

Public Report Sustainable Forest Management System

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AJA EUROPE

PUBLIC AUDIT REPORT - SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: PT. ARARA ABADI

TOTAL HECTARES: 294,915.86

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2nd

AUDIT START DATE: APRIL 17, 2017

AUDIT END DATE: APRIL 22, 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

LEAD AUDITOR: ABDULLAH MUJAHID

SIGNATURE:

AUDIT TEAM: ONIRANTO ADI FAJARI

SIGNATURE:

AMIEN KADENI

SIGNATURE:

I WAYAN SUDI ANTARA

SIGNATURE:

WARSITO

SIGNATURE:

AGUNG UTAMA LUBIS

SIGNATURE:

MAJOR CARS: -

MINOR CARS: 4

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Berbari District	Siak Regency, Riau	April 17-19, 2017
Merawang District	Pelalawan Regency, Riau	April 17-19, 2017
Rasau Kuning District	Siak Regency, Riau	April 20-21, 2017
Nilo District	Pelalawan Regency, Riau	April 20-21, 2017
Head Office PT Arara Abadi	Tualang District, Siak Regency	April 22, 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	
Tapung District	Kampar Regency, Riau	
Gelombang District	Siak Regency, Riau	
Bukit Kapur District	Bengkalis, Dumai & Rokan Hilir Regency, Riau	
Sebanga District	Bengkalis Regency, Riau	
Pusaka District	Siak Regency, Riau	
Sorek- Malako District	Pelalawan Regency, Riau	
Melibur District	Siak & Bengkalis Regency, Riau	



Brief Description of the concession

PT Arara Abadi obtained its forest management permit based on Forestry Minister's Decree No. 743/Kpts-II/1996 dated November 25, 1996 for an area of 299,975 ha. Meanwhile, based on the addendum to the Decree of the Minister of Forestry No. 703/Menhut-II/2013 dated November 25, 2013 for an area of 296,262 ha.

Based on the revised RKUPHHK-HT document for the 10-year period of 2011-2020 (Decree of the Minister of Environment and Forestry No. SK 2062/MenLHK-PHPL/UHP/ HPL.1 / 5/2016 dated May 9, 2016) the spatial plan for the work area of PT Arara Abadi is: protected area of 36,820 ha (12.43%), staple plant area of 188,476 ha (63.62%), main infrastructure facilities of 9,960 ha (3.36%), livelihood plants 59,786 ha (20.18%) and livelihood plant infrastructure of 1,220 ha (0.41%). The total area for spatial planning is based on the Decree of the Minister of Forestry No. 703 / Menhut-II / 2013 dated 25 November 2013 for an area of 296,262 ha.

From this work area, PT Arara Abadi has converted 1,346.14 ha of natural forest to plantation after 31 December 2010, and thus the area is not registered for IFCC certification, so the area registered for IFCC certification is 294,915.86 hectares.

PT Arara Abadi plantation management covers 11 districts, namely: Tapung District (in Kampar Regency), Gelombang District (Siak Regency), Bukit Kapur District (Bengkalis, Dumai & Rokan Hilir Regency), Sebanga District (Bengkalis Regency), Rasau Kuning District (in Siak Regency), Berbari District (in Siak Regency), Nilo District (in Pelalawan Regency), Merawang District (in Pelalawan Regency), Pusaka District (in Siak Regency), Sorek Malako District (in Pelalawan Regency), Melibur District (in Siak & Bengkalis Regency).

Under the second surveillance audit of PT Arara Abadi, the districts visited were Berbari, Rasau Kuning, Merawang and Nilo districts. District Boundary of the Berbari District is adjacent to Buton Industrial Area, southern boundary adjacent to Zamrud National Park in the east, Sungai Rawa in the east, PTPN V and community gardens. Rasau Kuning District is adjacent to Mandau River in the north, PT Cevron in the south, PT Riau Andalan Lestari in the east, and PT Ivomas (Sawit Plantation) in the west. The district of Merawang in the north and west borders Kampar River, while south and east borders PT Satria Perkasa Agung. Nilo is adjacent to PT Rimba Mutiara in the north, PT RAPP in the south, PT Musim Mas (Sawit Plantation) in the east, and PT Siak Raya in the west.

Berbari, Merawang and Nilo districts have a wetland type ecosystem (peat land) and management of the area is closely related to 'Water Management', with it having a flat topography and organosol soil type. Rasau Kuning District, meanwhile, is based on land type consisting of mineral / dryland area of 10,880 ha and wetland of 14,411 ha.

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

The individual site areas are bordered by a number of local communities, which include the following: PT Arara Abadi Bebari District – villages of Sungai Berbari in Pusako District and Teluk Mesjid in Sungai Api Sub-district; Rasau Kuning District – villages of Pinang Sebatang Timur and Pinang Sebatang Barat in Tualang Sub-district; Merawang District – village of Pulau Muda in Teluk Meranti Sub-district; Nilo District – villages of Pankalan Gondai in Langgam Sub-district and Kesuma in Pangkalan Kuras Sub-district. Data indicates that the majority of these work in the fields of agriculture and fisheries.

