

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: PT Rimba Mutiara Permai

TOTAL HECTARES: 8,030

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forests covering an area of 8,030 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Transition to IFCC ST 1001:2021 + Surveillance 1 Transfer Audit

AUDIT START DATE: January 29, 2024
AUDIT END DATE: January 31, 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

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

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MAJOR CARS: 0

MINOR CARS: 0

| SITE NAME (Legal Name): | ADDRESSES OF ORGANIZATION SITES VISITED including countries | DATE OF EACH SITE VISIT: |
|----------------------------|--|--------------------------|
| Head office | Jl. Dr. Sutomo No. 62, Pekanbaru, 28141, Riau | January 29, 2024 |
| Site | Kecamatan Teluk Meranti, Kabupaten Pelalawan, Provinsi Riau | January 30 to 31, 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 | |
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Brief Description of the concession

PT Rimba Mutiara Permai received a management permit initially with IUPHHK-HT (Business Permit for Utilization of Timber Forest Products in Plantation Forests) with a Minister of Forestry Decree No. SK.65/Menhut-II/2007 dated 23 February 2007. It received the latest Decree of PBPH (Forest Utilization Business Licensing) No. SK715/MenLHK/Setjen/HPL.0/9/2021 dated 13 September 2021. In this decision there was a change in nomenclature from IUPHHK-HT to PBPH. The working area is 8,030 Ha.

In its operations, the Organization has a long-term management plan document in the form of an RKUPH (Forest Utilization Business Work Plan) document. The RKUPH document was ratified by the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK .7907/MenLHK-PHL/PUPH/HPL.1/10/2022 dated 10 October 2022 concerning Changes to the Forest Utilization Business Work Plan (RKUPH) for the 10 (ten) Year Period for 2017 to 2026. While the short term planning in the form of an RKTPH (Forest Utilization Work Plan) document is RKTPH 2024 approved by the Decree of the Director of PT Rimba Mutiara Permai Number: 162/SK/RMP/PKU/XII/2023 dated 28 December 2023 concerning Approval of the Annual Work Plan for Forest Utilization in 2024.

PT Rimba Mutiara Permai has arranged its work area into Protected Area of 1,682 Ha (20.95%) and Cultivation Area of 6,348 Ha (79.05%). Total 8,0390 Ha. The Protected Area consists of River Border of 147 Ha (1.83%), Buffer Zone SM Kerumutan of 1,046 Ha (13.03%), Germplasm Conservation Area/KPPN of 50 Ha (0.62%), KPSL of 50 Ha (0.62%), and Other Protected Areas of 389 Ha (4.85%). Cultivation Area consists of Utilization of Timber Forest Product Plantation Forest of 5,848 Ha (72.83%) consists of Plantation area of 4,852 Ha (60.42%), utilization of NTFP of 996 ha (12.41%); infrastructure of 283 Ha (3.52%); shrub gardens and others of 217 Ha (2.70%).

Administratively, PT Rimba Mutiara Permai is included in the Pelalawan District, Pelalawan Regency, Riau Province. Based on the administrative area, Forestry is included in the KPH Sorek, Pelalawan District, Riau Provincial Forestry Service. Geographical boundaries 0° 03' 23" to 0° 12' 23" North and 102° 22' 40" to 102° 25' 88" East. The topography of the work area is flat, 0-8% is peat area so the plant developed is *Acacia crassicaarpa*. In the work area there was no conversion of natural forest to plantation forest after December 31, 2010.

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

Based on the Potential Mapping and Conflict Resolution Report for Semester I of 2023, the composition of the livelihoods of the Petodaan Village population is farmers, fishermen (river), civil servants including honorary employees, TNI/POLRI, employees/laborers, traders, and others.

PT Rimba Mutiara Permai has a mechanism for submitting complaints from the public. Based on the complaint submission form, there was a complaint from the Head of Village on September 25, 2023, that several sections of the village road were in damaged condition and needed repair. During field verification with the Head of Village, currently damaged village roads have been repaired by the Organization by lending heavy equipment.

