

# Public Report

# Sustainable Forest

# Management System

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CLIENT NAME: PT Mutiara Sabuk Khatulistiwa

TOTAL HECTARES: 33,674.66 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 33,674.66 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance I

AUDIT START DATE: December 18, 2019  
 AUDIT END DATE: December 21, 2019

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

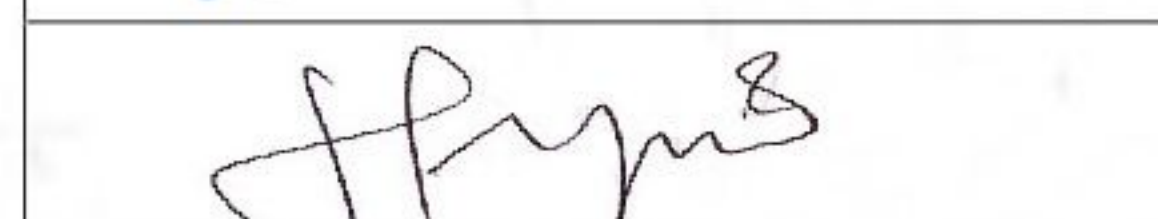
LEAD AUDITOR: Agung Utama Lubis

SIGNATURE:



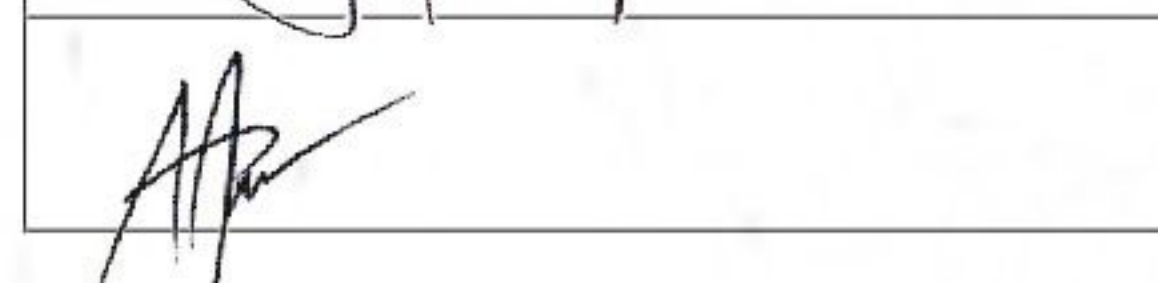
AUDIT TEAM: Priyo Handoko

SIGNATURE:



Ardi Prasetyo

SIGNATURE:



MAJOR CARS : 0

MINOR CARS : 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Mutiara Sabuk Khatulistiwa	Gaung District, Indragiri Hilir Regency, Riau Province – Republic of Indonesia	December 18 to 21, 2019
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. Mutiara Sabuk Khatulistiwa operates in accordance with Minister of Forestry Decree No. 109 / Kpts-II / 2000 dated December 29, 2000 with an area of 44,595 ha and has compromised the area boundary in accordance with the Decree of the Boundary Number: SK.59 / Menhut-II / 2013, which set the area after the boundary realignment at 44,434 ha.

There is an area of 10,759 ha of natural forest that was converted to plantation forest after December 31, 2010, thus the scope of IFCC certification is 44,433.66 ha - 10,759 ha = 33,674.66 ha.

PT Mutiara Sabuk Khatulistiwa has a ten-year plan, the revised RKUPHHK-HA of PT Mutiara Sabuk Khatulistiwa period 2010 – 2019 ratified through Decree of Minister of Forestry No: SK..1202 / menLHK-PHPL / UHP / HPL.1 / 3/2018 dated March 20, 2018. The spatial plan according to the document consists of TPTI Assistance Area of 23,711 ha, and THPB area of 20,723 ha.

