

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: 14,800 ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: March 20, 2018

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 23, 2018

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Estate Lirik	Lirik District, Rengat Barat District, Indragiri Hulu Regency, Riau Province, Republic of Indonesia	March 20 to 23, 2018
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

PT Mitra Kembang Selaras received authorization based on Decree of the Minister of Forestry Number: SK.71 / MENHUT-II / 2007 dated 23 February 2007 concerning Renewal of Business Permit for Utilization of Forest Products in Industrial Plantation Forests in PT Mitra Kembang Selaras Forests for approximately 14,800 ha in Riau Province, for a period of 41 years from November 21, 2002.

The company's operations are based on the RKUPHHK-HTI document (Work Plan for the Utilization of Timber Forest Products) as legalized based on the Decree of the Minister of Environment and Forestry Number SK.298 / MenLHK-PHPL / UHP / HPL.1 / 2/2018 dated February 5, 2018 concerning Approval of Work Plan for Utilization of Industrial Timber Forest Timber Products (RKUPHHK-HTI) for 2018-2027 within the Framework of Improving Peat Governance on behalf of PT Mitra Kembang Selaras in Riau Province.

Based on the RKUPHHK-HTI document, the spatial arrangement of the work area was as follows: 1). Peat Ecosystem Protection Area of 10,065 ha (66.97%) .2). Staple Plant Area of 3,703 ha (24.64%), Livelihood Plant Area of 1,260 ha (8.38%), or 15,028 ha (99.99%) in total; difference in percentage due to rounding.

The protected ecosystem function area of peat of 10,065 ha (66.97%) includes: 1) river border: FLEG of 46 ha (0.31%), FBEG of 57 ha (0.38%); 2) Buffer Zone: FLEG of 400 ha (2.66%), FBEG of 45 ha (0.30%); 3) KPPN (Germplasm Conservation Area): FLEG of 81 ha (0.54%), FBEG of 0 ha; 4) KPSL (Wildlife Conservation Area (KPSL): FLEG of 78 ha (0.52%), FBEG of 0 ha; 5) Other Protected Areas: FLEG of 679 ha (4.52%); FBEG of 854 ha (5.68%), 6) Protection Function of Peat Ecosystem: FLEG of 7,635 ha (50.81%), FBEG of 190 ha (1.26%).

Geographical location of the concession lies between 00° 09' 05.77" to 00° 17' 16.08" South and 102° 17' 08.00" to 102° 25' 55.73" East

Bordered by:

- East boundary: Kerumutan Wildlife Reserve
- West boundary: PT Gan Daerah Hendana Plantation, Other Use Area, Ex-HPH PT Dexter Kencana Timber
- South boundary: Ex HPH PT Dexter Kencana Timber, Other Use Area
- North boundary: PT Merbau Pelalawan Lestari IUPHHK

The work area falls under the governmental administration of Lirik Sub-District, Rengat Barat District, Indragiri Hulu Regency, Riau Province. The land type is a peat area and the staple crop cultivated is *Acacia crassicarpa*.

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

PT Mitra Kembang Selaras has identified and recognized the legal rights of the local community In the four villages that surround the concession area: Seko Lubuk Tigo Village, Banjar Balam Village and Pasir Ringgit Village (Lirik District) and Danau Baru Village (Rengat Barat District) Pelalawan Regency, Riau Province. Based on the social impact study of PT Mitra Kembang Selaras and interviews with local community leaders, it was revealed that the indigenous Malays surrounding the concession are linked through matrilineal kinship systems.

Documented Livelihood Plant Collaboration Agreements exist between PT Mitra Kembang Selaras and two villages covering areas of 124.8 hectares and 750 hectares, respectively. The Management Unit also has an agreement to establish a Fire Awareness Society (MPA) in the villages.

Realization of the 2017 Community Development (CD) program was in the form of assistance in the field of: religion (means of worship and qurban animal assistance); education (teacher's honorarium), health (mass circumcision), as well



as village facilities and infrastructure assistance.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities that have important impacts through its AMDAL, RKL and RPL documents, reporting its activities to the requisite authorities on a periodic basis.

PT Mitra Kembang Selaras has carried out effective management of conservation areas by monitoring the diversity value of vegetation in protected areas (KPPN), as well as monitoring the effectiveness of water catchment, and protection of germplasm by monitoring the diversity value of vegetation. In particular, care is taken to monitor air quality, soil fertility and erosion, as well as water flow and quality.

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

The Management Unit carries out Forest Protection activities through documented procedures for the protection and control of forest disturbances, be these natural such as disease and infestation, or human in nature such as encroachment or illegal land occupation, etc.

In particular, forest protection measures against fire hazards have been implemented and involve members of the local community.

Results of the Public Consultation

Before carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing March 16, 2018, asking stakeholders to provide feedback and information about 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 any input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Mitra Kembang Selaras, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, which consist of legal aspects that include compliance with rules and regulations and international conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area covering 14,800 hectares.

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

No	Non-Conformities	Corrective Action Performed	Category
1	The report on the implementation of the RKL/RPL has not been reported the monitoring of socio-cultural fields in	Preparation of RKL/RPL documents in the next semester will include the monitoring matrix of socio-cultural fields and will be reported in accordance with applicable	Minor

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	accordance with the requirement that forest management does not cause negative impacts on local communities. Indicator I.10.2.	regulations	
2	Based on field visits in the employee housing complex, mixing of organic and inorganic waste was still found to occur, plus rubbish was scattered around the housing and canals. The Management Unit must ensure that waste is managed in accordance with the standard for waste management procedures. Indicator I. 12.6.	Socialization of household waste management will be carried out, and the results of the socialization monitored with corrective actions being taken in regard to the scattering of waste.	Minor

Conditions under which the certificate is issued

Certificate is valid until June 23, 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.