

Public Report Sustainable Forest Management System

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AJA EUROPE SRL

PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE ORGANIZATION, IFCC AND TO AJA EUROPE



ORGANIZATION 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 & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Transition to IFCC ST 1001:2021 + Surveillance 2

AUDIT START DATE: 3 September 2024

AUDIT END DATE: 5 September 2024

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: Andri Wibisono

AUDIT TEAM: Inggita Nuri Prihantini

Agung Utama Lubis

SIGNATURE:

SIGNATURE:

SIGNATURE:

SIGNATURE: //

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WITNESSING EVALUATOR/
TRANSLATOR (if any):

MAJOR CARS: 0

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED including countries	DATE OF EACH SITE VISIT:
Head office	Jl. Sei Duku No. 333, Kelurahan Tanjung Rhu, Kecamatan Lima Puluh, Pekanbaru, 28143	3 September 2024
Site	Kecamatan Pelalawan, Kabupaten Pelalawan, Provinsi Riau, Indonesia	4-5 September 2024
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

CV Mutiara Lestari is a company that holds a Business Permit for Utilization of Industrial Timber Plantation Forests (IUPHHK-HTI) based on the Decree of the Regent of Pelalawan Regency Number 522.21/IUPHHKHT/1/2003/007 dated January 25, 2003 covering an area of approximately 4,000 ha located in Pelalawan District, Pelalawan Regency, Riau Province. In 2021, it received a PBPH Decree (Forest Utilization Business Permit) through the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.808/MENLHK/ SETJEN/HPL.0/9/2021 September 21, 2021. There was a change in nomenclature from IUPHHK-HT to PBPH. There were no natural forest conversion areas after 31 December 2010. The area based on permit is 4,000 ha, forest area and the certified area is 4,000 ha as well.

CV Mutiara Lestari has a ten-year Management Plan Document, namely the Revised Work Plan for Industrial Timber Forest Product Utilization (RKUPHHK-HTI) approved by SK.6092/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019. The space work area of CV Mutiara Lestari spans a total of 4,000 hectares, divided into three main zones. The first zone, Local Protected Areas and Other Protected Areas, covers 1,785 hectares, or 44.63% of the total area. This zone consists of 903 hectares (22.58%) designated as River Border, 59 hectares (1.48%) designated as KPPN/KPSL, and 823 hectares (20.57%) identified as Other Protected Areas. The second zone is the Staple Plant Area, which occupies 1,195 hectares (29.87%). The third zone, the Livelihood Plant Area, covers 1,020 hectares (25.50%).

Geographically, the area of CV. Mutiara Lestari is at 00°25'09" - 00°27'38" North and 101°25'47" - 102°07'54" East. It is part of Kampar River forest group, with a flat topography. The soil type is entirely peat with the types of Tropohemists, Tropofibists Troposaprits and Tropofibrists. Administratively, the work area of CV Mutiara Lestari is located in Pelalawan District, Pelalawan Regency, Riau Province.

The boundaries of CV Mutiara Lestari are:

- North: State forest
- South side: State forest
- West side: State forest
- East side: PT Selaras Abadi Utama

The condition of the work area site is peat soil, based on this site the type developed is *Acacia crassicarpa*. CV Mutiara Lestari has ensured compliance with peatland management regulations through a series of actions, including revising its RKUPHHK to improve governance and submitting reports on peatland restoration and fire control, as required by Indonesian environmental decrees. The Organization made adjustments to its activities for 2018-2019 based on specific ministerial decrees and revised the RKUPHHK for the 2017-2026 period. Additionally, the Organization confirmed that there is no Peat Dome Peak in its operational area, demonstrating its adherence to national regulations on peatland management

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

CV Mutiara Lestari operates in areas with local communities, with significant populations in two villages where the majority of residents work as farmers. In one village, 94% of the population is engaged in farming, while 97% of the population in the other village is involved in the same occupation. Aside from farming, residents also have livelihoods in trade, government services, and labor. The company has a mechanism in place to address complaints and disputes related to land ownership. However, there are ongoing conflicts regarding land claims, with over 60% of the Organization's concession area involved in disputes, including claims from local communities and external entities. One of the villages

claims that part of the concession area, though officially designated as a forest area, has been utilized by the community for plantations like rubber and oil palm.

The concession area has been largely cleared or controlled by various parties, including local communities and palm oil companies. These claims extend across most of the concession area, including parts of land near a river. The Organization has recognized the critical nature of these conflicts and is working on resolving them. Despite efforts to collaborate with the surrounding communities, the Organization has faced challenges in realizing substantial cooperation, with only 10% of the concession area used for the staple plants it manages. There remains potential for deeper collaboration and development within the local communities.

