau District and Siak District, Siak Regency, Riau Province – Republic of Indonesia - Pinggir District, Bengkalis Regency, Riau Province - Republic of Indonesia	March 06 to 08, 2021
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	- Teluk Meranti District, Pelalawan Regency, Riau Province - Indonesia - Gaung District, Indragiri Hilir Regency, Riau Province – Republic of Indonesia	
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
Sebanga District (Duri II)	Pangkalan District, Kuras District, Ukui District and Langgam District, Pelalawan District, Riau Province - Republic of Indonesia
Nilo District	Pinggir District, Bengkalis Regency, Riau Province - Republic of Indonesia

#### Brief Description of the concession

PT Arara Abadi received the first concession permit based on a Decree of Minister of Forestry No.743/Kpts-II/1996 dated November 25, 1996, for an area of 299,975 ha. The latest decree they received was Decree of Minister of Forestry No. 703/Menhut-II/2013 dated October 21, 2013, for an area of 296,262 ha.

The geographic and administrative location of PT Arara Abadi work area:

No.	District	Geography	Administration	Forest Block
1	Minas	00° 34' to 00° 56' North 101° 07' to 101° 42' East	<ul style="list-style-type: none"> <li>- Siak Regency (District of Minas, Sungai Mandau, Kandis, Tualang, and Koto Gasib)</li> <li>- Kampar Regency (Tapung and Tapung Hilir District)</li> <li>- Kota Pekanbaru (Rumbai Pesisir District)</li> </ul>	Siak
2	Sorek	00° 00' to 00° 23' North 101° 58' to 102° 23' East	<ul style="list-style-type: none"> <li>- Pelalawan Regency (District of Bunut, Bandar Pelalawan and Kerumutan)</li> </ul>	Kampar
3	Siak	00° 43' to 01° 09' North 102° 04' to 102° 18' East	<ul style="list-style-type: none"> <li>- Siak Regency (District of Pusako, Sungai Apit, Mempura and Dayun)</li> </ul>	Siak – Rawa
4	Nilo	00° 08' to 00° 16' North 101° 47' to 101° 58' East	<ul style="list-style-type: none"> <li>- Pelalawan Regency (District of Pangkalan Kura, Ukui and Langgam)</li> </ul>	Kampar
5	Melibur (Duri I)	00° 54' to 01° 05' North 101° 37' to 101° 48' East	<ul style="list-style-type: none"> <li>- Siak Regency (District of Sungai Mandau and Siak)</li> <li>- Bengkalis Regency (District of Pinggir)</li> </ul>	Siak Kecil
6	Sebanga (Duri II)	01° 06' to 01° 20' North 101° 17' to 101° 30' East	<ul style="list-style-type: none"> <li>- Bengkalis Regency (District of Pinggir)</li> </ul>	Siak – Siak Kecil
7	Bukit Kapur (Duri III)	01° 25' to 01° 39' North 100° 42' to 101° 31' East	<ul style="list-style-type: none"> <li>- Bengkalis Regency (District of Bukit Batu)</li> <li>- Rokan Hilir Regency (District of Tanah Putih)</li> <li>- Dumai City (District of Bukit Kapur)</li> </ul>	Siak Kecil - Rokan
8	Merawang	00° 06' to 00° 13' North 102° 38' to 102° 54' East	<ul style="list-style-type: none"> <li>- Pelalawan Regency (District of Teluk Meranti)</li> <li>- Indragiri Hilir Regency (District of Gaung)</li> </ul>	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, 2019, concerning the

Approval of Revised Business Plan for Utilization of Timber Forest Products in Industrial Plantation Forest (RKUPHHK-HTI) for the period of 10-years from 2017 to 2026 on behalf of PT Arara Abadi in Riau Province.

The Management Unit has carried out the spatial arrangement of its working areas, which are divided into Local Protected Areas and Other Protected Areas of 38,889 ha (13.13%), Staple Plants Area of 196,367 ha (66.28%), and Livelihood Plants Area of 61,006 ha (20.59%), for a total area of 296,262 ha (100%)

There was a conversion of 1,346.14 hectares of natural forest to plantation forest after December 31, 2010, thus the area for IFCC certification is 294,915.86 ha. The Management Unit has made a commitment not to convert forests. The types of production plants being developed are *Acacia mangium*, *Acacia crassicarpa*, *Eucalyptus pellita*.

Based on the Government Regulation No. 71 of 2014 in conjunction with Government Regulation Number 57 of 2016 concerning Protection and Management of Peat Ecosystem Functions, PT. Arara Abadi has prepared a Peat Ecosystem Restoration Document with Decree of the Director General of Pollution and Environmental Damage Control Number: SK.16/PPKL/PKG/PKL.0/1/2018 dated January 2, 2018, which arranges the Plan for Peatland Ecosystem Restoration and Establishment of Manual Groundwater Leveling Points, Installation Points for Advance Height Measuring Devices Automatic Groundwater, as well as Rainfall Monitoring Station Point of PT. Arara Abadi. According to the RKUPHHK-HTI Document, based on the Peat Ecosystem Function for the 2017 to 2026 and RKUPHHK-HTI Adjustment Document for the 2017 to 2026 Years of Activity, 2018 to 2019 in accordance with the Decree of the Minister of Environment and Forestry Number: SK.7847/MenLHK-PHPL/UHP/HPL.1/10/2018 dated October 30, 2018. The peat management is also referenced to the Minister of Environment and Forestry Regulation Number P.10/MenLHK/Setjen/Kum.1/2/2019 concerning the Determination and Management of Peat Dome Peak Based on the Peat Hydrological Unit.

