

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: 15,028.09

SCOPE OF REGISTRATION: Sustainable Forest Management of 15,028.09 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: March 14, 2022

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: March 17, 2022

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

OBSERVER: Qodly Zaka Syahtriawan

SIGNATURE:

Inggita Nuri Prihantini

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, Rengat Barat District, Indragiri Hulu Regency, Riau Province - Indonesia	March 14 to 17, 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

Business Permit for Utilization of Forest Products in Industrial Plantation Forests (IUPHHK-HTI) of PT. Mitra Kembang Selaras was issued based on the Decree of the Regent of Indragiri Hulu No. 352 of 2002 dated November 21, 2002 concerning the Granting of Business Permits for the Utilization of Timber Plantation Forest Products to PT. Mitra Kembang Selaras with an area of approximately 14,450 ha in Indragiri Hulu Regency. This permit was valid for thirty-five years plus one cycle of staple crops.

Then, there was a change to the first decree to the Decree of the Minister of Forestry (Kepmenhut) No. SK.71/Menhut-II/2007 dated February 23, 2007 concerning Renewal of IUPHHK-HTI of PT Mitra Kembang Selaras. This decree increased the area of PT Mitra Kembang Selaras to approximately 14,800 ha and the validity is 41 years.

The boundary arrangement for the work area of PT. Mitra Kembang Selaras has been compromised and is stated in the TBT Report No. LP.010/BPKH/PKH/-/7/2016 with a measurement result of 15,028.09 ha. The Management Unit has submitted a request for determination of the new area of IUPPHK-HTI as a result of boundary arrangement through the Letter of the Director of PT. Mitra Kembang Selaras No, 32/Dir-MKS/IX/2017 dated September 13, 2017. This boundary arrangement then change the area of PT Mitra Kembang Selaras to 15,028.09 ha. The entire area is certified by IFCC due to no conversion after December 31, 2010.

The current long-term management plan is the Revised RKUPHHK-HTI of 2018 to 2027 and has received approval based on Decree of Ministry of Environment and Forestry No.SK.6083/MenLHK-PHPL/UHP/HPL.1/6/2019 on June 28, 2019. According to the RKUPHHK-HTI, the spatial layout is Local Protected Areas and Other Protected Areas of 3,282 Ha (21.84%), Staple Plants of 9,179 Ha (61.08%), and Livelihood Plant Area of 2,567 Ha (17.08%). The protected area of 3,282 Ha is consisting of River Border of 103 Ha (0.69%), Buffer Zone of 445 Ha (2.96%), KPPN of 81 Ha (0.54%), KPSL of 78 Ha (0.52%), Peat Dome Peak of 1,042 (6.93%), and Other Protected Areas 1,533 Ha (10.2%).

PT Mitra Kembang Selaras is part of the Merbau River, Sagolirik River and Sikayan River Forest Groups, Indragiri Hulu Regency, Riau Province. Based on the geographical location, it 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 work area has boundaries as follows:

- North: PT Merbau Pelalawan Lestari,
- East: Buffer Zone of Kerumutan Wildlife Refuge,
- South: PT Teso Indah (Palm Plantation),
- West: PT Ganarea Hendana plantation,

The Management Unit has complied with regulations related to peat, namely revising the Peat Ecosystem Recovery Plan Document and Manual Groundwater Level Compliance Points, Automatic Groundwater Level Measuring Points Installation and Rainfall Monitoring Station Point of 2021 according to the Letter of the Director General of Pollution and Environmental Control No. S81/PPKL/PKG/PKL.0/3/2020 dated March 23, 2020 regarding the restoration of peat ecosystems according to the direction of the Business Work Plan based on a map of peat ecosystem functions at a scale of 1:250,000.

The site condition of the working area is lowland peat, with the type of soil being organosol gleihumus. The geology 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 not hardened. The topography is entirely flat, with a slope class of (0% to 8%), with an elevation above sea level of 6 to 40 meters. The climate type based on the Schmidt-Fergusson classification includes type A (Q=14.43 %), with daily rainfall is 14.72 mm/day, the highest value is 201.29 mm/month and the lowest is 85.6 mm/month. The staple plant being cultivated is *Acacia crassicarpa*.

