

Public Report Sustainable Forest Management System

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AJA EUROPE
PUBLIC AUDIT REPORT - SFM
TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: PT. Mitra Kembang Selaras

TOTAL HECTARES: 14,800 ha

SCOPE OF REGISTRATION: Sustainable Forest Management for Plantation Forest covering 14,800 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: February 24, 2017

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 27, 2017

LEAD AUDITOR: R. Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan

SIGNATURE:

Tata Sumitra

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	Seko Lubuk Tigo Village, Lirik Sub-district, Banjar Balam Village, Lirik Sub-district, and Danau Baru Village, Rengat Barat District, Indragiri Hulu Regency, Riau Province, Republic of Indonesia	February 24 to 27, 2017
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	
	Not Applicable	

Document: Report Format Public - IFCC

Issue: D

Date: 15 September 2016

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Brief Description of the concession

PT Mitra Kembang Selaras is a forestry industry company that produces wood fiber for pulp and paper raw materials. PT Mitra Kembang Selaras conducts operational activities based on Forest Concession Permit granted under the Decree of the Minister of Forestry No. : SK.71/ MENHUT-II / 2007 dated 23 February 2007 concerning the Granting of Business License for Wood Forest Product Utilization in Industrial Plantation Forest to PT. Mitra Kembang Selaras covering an area of approximately 14,800 ha in Riau Province. for a period of 41 years from 21 November 2002.

PT Mitra Kembang Selaras, has made a spatial arrangement based on Revised Document of Work Plan of Industrial Timber Forest Product Utilization (RKUPHHK-HTI) for the period of 2008-2017 on behalf of PT Mitra Kembang Selaras in Riau Province approved by Decree of Minister of Forestry Number: SK.63 / VI-BUHT / 2013 dated 21 June 2013. The spatial arrangement is as follows: Protected Areas of 1,656 ha (11.19%); Areas Not Utilized for Production of 1,015 ha (6.86%); and Production Areas of 12,129 ha (81.95%), consisting of Staple Plant Area of 9,012 ha (60,89%), Enrichment Planting Area of 1,664 ha (11.24%), and Livelihood Plant Area of 1,453 ha (9.82%).

PT Mitra Kembang Selaras has not converted any natural forest to plantation forest since December 31, 2010, and thus the scope of the IFCC certification is for 14,800 hectares.

PT Mitra Kembang Selaras is located between 00° 09' 05.77" to 00° 17' 16.08 " South and 102° 17' 08" to 102° 25' 55.75" East. It is bounded to the north by PT. Merbau Pelalawan Lestari and KUD Redang Seko, to the east by the buffer zone of Suara Marga Satwa Kerumutan, to the south by PT. Teso Indah, and to the west by PT. Gandaerah Hendana (Perkebunana Kelapa Sawit).

PT. Mitra Kembang Selaras lies at an altitude of 6 to 40 meters above sea level and has a mainly flat topography (0 - 8%) Based on the Schmidt Ferguson climate classification it is registered as Climate Type: A (Very wet) with Q = 14.3% and annual rainfall of 2,398 mm. In light of the conditions, PT. Mitra Kembang Selaras has chosen *Acacia crassicarpa* as its staple production species.

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

There are three villages located in the vicinity of the PT Mitra Kembang Selaras work area, Desa Seko Lubuk Tigo and Desa Banjar Balam in the Lirik Sub-district, and Desa Danau Baru in the Rengat Barat Sub-district. Based on BPS data, Lirik Sub-District in figures year 2014, the majority of the inhabitants are Malay (90%), with the remaining 10% being Javanese, Batak, Minang and Bugis migrants.

In the main, the villagers earn their livelihood from agriculture, forestry, fishing or raising livestock, although some are involved in manufacturing or trading activities. The Management Unit of PT Mitra Kembang Selaras has the objective of improving socio-economic and cultural levels of the local communities and as such prioritizes the hiring of local workers according to their abilities, as well as providing business opportunities for partnership. It also provides access to enable the local communities to obtain non-timber forest products such as fish, honey, birds and fodder for their animals from the concession area.

PT Mitra Kembang Selaras has set in place a conflict resolution mechanism to resolve disputes with the local community in an amicable manner based on customary law and / or property rights of local communities under formal law, as well as for issues related to the impacts of forest management activities. These primarily involve discussion to reach consensus with third party arbitration only should such initial efforts fail.

The Management Unit has also set aside a specific area for the production of livelihood plants in cooperation with the local



communities, distributing the benefits of the partnerships to the villages. PT Mitra Kembang Selaras also operates its Corporate Social Responsibility (CSR) programs providing infrastructure such as roads, etc. as well as improving education, health and religious facilities in the surrounding villages according to the needs of the community. The activities implemented in 2016, for example, were in the fields of education, economics, socio-cultural, religious, and village infrastructure.

Description of the ecological conditions of the concession

PT. Mitra Kembang Selaras undertakes activities to minimize negative environmental impacts in accordance with RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documentation, 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 the water.

In addition to the regular inventory and mapping of the flora and fauna as required for biodiversity management within its concession area, PT. Mitra Kembang Selaras undertakes specific measures to ensure the wellbeing of its protected areas. These include marking and monitoring the area boundaries, as well as socialization to the public, and its employees and their families, of the importance of the areas and the need for their protection. An inventory of the flora and fauna within the protected areas is maintained on a regular basis, together with any migratory habits, while routine patrols are carried out to minimize forest disturbances. As in all areas of the concession, including the enrichment planting area, disturbances that can threaten its health include illegal entry, disease or infestation, and fire hazards.

Fire is a major hazard in forest areas and the Management Unit has implemented specific measures to protect the forest against the threat of fire. PT. Mitra Kembang Selaras has formed and trained firefighting teams who monitor potential hot spots in cooperation with members of the local community. The Management Unit also controls the build-up of wood waste and ensures that access roads are kept free from constraints. Further actions include the installation of information boards prohibiting the lighting of fires in the forest and regular patrols are also carried out to minimize negative impacts due to illegal incursions or forest/land fires.

The Management Unit has developed and implemented SOPs for the Management of Hazardous Dangerous Materials (B3), which include an inventory of waste, source, and estimated amount. All such waste is regularly collected and retained in temporary storage until its collection by a licensed disposal company.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing February 06, 2017, 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 relevant parties by email and / or postal mail and published in local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation and no environmental or social conflict issues were reported. The audit team also gathered information from the mass media about PT Mitra Kembang Selaras, such material being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements required for this certification process, comprising legal aspects



that include compliance with international rules and conventions. The management system has been built to include all activities in the field of certification, which is registered for an area of 14,800 ha.

Findings on the certified client conformity with the certification requirements and description of critical issues in relation with the conformity.

The results of the Surveillance 1 Audit of PT. Mitra Kembang Selaras did not reveal any Non-Conformity (N/C) in either the Major or Minor categories.

Conditions under which the certificate is issued

The certificate will be valid until the date 23 June 2019.