The working area of PT Mutiara Sabuk Khatulistiwa is a peat swamp forest ecosystem. The production area is divided into two (2), namely: natural forest with TPTI (Indonesian selective cutting and planting) silviculture system, and plantation forest with THPB (clear-cutting with artificial regeneration) silviculture System. The spatial arrangement of the Management Unit area based on the 23,711 ha TPTI silviculture system is divided as follows:

- Protected area of 7,820 ha (17.60%) consisting of 7,120 ha (16.02%) of in-situ Conservation Area and 700 ha (1.58%) of Riparian Area.
- Areas Ineffective for Production covering 3,720 ha (8.37%) consisting of rivers and swamps, permanent measure plots (PUP), seed stands, and infrastructure and facilities.
- Effective Areas of 12,171 ha (27.39%) consisting of Effective Forest Area of 11,450 ha (25.77%) and Effective Non-Forest Area of 721 ha (1.62%).

The 20,723 ha THPB silviculture system, meanwhile, is divided into Ineffective Areas (infrastructure) of 1,210 ha (2.72%) and Effective Area (LOA) of 1,136 ha (2.56%), Plantation Forest of 18,243 ha (41.06) %, and Non-Forest Area of 134 ha (0.30%)

The geographical location of the concession is 102° 41' 39" to 102° 59' 34" East and 00° 05' 51" to 00° 14' 39" South, under the governmental administration of Gaung District, Indragiri Hilir Regency, Riau Province. It is located in the Gaung Sub-watershed and is part of the Gaung Simpang Kanan River Forest Group. The concession has the following area borders:

- North: IUPHHK-HA PT. Bhara Induk
- East: IUPHHK-HTI PT. Bina Duta Laksana
- South: IUPHHK-HTI PT. Bina Duta Laksana
- West: State Forest

The tree species planted in the plantation is *Acacia crassicaarpa*.

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

PT Mutiara Sabuk Khatulistiwa is located in Gaung District, Indragiri Hilir Regency, Riau Province. There are eight (8) villages around the concession: Teluk Kabung Village, Simpang Gaung Village, Semambu Kuning Village, Pungkat Village, Belantaraya Village, Pintasan Village, Lahang Baru Village and Kuala Lahang Village.

Communities living around the concession area are local communities, there being no customary law communities in the PT Mutiara Sabuk Khatulistiwa concession. Based on Reports on the Results of Identification of the Rights of Local Indigenous Peoples in 2018 PT Mutiara Sabuk Khatulistiwa and Minutes of Explanation of Community Rights Number: 001 / TLK / III / 2017, dated March 26 2017, there are no Indigenous People in PT Mutiara Sabuk Khatulistiwa's concession area. The livelihood of the population is dominated by the agricultural sector, especially coconuts and fishermen.

PT Mutiara Sabuk Khatulistiwa has made conflict resolution efforts in the concession area. There is a Report on the

Potential Mapping and Resolution of Semester I of 2019, which was reported to the Riau Provincial Environment and Forestry Office, August 2019. There is evidence of the handover of the report documents by the Riau Provincial Government. There is an indicative map of claims scale of 1: 150,000 attached to a list of conflict areas of PT Mutiara Sabuk Khatulistiwa.

PT Mutiara Sabuk Khatulistiwa has a Cooperation Agreement on participatory mapping, utilization of non-timber forest products in the form of honey cultivation, cooperation agreement with fishermen groups, and agreements with nearby villages for utilization of public facilities in the form of operational roads, canals, speedboats, clinics, hall / sports buildings / meeting hall, clean water.

PT Mutiara Sabuk Khatulistiwa has carried out corporate social responsibility activities for the surrounding community. There is an Operational Plan for Empowering Forest Village Communities in 2019, the types of activities carried out being: HR education and development, local economy, social/ culture, religious, and village infrastructure. The realization of CSR programs based on the 2019 First Semester Report is 258% of the planned budget.

### Description of the ecological conditions of the concession

The working area of PT Mutiara Sabuk Khatulistiwa is a peat swamp forest ecosystem. Some of the original ecosystem has been retained and become protected areas, namely:

- Riparian area covering 700 ha, consisting of borders of the Gaung Kiri and Gaung Kanan rivers (right intersection). The river has a special function for some forest residents because many work as fishermen.
- In-situ conservation area (which includes KPPN and DPSL) covering an area of 7,120 ha.
- Peat ecosystem protection function area (KFLEG) covering 20,505 ha (46.15%) consisting of 6,131 ha (13.80%) in the TPTI area and 14,374 ha (32.35%) in the THPB area, wherein the TPTI KFLEG there is a peat dome peak covering an area of 535 ha.