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

There are no customary law communities within the PT Mitra Kembang Selaras concession. This was conveyed in the previous year audit based on the Environmental Impact Analysis (AMDAL) document and interviews with the local village heads. According to the village authorities, the livelihoods of the residents are dominated in agricultural sector, namely rubber plantations and oil palm plantations.

Based on interviews with the village authorities, there is no current conflict between the company and the community. According to the PT Mitra Kembang Selaras Potential Mapping and Conflict Resolution Report of first semester of 2021, the conflict potential of PT Mitra Kembang Selaras is at a score of 34.55% or in the Safe category. It is as the impact of the cooperation agreement which had run since the beginning of the company operations. The cooperation agreements are held with the village cooperatives. The name of the agreement is The Plantation Forest Concession Cooperation Agreement.

PT Mitra Kembang Selaras has implemented a Corporate Social Responsibility (CSR) program to the surrounding community. Based on the CSR Program report of 2021, the realization of CSR activities reached 98% of the planned. The CSR activities carried out include the fair distribution of costs and benefits between the parties; local community participation whose economic activities are forest-based; and local community economic improvement participation. The activities carried out include the fields of religion, economy, social, community facilities and infrastructure, and education.

Description of the Ecological conditions of the concession

According to the results of document and field verification during the remote audit, The Management Unit has implemented the management of conservation areas. The management are still quite effective, namely by monitoring the value of vegetation diversity in the protected area (KPPN), the Protected Area of the Buffer Zone of Natural Forest. In addition, the Management Unit efforts to protect the conservation area through the following activities:

- Utilization of sign boards, in the form of warning and prohibition boards,
- Identification of forest management activities that have significant impacts, and carried out a regular environmental impact assessment, in the form of Environmental Impact Analysis (AMDAL), environmental permit implementation report of environmental management plan (RKL) and environmental monitoring plan (RPL),
- Submission of the result of environmental permit implementation to the authorities every semester.

The conservation implementation is also performed through the determination of protected tree species. This is based on several interests such as the existence of the tree species, the status of the tree and several other criteria including non-timber producing trees, as stated in the Decree of the Minister of Forestry and Plantation No. 692/Kpts-II/1998. The identified protected tree species in the Management Unit area include Balam (*Payena* spp.), Forest Durian (*Durio zibethinus*), Kempas (*Koompassia malaccensis*) and Ramin (*Gonystylus bancanus*), etc. The dominant protected flora species in the protected area is Ramin (*Gonystylus bancanus*).

The effort of PT Mitra Kembang Selaras to prevent the damage of the environment due to its operational activities carried out by:

- Applying the rules of Reduced Impact Logging (RIL) before, during, and after logging stages,
- Handling of Hazardous and Toxic Material (B3 waste) which refers to the Law of the Republic of Indonesia Number 32 of 2009 concerning Environmental Protection and Management, PP. 101 of 2014 concerning Hazardous Waste Management, and PP RI Number 18 of 1999 concerning Waste Management. The Management Unit has obtained a Decree of the Head of the Office of Investment and One Stop Services of Indragiri Hulu Regency, No: 7/DPMPTSP/BP-LB3/III/2021 on the Approval of Fulfillment of B3 Waste Management Permit Commitment for B3 Waste Producer, Storage, on behalf of PT Mitra Kembang Selaras,
- The control of pests and plant diseases.

The Management Unit performs the following activities to identify and prevent the potential forest and land fires:

- Hotspot analysis,
- Monitoring Fire Danger Rating (FDR) by Fire Danger Rating System (FDRS),
- Making firebreaks,
- Procurement of facilities and infrastructure for forest security and protection,
- Formation of the Dalkarhutla (fire-fighter) team.

Results of the Public Consultation

Prior to carrying out the Additional Surveillance Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting February 25, 2022, asking 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 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 collects information from the mass media about PT Mitra Kembang Selaras. 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. The management system has been built to cover all activities in the certification field, registered for certification covering an area of 15,028.09 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 Additional Surveillance Audit is no non-conformity either in major or minor category. The management of PT Mitra Kembang Selaras operates effectively.

Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00020/VI/2016 is valid until June 22, 2023, provided that PT Mitra Kembang Selaras maintains its Recertification schedule and does not have potential major non-conformity at the next Recertification.