

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

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

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

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

AUDIT START DATE: December 06, 2021
AUDIT END DATE: December 09, 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

LEAD AUDITOR: Abdullah Mujahid
AUDIT TEAM: Andri Wibisono
 Agung Utama Lubis

SIGNATURE: [Signature]
SIGNATURE: [Signature]
SIGNATURE: [Signature]

MAJOR CARS: 0

MINOR CARS: 0

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 – Indonesia	December 06 to 09, 2021
SITE NAME (Legal Name):	ADDRESSES OF ADDITIONAL SITES NOT VISITED BUT STILL COVERED BY THE REGISTRATION INCLUDING COUNTRY – TO BE COMPLETED IF THE CLIENT IS UNDER A SITE SAMPLING AUDIT PLAN	
N/A		

Brief Description of the Concession

PT Mutiara Sabuk Khatulistiwa received the latest IUPHHK-HA based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.643/Menlhk/Setjen/HPL.3/8/2019 dated August 30, 2019, concerning The Extension of Business Permit for Utilization of Timber Forest Products in Natural Forests to PT. Mutiara Sabuk Khatulistiwa on a production forest area of approximately 44,520 (forty-four thousand five hundred and twenty) hectares in Indragiri Hilir Regency, Riau Province. There is a conversion of natural forest into plantation forest above December 31, 2010, of 10,759 ha. The conversion area was not registered for IFCC Certification; thus, the registered area is 33,761 ha.

PT Mutiara Sabuk Khatulistiwa has a Management Plan document, namely the RKUPHHK-HA document which was ratified based on the Decree of the Minister of Environment and Forestry No: SK.10550/menLHK-PHPL/UHP/HPL.1/12/2019 dated December 30, 2019, concerning the Approval of Work Plan of Utilization of Timber Forest Products in Natural Forests (RKUPHHK-HA) in Production Forests based on Periodic Comprehensive Forest Inventory for 2020 to 2029 of PT Mutiara Sabuk Khatulistiwa, Riau Province.

The Management Unit has carried out spatial planning of its working area which is divided into two silvicultural systems, namely the TPTI (Indonesian selective cutting and planting) of 23,739 ha and THPB (clear-cutting with artificial regeneration) of 20,781 ha for a total of 44,520 ha. The TPTI area of 23,739 ha consists of:

- Protected Area of 7,880 ha which consists of 550 ha of rivers and riverbanks, Insitu Conservation of 6,795 Ha, and peat dome protected area of 535 ha,
- Ineffective area of 2,682 ha, consisting of PUP (Permanent Measure Plot) 42 ha, community enclave of 1,775 ha, seed stand of 615 ha, river body of 171 ha, infrastructure of 79 ha,
- The effective area of 13,177 ha.

The THPB area of 20,781 ha is consisting of Insitu Conservation Protected Area of 1,102 ha, an ineffective area for the infrastructure of 1,143 ha, and an effective area of 18,536 ha.

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 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 working area of PT Mutiara Sabuk Khatulistiwa is a peat swamp forest ecosystem. The species of plant being developed is *Acacia crassicarpa*. Based on the data analysis of the Digital Elevation Model (DEM) Map – Shuttle Radar Topography Mission (SRTM) with a spatial resolution of 90 meters, the topography of the entire working area of PT Mutiara Sabuk Khatulistiwa is grouped into a flat physiographic type with a slope of 0 -8% or belongs to the class A slope. The climate around the PT Mutiara Sabuk Khatulistiwa area is generally classified as moderate, namely climate type A (Schmidt and Ferguson) with 195 mm of rainfall per month, with an average temperature of 23.5° C to 28.4 °C and the relative humidity is 80% to 86%.

According to the Indragiri Akuaman River Basin Map of Riau Province (Ministry of Forestry in 2011), the working area of PT Mutiara Sabuk Khatulistiwa is entirely part of the Gaung Watershed (DAS). Meanwhile, based on the Geological Map of the Rengat Sheet, Scale 1: 250,000 (Puslitbang Geologi, Bandung) the geological formations in the concession

area are included in swamp deposits (Qs) consisting of clay, mud, silt, sand, and peat with dominant soil type is Tropohemists Tropofibrists and Fluvaquents.

The Management Unit has compiled a Peat Ecosystem Recovery Plan Document that has been approved based on the Decree of the Director-General of Pollution and Environmental Damage Control Number SK.131/PPKL/PKG/PKL.0/11/2018 dated November 29, 2018, concerning the Peatland Ecosystem Recovery Plan, Determination of the Height of Frontal Compliance Point Groundwater and Rainfall Monitoring Station Points PT Mutiara Sabuk Khatulistiwa. The Management Unit has the RKUPHHK-HA Document for the Period of 2020 to 2029 which has been approved by the Decree of the Minister of Environment and Forestry No: SK. 10550/menLHK-PHPL/UHP/HPL.1/12/2019 dated December 30, 2019; the RKUPHHK has been referred to peat improvement management. There is a peat dome peak area of 535 ha located in the TPTI block.

