

Public Report Sustainable Forest Management System

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PUBLIC AUDIT REPORT – SFM

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



CLIENT NAME: PT MUTIARA SABUK KHATULISTIWA

TOTAL HECTARES: 33,761 Ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 33,761 hectares of Natural Forest in Riau Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

START DATE AUDIT: December 15, 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

END DATE AUDIT: December 18, 2020

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Rahmat Safe'i

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:
PT Mutiara Sabuk Khatulistiwa	Gaung District, Indragiri Hilir Regency, Riau Province – Republic of Indonesia	December 15 to 18, 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	
	NA	

Brief Description of the concession

PT. Mutiara Sabuk Khatulistiwa work area was in accordance with the Decree of the Minister of Forestry No. 109/Kpts-II/2000 dated December 29, 2000 of 44,595 ha. By 2019, the company concession had change in accordance with the Decree of the Extension of Business License of Utilization of Timber Forest Products in Natural Forests Number: SK.643/Menlhk/Setjen/HPL.3/8/2019 stipulating the area of 44,520 ha.

Based on Certificate No. 03/MSK/VIII/2015 dated August 20, 2015, there was natural forest conversion above December 31, 2010 of 10,759 ha. The conversion performed in 2011 of 4,161 ha; 2012 of 4,220 ha; 2013 of 2,378 ha are not registered for IFCC Certification. Thus, the scope of certification is 44,520 ha – 10,759 ha = 33,761 ha.

In the implementation of forest management operations, the Management Unit has a document RKUPHHK-HTI namely the Approved of the Business Plan for the Utilization of Timber Forest Products in Natural Forests (RKUPHHK-HA) in Production Forests Based on Periodic Comprehensive Forest Inventory for the 2020 to 2029 Period of PT Mutiara Sabuk Khatulistiwa, Riau Province and its attachments which have been approved by Decree of the Minister of Environment and Forestry No : SK.10550/MenLHK-PHPL/UHP/HPL.1/12/2019 dated December 30, 2019, with spatial planning in the context of improving peat governance. The management plan has considered the sustainability of production, ecological and social functions, as well as considering environmental and social impact assessments.

The short-term plan is in the form of PT Mutiara Sabuk Khatulistiwa 2020 Annual Work Plan for Utilization of Timber Forest Products in Natural Forests (RKTUPHHK-HA) with a Decree of the President Director Number: SK.01/MSK/I/2020 dated January 2, 2020.

The spatial arrangement of the work area in RKUPHHK-HTI are Protected Area of 8,982 ha (consist of River Border of 550 Ha, Conservation of Protected Areas (Insitu/HCV of 7,897 ha and Peat Dome Peak of 535 ha); Ineffective Area for Production Unit of 3,825 ha (consisting of PUP of 42 ha, Community Enclave of 1,775 ha, Seed Stand of 615 ha, River Bodies of 171 Ha, and Infrastructure of 1,222 Ha); and Effective Area for Production of 31,713 Ha.

The geographical location is located between 102°41'39" to 102°59'34" East and 00°05' 51" to 00°14'39" South. The government administration is located in Gaung District, Indragiri Hilir Regency, Riau Province. Based on the watershed area, it is part of Gaung sub-watershed, Simpang Kanan and Gaung River Forest Group. The area boundaries as follows:

- North side: IUPHHK-HA PT. Bhara Induk and State Forest
- East: Other Use Areas (APL)
- South side: IUPHHK – HTI PT. Bina Duta Laksana and IUPHHK-HT PT. Sumatera Riang Lestari
- West: State Forest

The working area of PT Mutiara Sabuk Khatulistiwa is a peat swamp forest ecosystem (Peat Swamp Forest). The type of plant being developed is *Acacia crassicaarpa*. Based on the image interpretation map of sentinel-2 T48MTE Band 118A5 Fusion Band 8 Coverage dated September 8, 2019 at a scale of 1: 50,000, the land cover is dominated by secondary swamp forest and plantation forest, where the overall function of the forest is included in Production Forest (HP). The topographical conditions of the entire working area of PT Mutiara Sabuk Khatulistiwa are grouped into a flat physiographic type with a slope of 0 -8% or included in the class A slope.