According to the 2023 Semester I Potential and Conflict Resolution Mapping Report, the conclusion of potential conflict in the PT Rimba Mutiara Permai area is Warning. Previously there was an overlap of land between PT Rimba Mutiara Permai and a palm oil plantation company. Based on interviews with Company management, based on the latest decree, this area is outside PT Rimba Mutiara Permai.

PT Rimba Mutiara Permai has carried out cooperation on Livelihood Plants with Petodaan Village based on Cooperation Agreement Number 17 dated 19 December 2013. Based interview with the Head of Village, the agreement is still ongoing.

PT Rimba Mutiara Permai has implemented a CD/CSR program for the surrounding community. Based on the 2023 CD Program Report, the programs implemented include the education sector, health sector, religious sector, economic improvement sector, infrastructure sector, social and environmental sector. The realization of the Community Development program in 2023 is 140% of what was planned.

Description of the Ecological conditions of the concession

The Organization's land area is a Peat Forest Ecosystem located in KPH Unit XXI Pelalawan, Kerumutan Production Forest Group. It has flat topography (slope 0-8%) with a height of 0-15 m above sea level and the soil type is organosol and gleysol with rock type (geology) alluvium rock. With type A climate (Schmidt & Ferguson), the highest rainfall of 446 mm and the lowest of 143 mm. It is located in the hydrological unity of the Kiyap River-Kerumutan River Peat. Including the Kerumutan sub-watershed and the Kampar watershed.

The soil protection activities carried out include monitoring the physical properties of the soil for symptoms of over-drying and peat subsidence. In its management, canalization is carried out which is divided into five zones. The organization has complied with regulations related to peatland management. PT Rimba Mutiara Permai has prepared a Peat Ecosystem Recovery Plan Document Based on the Decree of the Director General of Pollution and Environmental Damage Control Number: SK.89/PPKL/PKG/PKL.0/21/2021 dated 6 December 2021 for monitoring groundwater levels. The Organization has been set at 24 Ground Water Level Monitoring Points. TMAT (Soil Water Surface Height) monitoring is carried out twice a month, then the monitoring data is reported to the Ministry of Environment and Forestry every three months. The latest revision of the RKUPHHK is in the context of improving Peat Governance of 2017 to 2026 period was last carried out based on Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK 7907/MenLHK-PHPL/UHP/HPL.1/5102022 dated 10 October 2022. There is a Peat Dome Peak area covering a total area of 1,117 ha, which spread over SM Kerumutan Buffer Zone of 811 ha, KPPN of 14 ha, KPSL of 19 ha, and Other Protected Areas of 273 ha.

Organization has carried out forest ecosystem and hydrological function management through the following activities:

- Identification of forest management activities that have important impacts and conducting environmental impact assessments through AMDAL, RKL and RPL. AMDAL Approval and Ratification of the Head of Pelalawan Regency Bapedalda No. 03/Year/2003 January 6, 2003. The implementation of environmental management and monitoring each semester is presented in the Environmental Permit Implementation report (RPL/RKL).
- Implementation of Reduced Impact Logging before, during, and after logging activities.
- Identification of areas that function to protect land and water and allocate them to a Protected Area of 1.682 ha (20,95%).
- Has the documented procedures that serve as guidelines for carrying out impact monitoring activities, such as SOP for Monitoring Protected Areas, SOP for Monitoring Discharge and Water Quality and SOP for Erosion Monitoring.
- The organization has documented procedures for the controlled use of B3 (Hazardous and Toxic Materials), namely SOP for Management of Hazardous and Toxic Waste (B3), SOP for Handling Spills of Fuel, Lubricants and Chemicals, SOP for Weed Control, and SOP for Pest Management and Integrated Diseases.

Organization has carried out biodiversity management through the following activities:

- Identification and inventory of protected, endemic, rare and threatened/endangered flora and fauna as well as their habitat within the concession area.