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

There are no indigenous people in the PT Mutiara Sabuk Khatulistiwa concession. This is based on the 2014 Social Impact Assessment Report and interviews with communities around the company. The majority livelihood of residents is in the sedentary agricultural sector. The largest agricultural sub-sectors are coconut plantations and sago cultivation, which are commonly found along the Gaung River and Serka River tributaries. The food crop agriculture sub-sector, such as tidal rice fields and secondary crops, has not developed much, but cultivation efforts in this sub-sector have been seen. Activities in the service and trade sectors are shown in market activities. Trading activities are centered on village market locations which are generally located on the banks of rivers with certain market days.

PT Mutiara Sabuk Khatulistiwa resolves conflicts with the surrounding community with the guidance of the Report on Potential Mapping and Conflict Resolution of PT Mutiara Sabuk Khatulistiwa Semester I of 2021. The conflict resolution effort is mainly by cooperation agreement on livelihood plant between PT Mutiara Sabuk Khatulistiwa and the villages. There is no claim area within the concession, but a land tenure that has been passed down from generation to generation by the community in the form of gardens for the fulfillment of daily life. The company is gradually seeking cooperation with the people who own the land. Some have successfully collaborated and the rest are still in the process of negotiating with the community.

According to the Public Relations of PT Mutiara Sabuk Khatulistiwa, there is a collaboration in Desa Makmur Peduli Api (DMPA) program. This program aims to reduce forest fires caused by community activities. It is prioritizing the cooperation of the company and the community to explore the livelihood potential of the villagers apart from activities that depend on burning forests. There are various DMPA cooperation programs, namely coconut farming, betel nut farming, cattle breeding, sago cracker industry, pineapple farming, and fisheries.

There is a PT Mutiara Sabuk Khatulistiwa CD/CSR Program Report for the first semester of January to June 2021. The realization of CSR activities in 2021 has exceeded 100% of the planned. The CSR program implemented comes from the results of FPIC socialization activities that are routinely carried out by the company to the surrounding community.

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 conduct environmental impact assessments through AMDAL Documents, RKL, RPL which had been ratified following the Decree of the Regent of Indragiri Hilir Number Kpts.18/I/HK-2011 dated January 20, 2011,
- Implementation of Reduced Impact Logging before, during, and after harvesting,
- Identification of areas that function for land and water protection to be allocated as a protected area,

- Monitoring the negative impacts of forest management activities following the RKL and RPL documents, and documented procedure (SOP), as well as the controlled use of B3 (Hazardous and Toxic Materials), namely SOP for Management of Hazardous and Toxic Waste (B3), SOP for Handling Spilled Fuel, Lubricants and Chemicals, SOP for Weed Control, and SOP Integrated Pest and Disease Management.

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

- Identification and inventory of protected, endemic, rare, and threatened/near-extinct flora and fauna as well as its habitats in the IUPHHK-HTI area. The results of the identification and inventory can be found in AMDAL RKL and RPL documents, RKUPHHK 2020 to 2029, the RKL/RPL Report for Semester 1 of 2021, and a fauna distribution map,
- Implementation of Management of Protected Areas following the RKL/RPL Implementation Report every semester) as well as SOPs for Determining Protected Areas and SOPs for Monitoring Protected Areas,
- Implementation of environmental impact assessment on the potential impacts on protected, endemic, rare, and threatened/near-extinct flora and fauna, through RKL and RPL AMDAL Documents,
- Not cultivating genetically modified tree species but *Acacia crassicarpa*.

The Management Unit has carried out forest protection through the following activities:

- Identification and monitoring of disturbances in Sustainable Forest Management,
- Establishment of documented procedures to prevent and handle pest attacks, namely SOPs for Integrated Pest and Disease Management, as well as the management of chemical pesticides in the field: SOP for Weed Control, SOP for Integrated Pest, and Disease Management,
- Implementation of forest protection measures against fire hazards,
- Prohibition of grazing activity in the work area.

Results of the Public Consultation

Prior to carrying out the Additional Surveillance Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting November 16, 2021, asking stakeholders to provide feedback and information about PT Mutiara Sabuk Khatulistiwa. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Mutiara Sabuk Khatulistiwa. The reported cases are considered as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, which consists of legal aspects which include compliance with international regulations and rules and conventions. A management system has been established to cover all activities in the area of certification, registered for certification covering 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 result of the Additional Surveillance Audit is zero non-conformity. The Management Unit operates effectively. No critical issues were identified.

Conditions under which the certificate is issued

The certificate is valid until May 09, 2023, provided that PT Mutiara Sabuk Khatulistiwa maintains its Recertification schedule and does not have potential major non-conformities at the next Recertification.