

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



JOB NUMBER: AJA/IFCC-035

CLIENT NAME: PT. MITRA KEMBANG SELARAS

TOTAL HECTARES: 14,800 ha

SCOPE OF REGISTRATION: Sustainable Forest Management In Plantation Forest covering an area of 14,800 hectares in Indragiri Hulu Regency, Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: February 16, 2016

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: February 19, 2016

LEAD AUDITOR: I WAYAN SUDI ANTARA

SIGNATURE:

AUDIT TEAM: RAHMAT SAFE'I

SIGNATURE:

MASHARI

SIGNATURE:

MAJOR CARs: 0

MINOR CARs: 4

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence of Major System Failure):

SELECT OPTION

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows):	DATE OF EACH SITE VISIT:
Merbau Estate	Lirik District and West Rengat District, Indragiri Hulu Regency, Riau Province, Indonesia	February 16-19, 2016
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 (If more than 4 additional sites have been registered please add additional rows)	
	N/A	
REF No:	ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows)	
	N/A	

Brief Description of the concession and its natural and socio-economic conditions.

PT. Mitra Kembang Selaras was granted an operating license by the Decree of The Forest Management Business License Timber Forest Products in Industrial Plantation Forest of the Forestry Minister: Minister of Forestry Decree No. 71//Menhut-II/2007 dated February 23, 2007 for an area of 14,800 ha. In the management of MU, PT. Mitra Kembang Selaras has divided the spatial working area of 14,800 ha as follows: a) Protected Areas - 1,656 ha, b) Staple Plants - 9,012 da, c) Featured Plants - 1,664 ha, d) Livelihood Plants - 1,453 ha, e) Infrastructure - 514 ha. Land Claim/ occupation - 401 ha

The geographical location of the work area of PT. Mitra Kembang Selaras is situated E 100° 51'15" - 100°59' 50" and S 010° 01' 45" - 01023'15". PT. Mitra Kembang Selaras is located in the district of Lirik and West Rengat, Regency of Indragiri Hulu, Riau Province with the following regional boundaries, North: Rokan River; South: PT. Rokinan Adiraya Plantation; East: Ex HPH PT. Kosmar Timur Raya; West: Sub DAS Rokan Kiri.

PT. Mitra Kembang Selaras work area has a flat topography (0-5%) at an altitude of about 21 meters above sea level. The area is the watershed of the Merbau and Kampar rivers, both of which flow through the work area. According to Schmidt-Ferguson climate classification, PT. Mitra Kembang Selaras is included in the climate type B with a value of Q = 20. Based on the geological map of the PT. Mitra Kembang Selaras area, it is included in geological formations Old Alluvium (Qp). The soil type is Organosol (peat) and Gleihumus, the entire working area of PT. Mitra Kembang Selaras being marshland peat. Based on the results of research by PT RAPP, PT. Mitra Kembang Selaras decided to develop a plantation of the species *Acacia crassicarpa*.

The villages around the working area are Seko Lubuk Tigo, Banjar Balam Villages, Lirik District, Danau Baru village, and Rengat Barat district. The community is comprised mainly of ethnic Malays, the remainder being made up of Javanese, and Batak people. PT. Mitra Kembang Selaras has performed an Environmental Impact Assessment (EIA) dated November 4, 2002, which was authorized by the Environment Agency Head of Indragiri Hulu Regency.

The Environmental Management impact contains the following component parameters:

- Physical properties of soil, soil chemical properties, soil erosion, fluctuations in river flow, sedimentation and water

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quality;

- Vegetation is protected, non-wood forest products, wildlife habitat, abundance of wildlife, bird diversity and plant pests and diseases;
- The public perception, potential for social conflict, employment, social interaction, employment and people's income

For peat land management, PT. Mitra Kembang Selaras conforms to measures in the form of water management as shown by zoning of the water table through the construction of dams and bypass and monitoring subsidence. PT. Mitra Kembang Selaras has made efforts to accommodate social harmony in the form of plant life (palm), as well as providing access to exploit NTFPs fish in the canals, and grazing for livestock feed

PT. Mitra Kembang Selaras provides management for the protection of flora and fauna (protected area), being 1,656 hectares (11.19%) in total, consisting of KPPN/KPSL area of 747 ha, riparian and buffer zone of 100 ha, and virgin forest comprising 809 ha.

Prior to conducting the Stage 2 audit, PT. AJA Sertifikasi Indonesia undertook public consultation, commencing February 9, 2016, asking stakeholders for feedback about PT. Mitra Kembang Selaras. The notice for public consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to relevant stakeholders through email and/or postal mail, and announced in local newspapers. PT AJA Sertifikasi Indonesia received no feedback from such public consultations, and the audit team also gathered information from media reports about PT. Mitra Kembang Selaras. Such reported cases are considered to be part of the audit process carried out by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, including legal aspects that incorporate 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 as an area of 14,800 ha for certification.

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 Stage 2 audit of PT. Mitra Kembang Selaras, the audit team found four (4) minor non-conformities. PT. Mitra Kembang Selaras has performed corrective actions for all non-conformities raised and shown serious commitment to sustainable forest management.

The Non-conformities and Corrective Actions performed are:

No	Non-conformities (NC)	Corrective Action Performed	Category
1	Management Unit has not established and applied Documented Procedures, for the handling and use of chemical pesticides B3 Clause I. 6.6 & I.8.3	The management unit has provided evidence of the revision of the SOP-Weed Control, which includes a mechanism for correct laundering of the syringe (not performed in a canal / water flow). It has also shown footage of the laundering of spray equipment in accordance with the revised procedures. Management Unit has shown evidence of having B3 management procedures that include: - SOP Weed Control - WI Storage Agricultural Chemicals, Fuels and Lubricants - SOP Monitoring Fertilizer - SOP Spill Handling BB, Lubricants & Chemicals Revised - SOP Revision B3 Waste Management	Minor

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		- SOP acceptance Chemicals Storage	
2	Management units have not implemented the B3 waste management, including the installation of symbols B3 and monitoring the reuse of waste B3 Clause I. 6.6	<ul style="list-style-type: none"> - The management unit has shown evidence of mounting tape symbol B3 - The management unit has shown evidence of the minutes and recordings drawn throughout the former container B3 being used for rain water and stored in a warehouse B3 - The management unit has shown evidence of withdrawal of the former container BAP B3 and LB3 monitoring data shown in November 2015 to February 2016 - Management Unit has shown tape evidence of warning letter, and appeal for prohibition of the use of used containers B3 	Minor
3	The management unit has not shown camp facilities provided for workers to be clean, safe, and able to meet basic needs such as toilet for workers Clause I.12.5 & I.12.6	<p>Unit Management has shown evidence of:</p> <ul style="list-style-type: none"> - Plan of project guard house that will begin in the first week of June 2016 and is targeted for completion in the fourth week of September 2016 - Statement of the construction of toilet in Camp Member Compartment H-02 starting May 5, 2016 and scheduled for completion June 5, 2016 - Advance form WC at security post development (1 unit in the post I and 1 unit in housing) 	Minor
4	The management unit has not shown evidence of rehabilitation activities in protected areas of degraded forest disturbance (illegal logging and encroachment) Clause I. 7.2 and I. 4.5	Unit Management has suggested a conservation rehabilitation plan in 2016 to rehabilitate the damage due to Illegal Logging, ENC, IM area of 24.82 Ha (seed requirement of 400 seeds / ha). Activities will begin in October 2016 for an area of 1.5 ha	Minor

Conditions under which the certificate is issued

Certificate is valid until 23/06/2019 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.