- Has carried out an environmental impact assessment of the potential impact on protected, endemic, rare flora and fauna and threatened/endangered species, through AMDAL, RKL, and RPL IUPHHK-HT in 2003.
- Not cultivating genetically modified tree species but *Acacia crassicarpa*.

Organization has implemented appropriate and measurable steps in forest protection through:

- Monitoring disturbances in Sustainable Forest Management. Based on document review and field verification, forest disturbances generally include danger of forest fires, illegal land encroachment and illegal logging.
- Having documented procedures to prevent and handle pest and disease attacks, namely SOPs for Integrated Pest and Disease Management.
- Regulate the management of chemical pesticides in the field with documented procedures and MSDS.
- Has implemented forest protection measures against fire hazards.
- Prohibition of livestock grazing activities by the community.

Results of the Public Consultation

Prior to carrying out the Transition to IFCC ST 1001:2021 + Surveillance 1 Transfer Audit, PT ACube TIC International conducted a public consultation starting December 26, 2023, asking stakeholders to provide feedback and information about PT Rimba Mutiara Permai. The public consultation was uploaded to the PT ACube TIC International website (www.ajaindonesia.com), sent to parties by email or postal mail, and published in local newspapers. There was no input from the stakeholders.

The audit team also collected information from the mass media about PT Rimba Mutiara Permai. The reported cases are considered part of the PT ACube TIC International audit process.

The Organization has identified all the requirements necessary for this certification process, which consists of legal aspects that include compliance with regulations and international rules and conventions. The management system has been built to cover all activities in the field of certification, which are registered for certification covering an area of 8,030 hectares.

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

The results of the Recertification Audit are that there are 5 (five) non-conformities in the Minor category. These non-conformities have been closed.

| No | Category | Non-Conformities (IFCC ST 1001:2013) | CAR at Recertification Audit in 2023 | Closed out at Surveillance 1 in 2024 |
|----|----------|---|---|---|
| 1 | Minor | There are forest management costs for 2021 which have been audited by the Public Accounting Office. However, the forest management cost plan from 2020 to 2022 is not available. Indicator 1.7 | RKAP 2020, 2021, 2022 | RKAP 2023 document available. |
| 2 | Minor | Organization has not presented evidence of identifying needs, preparing research and development programs | There is an R&D document No ESV-MER-221117 dated 17 | Pest and disease monitoring activities are carried out. |



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| | | required in its work area. Indicator 1.16 | November 2022 regarding observations of the MER-K 028 and MER- A 005 compartments | |
| 3 | Minor | The company has implemented a wood traceability system (chain of custody) as regulated in SOP. However, chain of custody monitoring and evaluation activities have not been implemented in the field, as required in this standard. Indicator 3.2 | There is documentation of monitoring of chain of custody activities | <ul style="list-style-type: none"> - Shown sample chain of custody documents. - Monitoring of staking measurements on TPn. |
| 4 | Minor | There will be monitoring activities on the use of NTFPs from January – October 2022. However, the Company has not been able to show proof of agreement with the community to avoid the excess of NTFP utilization and negative impact on forest resources. Indicator 5.4 | There is an MoU between the Head of Village and the company regarding the use of NTFPs on January 17, 2023. | There is an MoU between the Head of Village and the company regarding the use of NTFPs on January 17, 2023. |
| 5 | Minor | The results of an inspection in the access road, found several felled logs that fallen from the trucks in transport from TPK to Jetty. Such conditions pose a risk of causing road user accident. This is not in accordance with IFCC Standards, K3 Policies, and Land Vehicle Operational and Inspection SOPs. Indicator 12.2 | The Organization has made schedule to collect felled logs in the canals and on the Petodaan road in the PT RMP zone. | During this audit verification, along logging roads and canals, there was no spillage of felled logs. |

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

The results of Transition to IFCC ST 1001:2021 + Surveillance 1 Transfer Audit is no non-conformity.

Conditions under which the certificate is issued

Certificate is valid until February 2, 2026, provided that PT Rimba Mutiara Permai 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 EUROPE SRL. is able to perform a closeout visit.

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