Based on the Geological Map of the Rengat Sheet, Scale 1: 250,000 (Puslitbang Geologi, Bandung) the geological formations in the IUPHHK-HA work area are included in the swamp sediment (Qs) consisting of clay, mud, silt, sand and peat, with soil type of Tropohemists Tropofibrists at ± 90% and the rest is Fluvaquents at 10%.

The climate is generally classified as moderate, namely climate type A (Schmidt and Ferguson (1952)) with rainfall of

195 mm per month, with an average temperature of 23.5° C - 28.4 °C and the relative humidity is 80%-86%.

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

PT Mutiara Sabuk Katulistiwa has conducted a Social Impact Assessment (SIA) study. Based on this study, there are no customary law communities around the concession area. The existence of the company is not a source of livelihood of the surrounding community.

Administratively, the concession area of PT Mutiara Sabuk Katulistiwa is included in the Gaung District, Indragiri Hilir Regency, Riau Province. Villages around the concession area are: Teluk Kabung Village, Simpang Gaung, Puangkat, Shortcut, Belanta Raya, Kuala Lahang, Lahang Baru, and Simambu Kuning Village.

Still, there are people who use Non-Timber Forest Products (NTFPs) in the concession area as an additional source of livelihood, namely fish and honey. For daily needs such as food, carpentry, and customs, most of them are obtained from outside the company's concession area.

The Management Unit has provided access to the surrounding community, especially in the use of the main road for transporting wood to be used by the community as a means of transporting agricultural products (gardens) or as a liaison between villages and sub-districts. In addition, the community is not prohibited from using NTFPs in the form of fish and honey bees, provided that they comply with the regulations that have been agreed by both parties.

There are documents cooperation with Public in the form of cooperation with the Desa Makmur Peduli Api (DMPA) program in the form of assistance programs: hybrid head seeds, kencur cultivation, and areca nut as well as the Fire Care Community (MPA) program for the 2020 period with 2 villages.

The Management Unit already has a CD/CSR 2020 program plan in the form of programs: education, economics, social, religious and infrastructure. The programs had been realized until semester 1 were village assistance, agricultural businesses, fishery businesses, and watering of village roads equipped with evidence handing over to the community.

PT Mutiara Sabuk Khatulistiwa has produced a potential mapping report and conflict resolution to the Head of the Environment and Forestry Office of Riau province. Based on information from the public relations department, information was obtained that there has been no progress in land settlement being worked on by the community, this is because the people who worked on it existed before the company operated in the area. The efforts that have been made by the management unit are: conducting socialization to cultivators so as not to expand the land, not burning land to avoid forest and land fires and making warning boards.

Description of the Ecological conditions of the concession

The Management Unit has identified forest management activities that have significant impacts, and carried out environmental impact assessments in the AMDAL and its completeness documents (KA-Andal, Andal, RKL & RPL). The activities include Components/Sub-Components of Environmental Parameters, as follows:

- a. Physical-Chemical Components, including: Micro Climate, Soil Physiography, Soil (Physical Properties, Chemical Properties, Subsidence, Erosion), Hydrology (Surface Water Flow, Discharge Fluctuations, Sedimentation), Water Quality;
- b. Biological components, including: Vegetation (Potential and Non-Timber Forest Products), Wildlife (Habitat, Species Wealth, Distribution), Aquatic Biota (Abundant & Diversity).

PT Mutiara Sabuk Khatulistiwa has established and implemented a Reduced Impact Logging (RIL) Documented Procedure to minimize the negative impacts of harvesting, one of the procedures is Creating a micro planning map before logging by creating a skidding track plan.

According to the Report on the Results of the Implementation of Environmental Permits per semester and HCV Assessment Report (2013), areas for water protection determined in the Management Unit are:

- The In situ Conservation Area (which includes KPPN and DPSL) covers an area of 7,120 ha.
- The Peat Ecosystem Protected Function Area (KFLEG) covers an area of 20,505 ha (6,131 ha in the TPTI area and 14,374 ha in the THPB area), where the peat ecosystem has a function to protect soil and water. In the area of KFLEG of TPTI there is a Peat Dome Peak of 535 ha.