The management unit of PT. Arara Abadi has a documented procedure to resolve land conflicts that occur in the concession. Process steps are as follows: Mapping of land conflicts; Compilation of conflict resolution work plan and conflict resolution cost budgeting plan; Implementation of compilation of conflict resolution work plan; Monitoring and evaluation of land conflict resolution, and; Reporting of land conflict resolution. PT Arara Abadi District has made efforts to resolve conflicts between the company and the community and a conflict mapping report exists along with conflict resolution efforts, while each land settlement is recorded with a letter of agreement between the community and the Management Unit.



PT Arara Abadi has entered into a series of agreements with the various local communities to undertake cooperative forest management activities. These include agreements for the development of livelihood plant crops with village representatives signed by the Management Units of the Berbari, Rasau Kuning, Merawang and Nilo District operations. These agreements cover a variety of livelihood plants, fisheries and and beekeeping activities.

PT Arara Abadi has provided a wide range of support for capacity building of the local communities in its area. This has taken the form of infrastructure improvement through the like of village road repairs and assistance with the construction of religious and educational facilities, as well as ensuring their continued operation through help with the provision of both staff and supplies and in defraying running costs such as teachers' salaries, etc. Improvements in livelihood have also been targeted with assistance on a range of crop products, as well as well fertilizer provision, plus also in fisheries operations. There has also been selective support for the funding of new business activities. All this, of course, is in addition to the other corporate social responsibility programs that PT Arara Abadi supports.

Description of the Ecological conditions of the concession

In environmental management, PT Arara Abadi has identified the forest management activities that have significant impacts and conducted an environmental impact assessment. The impact parameters are managed and monitored, i.e. in the construction stage of opening the forest area for operation, the parameters affected include land subsidence, fire hazards, hydrology and water quality, and wildlife habitat. For land preparation activities, the parameters affected are the physical properties of soil, chemical properties, soil degradation, fire hazards, protected species and wildlife habitat changes. Meanwhile, parameters affecting planting activities include soil chemical properties, along with pests and plant diseases.

The Management Unit shows its responsibility for environmental management through the Environmental Management Plan (RKL) and the Environmental Monitoring Plan (RPL) to minimize negative impacts and improve environmental quality in the work area, with the documentation being reported to the Regional Environmental Agency (BLHD) each semester. In so doing, the Management Unit conducts the following activities: monitoring of protected areas; monitoring of soil erosion and quality; monitoring of water discharge and quality; management of hazardous and toxic wastes (B3), and; management and monitoring of protected wildlife and flora.

Results of the Public Consultation

Prior to carrying out Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing March 29, 2017, asking stakeholders to provide feedback and information about PT. Arara Abadi. 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.

During the public consultation, inputs were received on the impacts of the loaded trucks of PT Arara Abadi on the roads they traverse and the company's lack of response in the prompt repair of these roads; comments were also received about the neighborhood CSR and the livelihood plant programs. The audit team met with the village heads, customary leaders and related communities to conduct field validation. The results of such validation have been incorporated into the report.

The audit team also gathered information from the mass media about PT Arara Abadi, such information being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

PT Arara Abadi has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with regulations and international rules or 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 294,915.86 ha.

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

The results of the Surveillance 2 Audit of PT. Arara Abadi revealed four (4) Minor Non-Conformities, as follows:

NO	Non-conformities	Corrective Action performed	Category
1.	<p>Excavator operator did not have SIO (operator's license). Verification made on the cutting plot.</p> <p>The contractor keeps used oil from heavy equipment during harvesting activities in a special location on camp. After reaching a certain volume it is shipped by his own vehicle to the office in Pekanbaru.</p> <p>Clause Ref. I.1.13.</p>	<p>- Management Unit to conduct regular follow-up on the management of SIO in related institutions in accordance with the applicable regulations.</p> <p>- Management Unit has added clauses regarding the handling of B3 waste generated by the contractor in the work contract, in accordance with the outcome of negotiations between the FME and the contractor regarding the costs incurred for the handling of B3 waste</p>	Minor
2.	<p>Protected Areas in Merawang District according to the 2013 RKU revision is 8,443 ha. It was revised in 2016 to 3,210.9 ha. The protected area has been transformed into livelihood plants area. Based on the land cover map, the area of livelihood plants is still partly vegetated forest.</p> <p>Clause Ref. I.2.2.</p>	<p>Management Unit carries out the management of the plantation area according to the environmental management plan set forth in the applicable Management Plan document and ensures the plantation area is not converted</p>	Minor
3.	<p>In the execution of weeding 2 activities in the Rasau Kuning District, there is a risk of chemical spills to the soil in the transfer of poisonous herbicide from Jiregen into measuring glass and / or Knapsack Sprayer.</p> <p>Clause Ref. I.3.2</p>	<p>Management Unit has conducted socialization activities on the use of PPE for spray, chemicals management, as well as the use of secondary containment in the mixing of herbicide material in the field, such as Minutes of April 26, 2017 and April 28, 2017.</p>	Minor
4.	<p>Based on a review of land cover map of protected area in 2016, 73% of DPSL in Nilo District is non-forest area. However, there is no evidence of the non-forest area having been improved as a protected flora / fauna habitat. Nilo District protected wildlife includes tiger, elephant and sun bear.</p> <p>Clause Ref. I.7.2</p>	<p>Management Unit creates a report on the identification of protected areas, making it easier to make annual rehabilitation plans</p>	Minor

Conditions under which the certificate is issued

SFM Certificate IFCC PT Arara Abadi, certificate number: AJA/IFCC-PEFC/FMC-HT/00006/VI/2015 remains valid until 04/06/2018