

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 MITRA KEMBANG SELARAS

TOTAL HECTARES: 15,028.29

SCOPE OF REGISTRATION: Sustainable Forest Management of 15,028.29 hectares of Plantation Forests in Riau Province

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 (REMOTE)

AUDIT START DATE: August 11, 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

AUDIT END DATE: August 14, 2020

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Mitra Kembang Selaras - Merbau Estate	Lirik District, West Rengat District, Indragiri Hulu Regency, Riau Province – Republic of Indonesia	August 11 to 14, 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	
N / A		

Brief Description of the concession

Business Permit for Utilization of Timber Forest Products in Industrial Plantation Forest (IUPHHK-HTI) of PT Mitra Kembang Selaras was issued based on the Decree of the Regent of Indragiri Hulu No. 352 of 2002 dated 21 November 2002 concerning the Granting of Business Permit for the Utilization of Timber Forest Products in Industrial Plantation Forest to PT. Mitra Kembang Selaras with an area of about 14,450 hectares in Indragiri Hulu Regency. This permit is valid for 35 years plus 1 cycle of staple plants. The results of verification by the Ministry of Forestry are the basis for the issuance of the Decree of the Minister of Forestry (Kepmenhut) No.: SK.71 / Menhut-II / 2007 dated February 23, 2007 concerning the renewal of IUPHHK-HTI of PT. Mitra Kembang Selaras over a Production Forest Area of about 14,800 Ha in Riau Province, for a period of 41 years from November 21, 2002.

The boundaries of the work area of PT. Mitra Kembang Selaras has been completed (compromised) and are stated in the TBT Report No. LP.010 / BPKH / PKH / - / 7/2016 with the measurement results of 15,028.29 Ha. PT. Mitra Kembang Selaras has submitted an application for the determination of the area of IUPPHK-HTI Boundary Results through a letter from the Director of PT. Mitra Kembang Selaras No, 32 / Dir-MKS / IX / 2017 dated September 13, 2017, regarding: Establishment of IUPHHK-HTI of PT. Mitra Kembang Selaras in Indragiri Hulu Regency, Riau Province, that was addressed to: Director General of Forestry Planning and Environmental Management, Ministry of Environment and Forestry. Preparation of RKUPHHK-HTI for the Period of 2018 to 2027 following the results of boundary arrangements as attached in the TBT Report No. LP.010 / BPKH.XIX / PKH / - / 7/2016 with a working area of 15,028.09 ha.

There has been no conversion of natural forest to plantation forest since December 31, 2010, so the area registered for IFCC certification is 15,028.09 hectares.

PT Mitra Kembang Selaras has RKUPHHK-HTI for the 10-Year Period II of 2018-2027 compiled as part of the implementation of policies to improve peat governance after the issuance of Government Regulation (PP) No. 57 of 2016 concerning Amendments to Government Regulation No. 71 of 2014 concerning the Protection and Management of Peat Ecosystems. This RKUPHHK-HTI received approval based on KepmenLHK No. SK.298 / MenLHK-PHPL / UHP / HPL.1 / 2/2018 dated February 05, 2018 concerning the 2018 to 2027 RKUPHHK-HTI Approval for Improving Peat Management on behalf of PT. Mitra Kembang Selaras in Riau Province.

Peatland Ecosystem Recovery Plan prepared by PT. Mitra Kembang Selaras has received approval from the Director General of Pollution and Environmental Damage Control, KemenLHK with Decree No. SK.104 / PPKL / PKG / PKL.0 / 9/2018 dated September 21, 2018 concerning Peat Ecosystem Restoration Plans, Determination of Groundwater Level Leveling Points, and Rainfall Monitoring Station Points of PT. Mitra Kembang Selaras.

The location of PT Mitra Kembang Selaras is bordered by:

- North: PT Merbau Pelalawan Lestari
- East: Kerumutan Wildlife Reserve Buffer Zone
- South: PT Teso Indah (Oil Palm Plantation)
- West: PT Gandaerah Hendana Plantation

In 2019 the RKUPHHK-HTI has been revised for the period 2018 to 2027 and has received approval based on the Ministerial Decree No. SK.6083 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2019.

Based on the Revised RKUPHHK-HTI Document Spatial Planning into: Local Protected Areas and Other Protected Areas (KPSKLL) of 3,282 ha (21.84%), Staple Plant Area of 9,179 ha (61.08%), and Livelihood Plant Area of 2,567 ha (17.08%), for a total of 15,028 hectares.

The area of IUPKHHK-HTI PT. Mitra Kembang Selaras is located in the Merbau River, Sagolirik and Sikayan River Forest Groups, Indragiri Hulu Regency, Riau Province. Based on geographic location, the area of IUPKHHK-HTI PT. Mitra Kembang Selaras is located at 0° 09' 5.77" to 0° 17' 16.08" South and 102° 17' 08.10" to 102° 25'

55.75" East.

The condition of the field is a wetland (lowland), with the type of soil organosol gleihumus. Geology of the area of PT. Mitra Kembang Selaras is a Swamp Sediment Formation (Qs), which is composed of clay, silt and peat, black to brown, soft and non-hardened. Topography of the area of PT. Mitra Kembang Selaras is entirely flat, with slope class (0% - 8% at an altitude of 6 - 40 meters above sea level. Climate type based on Schmidt Fergusson's classification is type A (Q = 14.43%), with average rainfall 14.72 mm / day, 201.29 mm / month in the highest month and 85.6 mm / month in the lowest month. The staple plant species cultivated is *Acacia crassicarpa*.