The steps taken by the Management Unit to protect the area are:

- Signboard installation (in the Protected Area of the Wildlife Protection Area (DPSL), which contains the text: 'Throughout this area it is prohibited: Illegal Logging, Forest Encroachment, Hunting of Protected Wildlife, Burning of Forests and Land, Catching Fish with Electrons').
- Management of local species seedlings in the Nursery. Where in the Nursery, local tree species are nursery which will be used for replanting Natural Production Forest (TPTI) areas, enrichment of protected areas and rehabilitation of degraded land in both production and protected areas.
- Prevent parties suspected of destroying protected areas. This is checked at the security post when there are parties who want to enter the Management Unit area.

The entire working area of PT Mutiara Sabuk Khatulistiwa is a peat swamp ecosystem and the management of its production area uses a network of canals to regulate water management and transportation. So that water management and protection is also carried out outside protected areas. Water management is carried out in accordance with Ecohydro by maintaining the Water Table at a height range of 40-80 cm. Within the Management Unit area, canal infrastructure has been built which is arranged according to age class into 8 zones.

The obligations of PT Mutiara Sabuk Khatulistiwa in the context of managing Toxic Hazardous Waste are:

- Protect and avoid environmental pollution.
- Comply with the types of B3 waste that are permitted to be stored.
- Carry out storage procedures with the following conditions:
 - Storing waste according to its type and characteristics.
 - Avoid spillage.
 - Record every entry and exit of waste.
- Do not store waste for more than 90 days, if the resulting waste is < 50 kg/day.
- Install symbols and labels according to the type and characteristics of the waste.
- Make a building for B3 waste to comply with the Head of Bappedal No. 01 of 1995.
- Equip with Accident and Work Safety equipment.
- Install nameplate and coordinates.
- Cooperation with third parties in the context of B3 waste management.

Within the Management Unit Area there are genetic resources of local native species (and their derivatives) that are threatened or protected. The species of flora are Ramin (*Gonystylus bancanus.*), Kempas Malacca (*Koompassia malaccensis*), Bengku (*Madhuca motleyana*). While the types of fauna are Sumatran tiger (*Panthera tigris sumatraensis*), Siamang (*Symphalangus syndactylus*), and Estuarine crocodile (*Crocodilus porosus*).

The Management Unit has provided infrastructure and human resources to overcome these forest disturbances, such as:

- Base Camp as a center for activities/coordination of sustainable forest management.
- Road infrastructure for monitoring, preventing and overcoming forest disturbances. The infrastructure is in the form of land roads and canal networks.
- Fire Command Post and warehouse and firefighting infrastructure.
- Chemical Warehouse along with HPT and weed handling equipment.

- Security Post and patrol vehicles.

PT Mutiara Sabuk Khatulistiwa has established and implemented Documented Procedures and Work Instructions, for the use of chemical pesticides, which is in accordance with Kepmentan No. 949 of 2008 concerning limited pesticides, namely using types of chemical pesticides with active ingredients that are not prohibited in the regulation. The product instructions for use (dose) and product work instructions are based on the manufacturer's instructions.

Results of the Public Consultation

Prior to conducting the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing November 16, 2020, 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), sent to the parties via email or postal mail, and published in local newspapers.

There was a positive feedback from a stakeholder, that the company is responsive in supporting fire prevention and maintaining its work area security.

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 33,761 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 Surveillance 2 Audit in PT Mutiara Sabuk Khatulistiwa is (1) Minor Non-Conformity.

No	Non-Conformities	Corrective Action Performed	Category
1	The contractor workers did not use safety PPE as required in ILO code of practice for OHS in the forestry sector. It is not compatible with: Clause: I.12.4.	PT Mutiara Sabuk Khatulistiwa has coordinated and monitored contractors in the provision of Personal Protective Equipment and made a Distribution List related to the Personal Protective Equipment and documented it during handover to contractor workers.	Minor

Conditions under which the certificate is issued

Certificate is valid until May 09, 2022, provided that PT Mutiara Sabuk Khatulistiwa 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.