

Public Report Sustainable Forest Management System

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CLIENT NAME: CV MUTIARA LESTARI

TOTAL HECTARES: 4,000

SCOPE OF REGISTRATION: Sustainable Forest Management of 4,000 Hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: August 2, 2023

AUDIT END DATE: August 4, 2023

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

LEAD AUDITOR: R Sigit Pamungkas

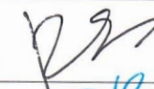


SIGNATURE:

AUDIT TEAM: Rahmat Syafe'i

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head office	Jl. Sei Duku No. 333, Kelurahan Tanjung Rhu, Kecamatan Lima puluh, Pekanbaru, 28143	August 2, 2023
Site	Kecamatan Pelalawan, Kabupaten Pelalawan, Provinsi Riau, Indonesia	August 3 to 4, 2023
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	
NA		

Brief Description of the concession

CV Mutiara Lestari is a company holding a Business Permit for Industrial Plantation Forest Timber Utilization (IUPHHK-HTI) based on the Decree of the Regent of Pelalawan Regency Number 522.21/IUPHHKHT/1/2003/007 dated 25 January 2003 covering an area of approximately 4,000 ha located in Pelalawan District, Pelalawan Regency, Riau Province. The scope of CV Mutiara Lestari certification is 4,000 ha due to no conversion later than December 31, 2010.

CV Mutiara Lestari has a ten-year Management Plan Document, namely the Revision of Business Work Plan for the Utilization of Timber Forest Products from Industrial Plantation Forests (RKUPHHK-HTI), which was ratified by SK.6092/MenLHK-PHPL/UHP/HPL.1/6/2019 dated 28 June 2019. According to the document above, the spatial planning are Local Protected Areas and Other Protected Areas of 1,785 ha (44.63%), Staple Plant area of 1,195 ha (29.87%) and Livelihood Plant area of 1,020 ha (25,50%).

Geographically, the area of CV Mutiara Lestari is located at the coordinates of 00°25'09" to 00°27'38" North and 101°25'47" to 102°07'54" East. The topography of the land is flat with peat soil consisting of Topohemists, Tropofibists Troposaprits and Tropofibrists. Administratively, the work area of CV Mutiara Lestari is in Pelalawan District, Pelalawan Regency, Riau Province. Based on the soil type, the species of staple plant being developed is *Acacia crassicarpa*. There is no Peat Dome Peak in CV Mutiara Lestari.

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

The residents around the CV Mutiara Lestari work area are mostly Malay, Batak, Nias and Javanese. The main livelihoods of the community are farmers, food businesses, workers in palm oil plantations and services. According to the village heads and the Public Relations Officer of CV Mutiara Lestari, there are no indigenous peoples in and/or around CV Mutiara Lestari.

CV Mutiara Lestari has a conflict resolution mechanism, namely Conflict Resolution Protocol and Handling Security Threat Action Activities SOPs. Meanwhile, the conflict status in the CV Mutiara Lestari area is Critical (value of 62.98%). According to the CV Mutiara Lestari Claim Area Identification and Settlement Report of Semester I of 2023, the claim area is almost half of the concession. The identified claim is from a palm-oil plantation company, where the rest of the claim is remaining unknown. Regarding the claim area within the CV Mutiara Lestari area, no efforts have been made to identify the claim area with the community. This has been decided as non-conformity for the Management Unit.

During this period of Initial Audit to Surveillance 1 Audit, there has been no agreement on livelihood plants with the surrounding villages due to unresolved areas of conflict. The only existing agreement is the Joint Agreement with the Community of Fire Awareness (MPA) since 2014.

CV Mutiara Lestari has provided adequate support to local communities and indigenous communities around the company. In 2022, the types of activities which realized from the planned are infrastructure and social economic. As for 2023 (per June), the activities which realized are in the sector of education, health, religious, infrastructure and social and economic.

Description of the Ecological conditions of the concession

CV Mutiara Lestari has implemented appropriate/measurable steps to protect the area from damage due to operational forest management activities. These steps include protect and maintain protected areas, monitoring soil and peat subsidence, patrol in protected areas, and making RKL/RPL (Environmental Permit) Implementation Reports per semester as monitoring and evaluation material.

Based on the verification results in the documents, CV Mutiara Lestari has identified protected, rare, endangered, sensitive or ecosystem representative flora and fauna through inventory and mapping. In terms of inventory and

mapping related to forest ecosystems, genetic resource areas and landscape areas, the Management Unit has carried out:

- Allocating a Germplasm Conservation Area (KPPN) in the spatial plan.
- Allocating some areas for indigenous plants species.
- Carrying out public consultations regarding the existence of flora and fauna, ecosystems and landscapes to the surrounding community.
- Marking the boundaries of the river protected area (buffer zone) with red paint and providing signs for the protected area in the form of a Sign Board.
- Implement Reduced Impact Logging (RIL) in the forest management stages from planning to harvesting and post-harvesting.
- Management of biological components.
- Management of Non-Timber Forest Products (NTFP). The existing NTFP is honey. The level of dependence of communities around the area is relatively low.

CV Mutiara Lestari has identified threats to the health and vitality of forest resources, such as forest fires, illegal logging, illegal grazing, forest encroachment, hunting, pests and diseases and weeds. Controlling forest and land fires in work areas includes prevention activities, fire management and efforts to improve land after a fire occurs. Activities performed by the Management Unit are:

- Prevention and extinguishing of land fires carried out by the OHS Department.
- Patrol on vulnerable forest and land of fires using cars, motorbikes, speed boats and fire towers.
- Conduct outreach regarding the prohibition of burning forests and land to local communities.
- Build water reservoirs in the CV Mutiara Lestari area.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing July 7, 2023, asking stakeholders to provide feedback and information about CV Mutiara Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties by email or postal mail, and published in local newspapers. During the public consultation, PT AJA Sertifikasi Indonesia did not receive any inputs.

The audit team also collected information from the mass media about CV Mutiara Lestari. 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. A management system has been established to cover all activities in the area of certification, registered for certification covering an area of 4,000 hectares.

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

The results of Surveillance 1 Audit is 1 (one) non-conformity in minor category. The non-conformity is closed.

No.	Non-conformity (NC)	Corrective Action to be Undertaken	Categories
1	CV Mutiara Lestari has not yet identified the claim area within its concession since the initial audit. Indicator I.9.5.	CV Mutiara Lestari has provided the identification of its land claim and attached with the Indicative Map of Encroachment and Claims, scale of 1:100.000.	Minor



Conditions under which the certificate is issued

Certificate is valid until September 10, 2025, provided that CV Mutiara Lestari 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.