The KPPN and DPSL area functions to protect threatened and protected flora and fauna and their habitat, which contain genetic resources of native (and derived) local species that are threatened or protected, namely flora: ramin (*Gonystylus bancanus.*), kempas (*Koompassia malaccensis*), bengku (*Madhuca motleyana*), jelutung (*Dyera polyphylla*), arang-arang (*Diospyros carinatus*) and meranti (*Shorea uliginosa*). For the fauna were Sumatran tiger (*Panthera tigris sumatrae*), siamang (*Symphalangus syndactylus*), agile gibbon (*Hylobates agilis*), saltwater crocodile (*Crocodilus porosus*), crested serpent eagle (*Spilornis cheela*), rhinoceros hornbill (*Buceros rhinoceros*), oriental pied hornbill (*Anthracoceros albirostris*), olive-backed sunbird (*Nectarinia jugularis*) and blue-eared kingfisher (*Alcedo meninting*). Within these areas, the key species Sumatran tiger (*Panthera tigris sumatrae*).

Based on LHK Regulation No. P.16 / Menlhk / Setjen / Kum1 / 2/2017 concerning technical guidelines for the restoration of peat ecosystem functions, the activities of peat ecosystem function recovery are generally planned as follows:

- In the area of peat cultivation (KBEG) no clearance of land for production purposes that has not been previously cleared.
- No replanting of production areas and living plants with the main crop species within the peat protected area (KFLEG).
- Rehabilitation in the peat protected area carried out with the appropriate type, species and technical silviculture system.
- Conducting canal blocking to maintain ground water level in accordance with field conditions (water management).
- Carry out efforts to protect forests, especially from illegal logging, encroachment, forest and land hunting.

Detailed plan for peat ecosystem function recovery is explained in the Peat Ecosystem Function Recovery Plan Document in accordance with the direction of the Directorate General of Environmental Pollution and Damage Control, Ministry of Environment and Forestry.

PT Mutiara Sabuk Khatulistiwa has identified the negative impacts of plantation forest management on soil and water and monitors and manages them. This includes the measurement of soil density and peat subsidence, and the measurement of water level, water quality, and river water discharge. The results of the monitoring and management are reported to the requisite authorities on a periodic basis.

The Management Unit also has standard procedures for forest protection measures, whether these arise from human or natural causes. Regular patrols are conducted, plus signboards are erected and maintained to designate boundaries and warn against encroachment, hunting, and the lighting of fires, etc. In handling pests and diseases as well as staple weeds, the Management Unit uses the system that best suits, pesticides only being used where necessary. The Management Unit also has a LB3 TPS for temporary B3 waste storage, and has standards for fuel oil spills, pesticides, insecticides, and chemicals.

In the prevention and control of forest and land fires, PT Mutiara Sabuk Khatulistiwa has implemented a "Land Without Burn" Policy. The Management Unit has provided infrastructure, facilities and infrastructure as well as human resources for forest and forestry prevention and mitigation activities. Besides that, the Management Unit also formed the Fire Concern Community (MPA), which involves the community of Teluk Kabung Village and Simpang Gaung Village to be active and participate in the effort.

### Results of the Public Consultation

Prior to conducting the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing December 10, 2019, requesting stakeholders to provide feedback and information on PT Mutiara Sabuk Khatulistiwa. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to the parties via email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no inputs from stakeholders as a result of the public consultation.

The audit team also gathered information from the mass media about PT Mutiara Sabuk Khatulistiwa, the reported cases being given material consideration in the audit process carried out by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international rules and regulations and conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area of 33,674.66 hectares.

### 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 1 Audit, there was only one (1) Non-conformity.

No	Non-Conformities	Corrective Action Performed	Category
1	There was no budget allocation for forest development TPTI activities.  Clause Ref: I.1.7.	PT Mutiara Sabuk Khatulistiwa has submitted the 2020 TPTI Cost Budget, signed by the Unit Head and the Managing Director.	Minor

### Conditions under which the certificate is issued

Certificate is valid until May 9, 2022 provided that PT Mutiara Sabuk Khatulistiwa 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 closeout visit.