

Public Report Sustainable Forest Management System

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CLIENT NAME: PT SELARAS ABADI UTAMA

TOTAL HECTARES: 13,600

SCOPE OF REGISTRATION: Sustainable Forest Management of 13,600 hectares of Plantation Forest in Riau Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: August 12, 2022

AUDIT END DATE: August 15, 2022

LEAD AUDITOR: Andri Wibisono

AUDIT TEAM: Abdullah Mujahid

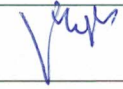


Agung Utama Lubis

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:
Head Office	Jl. Sei Duku No. 333, Kelurahan Tanjung Rhu, Kecamatan Lima Puluh, Pekanbaru 28143, Riau Province, Indonesia	August 12, 2022
Site	Kecamatan Teluk Binjai, Kabupaten Pelalawan, Propinsi Riau, Indonesia	August 13 to 15, 2022
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 received an IUPHHK-HTI based on the Decree of the Regent of Pelalawan Number 522.21/IUPHHKHT/XII/2002/005 concerning the Granting of a Business Permit for the Utilization of Timber Forest Products from Plantation Forests to PT Selaras Abadi Utama of approximately 13,600 Ha (gross) or approximately 11,690 Ha (netto) in Pelalawan Regency, determined on December 30, 2002. Against the IUPHHK-HTI permit issued by the Regent of Pelalawan, the Minister of Forestry on September 20, 2004 issued Letter No. S.382/Menhut-VI/2004 regarding the Provision of Administrative Services to PT Selaras Abadi Utama.

- a) This letter is the result of the verification of the Ministry of Forestry against the Decree of the Regent of Pelalawan Number: 522.21/IUPHHKHT/XII/2002/005 dated 30/12/2002.
- b) Point 2 of the Letter of the Minister of Forestry states that legally the issuance of the permit by the Pelalawan Regent has fulfilled the requirements and is in accordance with the applicable laws and regulations.

Recently, PT Selaras Abadi Utama received a Decree from the Minister of Environment and Forestry of the Republic of Indonesia Number SK.1122/MENLHK/SETJEN/HPL.0/11/2021 dated November 17, 2021, regarding the amendments to the Decree of the Regent of Pelalawan Number 522.21/IUPHHKHT/XII/ 2002/05. There is a change in the IUPHHK-HT nomenclature to PBPH (Forest Utilization Permit – Article 1).

The current RKUPHHK-HTI of the Management Unit applies for a period of 10 (ten) years of 2017 to 2026 on behalf of PT Selaras Abadi Utama is approved based on Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.6082/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 19, 2019. Based on the current RKUPHHK-HTI, the spatial layout of the working area is consisting of Local Protection Area and Other Protected Areas of 1,922 ha (14.13%), Staple Plant area of 8,958 ha (65.87%) and Livelihood Plant area of 2,720 ha (20.00%).

The geographical location of the concession area is at 0° 28' to 0° 09' North and 102° 06' to 102° 32' East. Administratively, it is located in Pelalawan District and Teluk Meranti District, Pelalawan Regency, Riau Province. Based on a topographic map with a scale of 1: 100,000, it shows that the concession area of PT Selaras Abadi Utama is located at an altitude ranging from 5 to 150 m with the overall topography is flat (slope 0-8%). Based on the map of land units and soil sheets of Siak Sri Indrapura (0916), scale 1: 250,000, the soil type consists of two groups, namely the Alluvial group consists of Tropaquepts, Dystropepts, Troposamments, and Peat Dome group consists of Troposaprits, Tropohemists, Tropofibrists (D.2.1.2) and Troposaprits, Tropohemists, Tropofibrists (D.2.1.3). According to its soil type, the species of plant being developed is *Acacia crassicarpa*.

The Management Unit has complied with regulations related to peatland management. PT Selaras Abadi Utama has carried out:

- Revision of RKUPHHK in order to improve peat governance based on Decree of the Minister of Environment and Forestry of the Republic of Indonesia NoSK.974/MenLHK-PHPL/UHP/HPL.1/3/2018 dated March 5, 2018, and Number SK 6082/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019,
- Compilation of Reports on the Implementation of Peat Ecosystem Restoration and Forest and Land Fire Control based on the Decree of the Director General of Pollution and Environmental Damage Control SK.100/PPKL/PKG/PKL.0/9/2018 dated September 21, 2018,
- Adjustments for one-year activities based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia NumberSK.8511/MenLHK-PHPL/UHP/HPL.1/12/2018 dated December 10, 2018,
- Identification of Peat Dome Peak area of 244.51 ha located in a protected area (SM Kerumutan Buffer Zone).

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

The communities around the concession are local people. There are no indigenous people. Livelihoods of the surrounding community is dominated in agriculture. The rest are craftsman, trader, labour, PNS/TNI/Police, etc. PT Selaras Abadi Utama has made efforts to resolve conflicts with the surrounding community. There is a Report on Potential Mapping and Conflict Resolution for Semester II 2021 at PT Selaras Abadi Utama. Based on the Report, the potential conflict status is very critical. Meanwhile, the resolution efforts that have been carried out are in the identification stage of claim areas including name of claimer, status of land tenure, evidence of land tenure (Conflict Resolution Efforts Report of PT Selaras Abadi Utama).

