

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
hectares

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: April 9, 2019

AUDIT END DATE: April 12, 2019

LEAD AUDITOR: Zaenal Arifin

AUDIT TEAM: Utomo

Tata Sumitra

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

SIGNATURE:

SIGNATURE:

SIGNATURE:

MAJOR CARS : -

MINOR CARS : 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Mitra Kembang Selaras	Seko Lubuk Tigo Village, Banjar Dalam Village, and Pasir Ringgit Village - Lirik District and Danau Baru Village - Rengat Barat District, Indragiri Hulu Regency, Riau Province – Republic of Indonesia	April 9 to 12, 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	
N/A		

Brief Description of the concession

Permit for Forest Products Utilization Business 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 November 21, 2002 concerning the Granting of Permit for Forest Products Utilization Business of PT. Mitra Kembang Selaras for an area of about 14,450 ha 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 were the basis for the issuance of the Minister of Forestry Decree No. SK.71 / Menhut-II / 2007 dated February 23, 2007 concerning the Renewal of PT IUPHHK-HTI on behalf of PT Mitra Kembang Selaras for Production Forest Area of about 14,800 ha in Riau Province, for a period of 41 years from November 21, 2002.

The boundary of the working area of PT. Mitra Kembang Selaras has been compromised as set forth 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.

RKUPHHK-HTI of PT. Mitra Kembang Selaras for the 10-year period for the second period of 2018 to 2027 was prepared 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 PP No. 71 of 2014 concerning Protection and Management of Peat Ecosystems. These RKUPHHK-HTI received approval based on KepmenLHK No. SK.298 / MenLHK-PHPL / UHP / HPL.1 / 2/2018 dated February 5, 2018 concerning the Approval of RKUPHHK-HTI in 2018-2027 in the context of Improving Peat Governance on behalf of PT. Mitra Kembang Selaras in Riau Province.

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.

The Peat Ecosystem Recovery Plan prepared by PT. Mitra Kembang Selaras has been approved by the Director General of Pollution Control and Environmental Damage, Ministry of Environment and Forestry per Decree No. SK.104 / PPKL / PKG / PKL.0 / 9/2018 dated September 21, 2018 concerning the Plan for Peat Ecosystem Recovery, Determination of High Groundwater Level Adjustment Points, and Rainfall Monitoring Station Points of PT. Mitra Kembang Selaras.

Then, on December 28, 2018, Ministry of Environment and Forestry issued Decree No. SK.8909 / MenLHK-HPL / UHP / HPL.1 / 12/2018 concerning approval for Adjustment of RKUPHHK-HTI for 2018 to 2027 for the Year Activities of 2018-2019.

Based on the RKUPHHK-HTI Document, the spatial planning consists of Local Protection Areas and Other Protected Areas covering of 3,282 ha (21.84%), Staple Plant Areas of 9,179 ha (61.08%) and Livelihood Plant Areas of 2,567 ha (17.08%).

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 ha.

The area PT Mitra Kembang Selaras IUPKHHK-HTI is located in the Merbau River Forest Group, Sagolirik River and Sikayan River, Indragiri Hulu Regency, Riau Province. Based on geographical location, the work area of PT Mitra Kembang Selaras IUPKHHK-HTI is located between 0° 09' 5.77" to 0° 17' 16.08" South and 102° 17' 08.10" to 102° 25' 55.75" East.

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

Field conditions are lowland, with organosol gleihumus soil types. Geology of the area of PT. Mitra Kembang Selaras is a Formation of Swamp Deposition (Qs), which is composed of clay, silt and peat, black to brown, soft and not hardened. Topography 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 classification is type A (Q = 14.43%) with rainfall of 14.72 mm / day with highest month being 201.29 mm / month and lowest month: 85.6 mm / month.

The staple plant species cultivated is *Acacia crassicarpa*.

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

There are no indigenous peoples in the villages around the PT. Mitra Kembang Selaras. The village is mostly Malay, while the rest are immigrants from Javanese, Batak, Bugis, and others. The livelihoods of the population are generally agriculture, forestry, plantations, fisheries and livestock

In carrying out its forest management operations, the Management Unit of PT. Mitra Kembang Selaras works with six contractors who employ 151 local workers (41.14%).