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

PT Arara Abadi has 31 assisted villages in the three sample districts for this audit. The 31 villages are divided between 11 districts and 5 regencies. The number of villages sampled for this audit is 9 villages, 30% of the villages to verify the fulfillment of the rights of the surrounding community. In addition, there were three employees from three contractor partners who were interviewed to verify the fulfillment of workers' rights.

There are no indigenous peoples around the PT Arara Abadi concession. There is an official report on the position of the location of the customary forest and traditional houses of Sakai, but the customary forest of the Sakai Kesumbo Ampai community is located outside the PT Arara Abadi concession.

PT Arara Abadi has made conflict resolution efforts with the surrounding community, evidenced with the Indicative Claim Map of PT Arara Abadi, Melibur District (Duri I) Scale 1: 120,000, Bukit Kapur District (Duri III) Scale 1: 100,000, Siak District, Scale 1: 150,000. The Management Unit has an Organizational Structure for Land Conflict Resolution in the Melibur District and has report of Potential Mapping and Conflict Resolution Semester II for 2020 that has been assigned to the Riau Province Environment and Forestry Service. There is an Official Report on the Settlement of Land Problems for the Community, January 18, 2021.

Based on community cooperation data in 2021, the total area of the cooperation is 17,365.33 hectares. Cooperation commodities consist of staple crops in the form of production sharing, livelihood plant, sialang honey, rubber plantations, horticultural or secondary crops and Community of Fire Awareness group with the village community. There is also some cooperation with local contractor partner companies.

PT Arara Abadi has implemented corporate social responsibility programs to the surrounding community. These are in the section of education (covering educational facilities assistance, scholarships, student field practice, educational assistance); increasing community participation including activities (watering roads, cooperating with truck operations, empowering local workers, cooperatives, living plants, developing rubber plantations); improving the community's

economy including activities (farming, fishery, animal husbandry, entrepreneurship, skills); socio-cultural activities include (health services, community social services, donations for orphans, youth); religion includes (assistance for religious equipment, assistance for sacrificial animals, religious lectures, waqf al qur'an, fuel for mosque lighting); infrastructure includes (construction and repair of roads, construction of village infrastructure, lighting for residents' houses). The Management Unit has made the Community Development Program Plan for 2021.

#### Description of the ecological conditions of the concession

The Management Unit has carried out management of forest ecosystem and hydrological functions in this additional surveillance audit. The districts sampled were Duri I, Siak and Duri III, namely through the following activities:

- PT Arara Abadi has an AMDAL document that has been approved by the Central AMDAL commission of the Ministry of Forestry No. 142/DJ-VI/AMDAL/96 dated July 19, 1996 in accordance with the Revised RKUPHHK-HTI for period of 2017 to 2026
- The Reduced Impact Logging activity is carried out in stages: before harvesting activities (pre-harvesting), during harvesting operations, after logging activities (post-harvesting)
- Identification of areas that function for land and water protection are designated as protected areas. The Management Unit has divided its protection area into Local Protected Areas and Other Protected Areas, consisting of: Buffer Zone of 5,288 ha (1.78%), Germplasm Protection Area (KPPN) of 846 ha (0.29%), Wildlife Conservation Area (KPSL) of 12,298 ha (4.15%), Riparian Zones of 18,388 ha (6.21%), and Peat Dome Peak of 2,069 ha (0.70%)
- Monitoring of negative impacts of forest management activities is carried out in accordance with documented procedures that serve as guidelines for monitoring negative impacts, such as Monitoring Protected Areas, Monitoring of Discharge and Water Quality and Monitoring of Subsidence and TMAT.

The Management Unit has carried out Biodiversity Management activities through the identification and inventory of protected, endemic, rare and threatened / endangered flora & fauna in concession areas. The results of the identification and inventory can be found in: AMDAL document RKL RPL 1996, the Revised RKUPHHK 2017 to 2026 and RKL / RPL Semester Reports. There is a distribution map of protected flora and fauna. However, while the key protected and threatened / endangered are identified, along with their habitat and migration patterns, there are no key species in the area.

The staple plant species cultivated are not genetically modified tree species, being *Eucalyptus pellita*, *Acacia crassicaarpa* and *Acacia mangium*.

The Management Unit carries out Forest Protection activities, be they from natural or human causes.

- Has a documented procedure to prevent and manage pest attacks, utilizing mechanical, natural or pesticide measures as deemed suitable.
- Besides the Integrated Pest and Disease Management procedure, there are
- documented procedures for Weed Control, Handling Spills of Fuel, Lubricants and Chemicals and for the Management of Hazardous and Toxic Waste (B3).
- Implementation of forest protection against fire hazards that involves the local community. In the work areas no livestock grazing activities by the local community are permitted. The implementation of forest protection activities is performed in an appropriate manner.

#### Results of the Public Consultation

Prior to undertaking the Additional Surveillance Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing February 11, 2021, 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](http://www.ajaindonesia.com)), sent to related parties via email or postal mail, and announced in local newspapers.



PT AJA Sertifikasi Indonesia received input from a stakeholder during the public consultation. The issues raised were verified during the audit, the inputs are about CD/CSR and participation of the company for the community and considered as positive. The suggestions and inputs from the stakeholder has been passed on to the Management Unit and considered as part of the PT AJA Sertifikasi Indonesia audit process.

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 the Additional Surveillance Audit of PT Arara Abadi, no Non-Conformities (NC) of either a Minor or Major category were identified by the audit team. No critical issues were identified

#### **Conditions under which the certificate is issued**

Certificate is valid until June 03, 2022, provided that PT Arara Abadi does not have major 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.