PT Selaras Abadi Utama has collaborated with the surrounding community in livelihood plant. PT Selaras Abadi Utama has collaborated with the local community represented by the community cooperative. There are seven cooperative units that have collaborated since 2003 with an agreement period of 42 years. The last provision of the livelihood plant fee was carried out in 2019.

The Management Unit has implemented a corporate social responsibility program to the surrounding community. According to the Community Development Activity Report of January to December 2021, the activities that have been carried out include computers and printers for village offices and school, fire pump machine, sports equipment, and building materials.

PT Selaras Abadi Utama has provided access for the community to utilize non-timber forest product. The non-timber forest product available are fish in the canals and honey. According to the Integrated Conservation Management for Non-Timber Forest Products Report of January to July 2022, the amount of the use of non-timber forest products is only sufficient for the subsistence needs of the community, not used for commercial needs.

Description of the Ecological conditions of the concession

The Management Unit has carried out forest ecosystem and hydrological function management through the following activities:

- Identification of forest management activities that have significant impacts, and carry out environmental impact assessments through Environmental Impact Assessment (AMDAL) document, 2002,
- Environmental management and monitoring every semester which is presented in the Environmental Permit Implementation Report (RPL/RKL),
- Implementation of Reduced Impact Logging before, during, and after harvesting activities,
- Identification of areas that function for soil and water protection are and allocate the area to be Local Protected Areas and Other Protected Areas of 1,922 ha (14.1%) consisting of River Borders of 741 ha (5.45%), KPPN of 300 ha (2.205%), KPSL of 300 ha (2.205%), Buffer Zone SM Kerumutan of 305 ha (2.24%) and Other Protected Areas of 276 ha (2.03%), with a peat dome peak area of 244.51 ha located in the Buffer Zone of SM Kerumutan,
- Monitoring the negative impacts of forest management activities in the concession area in accordance with the RKL and RPL documents and documented procedures that serve as guidelines for monitoring negative impacts resulting from forest management activities, namely SOP for Monitoring Protected Areas, SOP for Monitoring Discharge and Water Quality and SOP for Monitoring Subsidence and TPMAT,
- Control the use of B3 (Hazardous and Toxic Materials) referring to documented procedures such as, SOP for Handling Spilled Fuel, Lubricants and Chemicals, SOP for Weed Control, and SOP Integrated Pest and Disease Management,
- Applies the principles of production sustainability, ecological sustainability, and social sustainability. Application of canals with water level settings (water treatment) for peatland management.

The Management Unit has carried out biodiversity management through the following activities:

- Identification of protected, endemic, rare flora and fauna and threatened/near-extinct species as well as their habitats and migration patterns in the area in accordance with applicable regulations through the inventory activities. The result of these identifications are map of the distribution of flora and fauna,
- Environmental impact assessment on the potential impacts on protected, endemic, rare and threatened/near-extinct

flora and fauna, through Environmental Impact Assessment (AMDAL) document, 2002 and RKL and RPL Report every semester,

- Management of Protected Areas in accordance with the RKL/RPL Implementation Report every semester as well as SOP for Determining Protected Areas and SOP for Monitoring Protected Areas,
- Not cultivating genetically modified tree species but *Acacia crassicarpa*.

The Management Unit has implemented forest protection activities through the following activities:

- Identification and monitoring of disturbances in Sustainable Forest Management, such as forest fires and plant diseases,
- Prevention and handling of pest attacks according to SOP for Integrated Pest and Disease Management,
- Regulation the management of chemical pesticides in the field with documented procedures,
- Forest protection measures against fire hazards,
- Prohibition of livestock grazing activities in the work area,
- Implementation of appropriate steps in forest protection activities.

Results of the Public Consultation

Before carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted public consultations commencing July 18, 2022, 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 e-mail or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultations.

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 PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, consisting of legal aspects that include compliance with rules and regulations, and international conventions. The management system has been established to cover all activities in the certification field, which is registered for an area of 13,600 hectares.

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

The results of the Recertification Audit is three Non-Conformities in Minor categories. The Management Unit has made improvements and the non-conformities can be closed. No critical issues occur.

Number	Non-Conformities	Corrective Action Performed	Category
1	The forest management in Block II is carried out by personnel from the Merbau Estate. The Management Unit has cannot show the MoU (Operational Cooperation) between PT Selaras Abadi Utama and the Merbau Estate Indicator I.1.8	PT Selaras Abadi Utama will cooperate in forest area management with the Merbau Estate as outlined in the Cooperation Agreement document signed by both parties.	Minor
2	The security post (entrance to the work area) is inadequate and inappropriate. Indicator I.11.8	PT Selaras Abadi Utama will build a new and proper security post facility.	Minor
3	Infrastructure for the needs of	Build new drilled wells for clean water	Minor



	toilets and drinking water for employees in the base camp is inadequate. Indicator I.12.5	resource in PT Selaras Abadi Utama base camp.		
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Conditions under which the certificate is issued

Certificate is valid until December 13, 2025, 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 close out visit.