CV Mutiara Lestari has made efforts to promote a local forestry-based economy and has contributed to community development through various programs. In 2023, the Organization provided assistance in education, health, religion, and infrastructure, contributing a significant amount to these efforts. Key initiatives included school supplies for one village, support for stunting eradication in another, and economic aid for fish feed in the broader area. The company also invested in local infrastructure, such as providing lawn mowers for the youth group in one village, contributing positively to community well-being.

In the first half of 2024, CV Mutiara Lestari provided further assistance in response to local challenges, such as food aid for flood victims and funding for sports events in the area. While the company's CSR activities have not fully met their targets for the year, these efforts demonstrate the Organization's commitment to supporting local communities and addressing land disputes. These initiatives reflect the company's ongoing goal to improve local livelihoods while working toward resolution and fostering sustainable development in the areas surrounding its operations.

Description of the Ecological conditions of the concession

CV Mutiara Lestari is committed to sustainable forest management with a focus on the restoration and protection of peat ecosystems. The Organization has implemented hydrological restoration activities, such as building canal barriers, monitoring groundwater levels, and maintaining the water table to prevent peatland degradation. These actions, detailed in their Peatland Restoration Plan and supported by various operational procedures, aim to restore and preserve peat ecosystem functions and ensure long-term environmental health.

In addition to hydrological restoration, CV Mutiara Lestari follows the High Carbon Stock (HCS) and High Conservation Value (HCV) approaches to protect biodiversity. The Organization has carried out integrated HCS-HCV assessments across five concessions in Riau Province, identifying important conservation areas and vulnerable species. To protect these areas, they use satellite imagery, forest patrols, and watchtowers, as well as manage invasive species like acacia in protected zones to maintain ecosystem integrity.

Fire prevention is another key focus, as CV Mutiara Lestari has implemented a water management zoning system to control fire risks by regulating land and water conditions. The company also formed a fire control brigade and established joint agreements with local communities to prevent forest and land fires. These efforts help maintain the ecological functions of the forest, including carbon absorption and climate regulation, which are essential to global environmental health.

The company also engages with local communities to reduce land clearing and encroachment on protected areas, working closely with village governments to prevent unsustainable land use. CV Mutiara Lestari uses Reduced Impact Logging (RIL) techniques during harvesting to minimize soil damage and preserve remaining forest cover. Their operational activities comply with local regulations and national zero deforestation commitments, ensuring that business goals are aligned with environmental conservation and sustainability practices.



Results of the Public Consultation

Prior to conducting Transition to IFCC ST 1001:2021 + Surveillance 2 Audit on CV Mutiara Lestari, PT Acube TIC International has made a public announcement and public consultation. Invitation to public consultation to stakeholders to obtain input as materials/consideration through the website www.ajaindonesia.com starting 1 August 2024. The stakeholders can provide input for audit considerations to PT Acube TIC International email. There is no input from stakeholders.

The audit team also collected information from the mass media about CV Mutiara Lestari. The reported cases are considered as part of the PT Acube TIC International audit process.

The Organization has identified all the necessary requirements for this certification process, which consist of legal aspects which include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the area of certification, which are registered for the certification area of 4,000 hectares.

Organization progress record related to corrective action on findings of nonconformities in previous audit

The result of Surveillance 1 Audit was one (1) minor non-conformity. The Organization has made improvements and the non-conformity is closed.

No.	Non-Conformities	Corrective Action Performed Surveillance 1 in 2023	Closed Out at Surveillance Audit 2 in 2024
1	CV Mutiara Lestari has not yet identified the claim area within its concession since the initial audit. Indicator I.9.5. (Minor)	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.	The Organization has carried out claim area identification: 1. Oil palm plantation aged 12-15 years 2. Community area 3. Community garden and settlement

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

The result of Transition to IFCC ST 1001:2021 + Surveillance 2 Audit was one (1) minor non-conformity. The Organization has made improvements and the non-conformity is closed.

No.	Non-Conformities	Corrective Action Performed	Category
1	Based on field verification at the plantation contractor's camp, there were toilets that was not in accordance with occupational safety and health standards. The toilets were made of pieces of wood with a base of used plastic sacks and holes made from excavated soil. Indicator 5.3.4.2	There is a Commitment to Build Standard Toilets at CV Mutiara Lestari, made by the Head Assistant of Plantation, known to Plantation Manager, approved by the Estate Manager. A proposal has been made for the procurement of 5 toilets in the plantation camp.	Minor



Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00061/X/2022 is valid until 30/10/2025, 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 Recertification visit. If the non-conformities are not closed at the next Recertification, the certificate will be suspended until such time as AJA EUROPE is able to perform a closeout visit.