PT. Mitra Kembang Selaras does not employ underage children. Based on the results of the recertification audit, the youngest age of employees of PT Mitra Kembang Selaras was 25 years old. while the youngest age of contractor employees was 21 years old.

In implementing forest protection measures, PT. Mitra Kembang has inaugurated the training of Community Fire Awareness Group (MPA) in the local villages.

The management unit of PT Mitra Kembang Selaras has made conflict resolution institutions in a participatory manner and agreed upon and accepted by the community. In the PT Mitra Kembang Selaras concession area no more area claimed by the community has been found, the land has now been planted with acacia. Since October 3, 2017 an agreement has been reached with land tenants not to do any more cultivation in the company's area

Description of the ecological conditions of the concession

The Management Unit of PT. Mitra Kembang Selaras undertakes activities to minimize negative environmental impacts, the results of which are reported to the requisite authorities on a periodic basis. Among the impacts monitored are various indicators relating to the health of the soil and the quality of air and water.

PT. Mitra Kembang Selaras has allocated Local Protection Areas and Other Protected Areas covering an area of 3,282 ha (21.84%). Consisting of a riparian zone covering an area of 103 ha (0.69%); Buffer Zone is 445 ha (2.96%); KPPN covers an area of 81 ha (0.54%), KPS L covering 78 ha (0.52%); Other Protected Areas covering an area of 1,533 ha (10.20%) and Peat ecosystem functions covering an area of 1,042 ha (6.92%)

The Peat Ecosystem Recovery Plan prepared by PT. Mitra Kembang Selaras has been approved by the Director General of Pollution Control and Environmental Damage, Ministry of Environment and Forestry with Decree No. SK.104 / PPKL / PKG / PKL.0 / 9/2018 dated September 21, 2018 concerning the Plan for Peat Ecosystem Recovery, Determination of High Groundwater Level Adjustment Points, and Rainfall Monitoring Station Points of PT. Mitra Kembang Selaras.

In order to prevent and deal with various forest disturbances, the Management Unit conducts regular patrols, plus carries out training activities with the Community Fire Awareness Group (MPA) formed in cooperation with the local villagers.

PT Mitra Kembang Selaras has managed effective conservation areas by monitoring the value of diversity of

vegetation in protected areas (KPPN), as well as monitoring the effectiveness of water catchments, and protection of germplasm. By monitoring the value of vegetation diversity. In particular, attention is paid to monitoring air quality, soil fertility and erosion, and water flow and quality.

The Management Unit conducts Biodiversity Management through the identification and monitoring of protected flora and fauna. Protected tree species include: Balam (*Payena* spp), forest Durian (*Durio zibethinus*), Kempas (*Coompasia malaccensis*) and Ramin (*Gonystylus bancanus*). Meranti (*Shorea* spp) functions as a tree where hornbills are found, while honeycombs are often found in kempas (*Coompasia malaccensis*).

The Management Unit carries out Forest Protection activities through documented procedures for the protection and control of forest disturbances, both natural and disease-based, such as encroachment or illegal land occupation, etc.

Results of the Public Consultation

Prior to undertaking the Recertification Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing March 26, 2019, 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 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.

Results of the Recertification Audit of PT Mitra Kembang Selaras identified two (2) Minor Non-Conformities (NC) as listed below. No critical issues were identified:

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit was unable to show the policy of providing a summary of management/monitoring plans and annual/evaluation reports to the public; plus it was unable to show the management/monitoring plans and annual/evaluation reports for 2019 that are publicly available. Ref Clause I.2.4 and I.3.3	The management unit has issued work instructions to make the relevant documents available to the public.	Minor
2	Based on data from the 2019 PSP Summary Report and Inventory, there has been a decrease	The Management Unit has made an action plan to maintain an appropriate mineral and nutrient supply for the	Minor



	<p>in MAI from Rotation I to the current Rotation III. This shows that sustainable results are not being achieved. The balance of material and nutrient supply has not been appropriate for the factual site class based on the fertilizer regime used.</p> <p>Ref Clause I.5 and Clause III.3.4</p>	<p>factual site class based on the fertilizer regime used.</p>	
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Conditions under which the certificate is issued

Certificate is valid until June 22, 2022, provided that PT Mitra Kembang Selaras 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.