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

Based on a review of the AMDAL document for the PT Mitra Kembang Selaras concession area, customary forest rights are used by the community from generation to generation. Based on BPS data, *Kecamatan Lirik Dalam Angka* in 2019, the villages located around the work area of PT Mitra Kembang Selaras include Seko Lubuk Tigo Village, Banjar Balam Village (Lirik District), and Danau Baru Village (West Rengat District). Institutional customary communities have not received formal recognition from the Regional Government, but their existence and applicable customary laws are recognized by the community.

From the previous audit, PT Mitra Kembang Selaras had livelihood plant cooperation with village cooperatives that was signed in 2002. At the time the remote audit was carried out, based on information from the public relations department of PT Mitra Kembang Selaras, in 2019 and 2020 there was to be no additional collaboration with the community.

Within the PT Mitra Kembang Selaras concession area, there are no land claims by the surrounding community, the last land claim being completed in 2018. Efforts made by the Management Unit to prevent the community from encroaching on the work area consist of socialization to the surrounding community not to carry out encroachment, patrols and installing sign boards.

The Management Unit has provided adequate support to the surrounding community in the form of Community Development (CD) program assistance which is planned each year. A report on the realization of the CD program in 2020 is available. Based on this report, the programs implemented in the period January to July 2020 are in the form of: Islamic teacher honoraria, community empowerment, sacrificial animal assistance, social and environmental assistance. Those activities were also performed as CD program in 2019.

Description of the ecological conditions of the concession

PT Mitra Kembang Selaras has identified areas that function to protect the land and implemented appropriate / measurable steps to protect these areas from damage (erosion, landslides, etc.) due to operational forest management activities. The designated areas consist of Riparian Area of 103 ha (0.69%), Buffer Zone of 445 ha (2.96%), KPPN of 81 ha (0.54%), KPSL of 78 ha (0.52%), and Other Protected Areas of 1,533 ha (10.20%).

The Management Unit has made an inventory and mapping of the distribution of protected, endemic, rare and endangered flora and fauna and their habitats by controlling and mitigating any disturbance to the potential vegetation structure of stands caused by planting, maintenance and forest protection activities. Types of negative impacts that arise are loss of vegetation and biodiversity due to the planting of monoculture acacia. The Management Unit has determined protected tree species based on: tree presence, tree status and several other criteria, including non-timber producing trees. Protected tree species in the concession are Balam (*Payena* spp), Forest Durian (*Durio zibethinus*), and Ramin (*Gonystylus bancanus*), and Meranti tree species (*Shorea* spp) which function as trees for hornbills and Kempas (*Koompasia malaccensis*) where honeybees nest.

PT Mitra Kembang Selaras make a spatial layout that leaves a Local Protection Area and other Protected Areas to enable animal movement should they be disturbed by ongoing activities.

Environmental management is carried out based on the Integrated Pest Management (IPM) approach, which is an approach that seeks to maximize the effectiveness of natural control and control by farming, and uses chemical control only when necessary by considering the ecological, economic, social and cultural consequences. The seedlings of acacia are first selected to produce healthy seeds, and the diseased seeds are destroyed. This is done to prevent pests and diseases. Acacia spacing of 2 m x 3 m is the ideal distance based on the results of research which produces ideal temperature and humidity to avoid the growth of pests and plant diseases.

For the problem of land fires, PT. Mitra Kembang Selaras refers to the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number: P.32 / Menlhk / Setjen / Kum.1 / 3/2016 concerning Control of Forest and Land Fires.

PT. Mitra Kembang Selaras has implemented no livestock grazing activities by the surrounding community, so that negative impacts due to grazing and livestock populations in forest regeneration areas, growth and biodiversity can be avoided.

The Management Unit's annual activities such as the Annual Work Plan (RKT) and protected areas are socialized to local communities.

On the assessment of areas containing HCV, public consultation activities were carried out with the surrounding communities, such as:

- a. Forest protection program, aims to prevent and limit forest and forest product damage, which is caused by human actions, such as: encroachment, illegal logging, livestock grazing and forest fires.
- b. Efforts to provide forest protection against encroachment and illegal logging:
 - Build perimeter canals and guard posts to limit people's access to encroachment and illegal logging.
 - Outreach to the community about the dangers of forest destruction.
 - Installing and maintain advisory boards to protect the forest and prohibit its destruction.
 - Socialization of the Annual Work Plan (RKT) related to the management of protected areas and the prohibition of burning land.
 - Fire Danger Rating (FDR) monitoring to support information on potential fire hazards based on temperature and humidity measurements.
 - Installation of fire posts and monitoring towers in several fire prone areas.
 - Hot spot monitoring for early detection of fires.
 - Regular patrols (land and water) and report fire incidents to the local police.
 - Community development program (CSR and the development of livelihood plants).

Results of the Public Consultation

Prior to undertaking the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing July 29, 2020, which asked stakeholders to provide feedback and information on PT Mitra Kembang Selaras. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email or postal mail, and announced in local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also collected information from the mass media about PT Mitra Kembang Selaras, such reported cases being given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

PT Mitra Kembang Selaras has identified all necessary requirements for this certification process, comprising legal aspects that include compliance with international laws and regulations and conventions. The established management system includes all field activities for certification, which is registered for an area of 15,028.29 ha.

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 the Surveillance 1 Audit of PT Mitra Kembang Selaras, no Non-Conformities (NC) of either a Major or Minor nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until June 22, 2022, provided that PT Mitra Kembang Selaras does not have any 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.