

PUBLIC SUMMARY

**SUSTAINABLE FOREST MANAGEMENT REQUIREMENT
INDONESIAN FORESTRY CERTIFICATION COOPERATION (IFCC)**

PT. MITRA HUTANI JAYA

PROPINSI RIAU

By

Certification Body PT. BUREAU VERITAS INDONESIA



CERTIFICATION BODY IDENTITY

1. Name of Organization : PT. Bureau Veritas Indonesia (BVI)
2. Number of Accreditation : Accredia 243B
3. Address : Wisma Bakrie 1, 1st floor Jl. HR. Rasuna Said Kav. B-1, Jakarta 12920, Indonesia
4. No. Phone/Fax/Email : Tel. +62-21 29403222
Fax. +62-21 5210806
5. Management of Company : President Director: Mr. Lontung Simamora
Product Manager: Mr. Happy Tarumadevyanto
Technical Manager: Ms. Elisabeth Pardede
6. Standard : IFCC ST 1001:2014 – Sustainable Forest Management
7. Auditor Team : Mr. Pandu Budi Wahono (Lead/Social Auditor)
Mr. Cecep Saepulloh (Production Auditor)
Mr. Hangga Prihatmaja (Ecology Auditor)
Mr. Andreas Budi Rahutomo (Ecology Auditor)
8. Decision Certification Team : Mr. Wahyu F. Riva (Auditor)
Mr. Lars Gunnar Blomkovist (Auditor)

COMPANY IDENTITY

1. Name of Organization/Auditee : PT. Mitra Hutani Jaya
3. Address of Company : Jl. Arifin Ahmad No. 03, Kelurahan Sidomulyo Timur,
Kecamatan Marpoyan Damai, Pekanbaru, Riau Province
6. Company Establishment : Deed of establishment by Notary Yulia SH, No. 9 date 31
May 2000 in Pekanbaru and latest amendment by Notary
Heleny Ritiliany SH, No. 12 date 11 March year 2015.
4. SK IUPHHK-HT : Ministry of Forestry Decree
SK IUPHHK No. 101/Menhut-II/2006 dated 11 April 2006
SK IUPHHK No. 58/Menhut-II/2013 dated 23 January 2013
2. Concession Location : Pelalawan District, Riau Province
5. Concession Area : 9,332.99 ha
Latitude : N: 001 degrees 19 minutes to 001 degrees 38 minutes
Longitude : E: 101 degrees 42 minutes to 101 degrees 58 minutes
Borders : North : Ex logging concession (HPH) Alam Wana Saki
South : Kampar Riparian Buffer Zone
West : 1. Ex logging concession (HPH) Alam Wana Saki
2. PT. RAPP Back up Area
East : 1. PT. SPA Back Up Area
2. Kampar Riparian Buffer Zone
7. Sylviculture System : Clear cutting with artificial regeneration (THPB)
8. Species : *Acacia crassicarpa*
9. Spatial Plan :

1. Production Area	6,046.98 ha
2. Indigenous Species	1,397.00 ha
3. Livelihood Plantation	509.01 ha
4. Conservation Area	1,150.00 ha
5. Infrastructure Area	230.00 ha
10. Directors : President Director: Mr. Muhammad Hasyim
Director: Mr. Kiat Wijaya
11. Management representative : Mr. Heru Tawanto

SUMMARY OF FOREST MANAGEMENT UNIT

Scope of certification: Sustainable Forest Management of PT. Mitra Hutani Jaya with total areas 9,332.9 ha, Plantation Forest, located at Serapung Village, Kuala Kampar Sub-district, Pelalawan Regency, Riau Province

Forest type: The Company manages tropical forest plantations. All plantation areas are planted with species of *Acacia crassicarpa*.

Forest management unit: The company manages forest concession covering total area of 9,332.99 ha consists of 6,046.98 ha as productive area (64.79%); 1,397.00 ha as indigenous species (14.97%); 509.01 ha as livelihood plantation (5.45%); 1,150.00 ha as conservation areas (12.33%); and 230.00 ha for infrastructure (2.46%) (Ref. Long term working plan SK IUPHHK 58/Menhut-II/2013, dated on 23 January 2013).

Products covered under the scope of the certificate: Round wood of *Acacia* species (*Acacia crassicarpa*) for the production of pulp.

Stakeholder consultation: Stakeholder consultation was conducted prior to the audit and issues captured were verified during the audit:

1. Compensation of livelihood plantation
2. Community engagement
3. CSR
4. Local employment
5. Non Timber Forest Product

Social and economic:

There is no indigenous people settlement (Masyarakat Adat) around the concession. There are 2 villages located around the company that developed as Desa Binaan i.e. Segamai Village and Gambut Mutiara Village. Both villages are inhabited by mostly migrants with occupation such as coconut farming, vendors and a small portion of fishermen.

PT MHJ conducted CD/CSR activities in both villages, for instance productive economy empowerment, job employment as contractor (harvesting, nursery, transportation) as well as fishermen community empowerment as non-timber forest product utilization. In 2015 the CD/CSR activity plan consists of education, agriculture, socio-cultural activity, religious activity, and infrastructure development.

PT. MHJ has also allocated part of its concession as livelihood plantation for community. The company is still optimizing its community engagement program through livelihood plantation in order to meet the full utilization of its allocated area.

SUMMARY OF AUDIT ACTIVITIES

Activities	Time	Summary Notice
Public Announcement	16 April 2015	First public announcement and the stakeholder consultation started.
	29 April 2015	Second stakeholder consultation to obtain more input from local stakeholders.
	7 May 2015	Third stakeholder consultation to expand stakeholders and the input.
Stage 1 Audit	29 April 2015	On site audit
Stage 2 Audit	11-13 May 2015	On site audit
Certification Decision	27 May 2015	Decision on granting the certificate

SUMMARY OF AUDIT RESULT

Result:

Evidences sampled during the audit demonstrated that general requirements including legal and other requirements have been completed; Deed of establishment (Akta), company business registration (TDP), company business operation (SIUP), company business location (SITU), SK. 58/Menhut-II/2013 dated on 23 January 2013, company taxation registration (NPWP), payment of taxation (Pph 21, Pph 15, Pph 25, PBB), local retribution, forest plantation fee (SPP-IUPHHK), and forest production provision (PSDH), general management plan valid for 10 years for the period 2008 to 2017 (last general management plan was approved in 2011).

Summary: conform

In compliance with forestry regulation, the company is establishing an annual working plan (RKT) for each year which is self-approved by the FMU them-selves since they have been granted for the mandatory scheme of sustainable forest management certification (PHPL). It is an evidenced that the FMU has passed the government requirements on sustainable forest management dated on 14 November 2013. The annual working plan defines the areas to be harvested and replanted within each calendar year. In order to achieve sustainable yield management the FMU has also implemented a number of permanent sample plots.

Spatial plan have been following the existing regulation and ensure the company to manage their forest concession covering a total area of 9,332.99 ha consists of 6,046.98 ha as productive area (64.79%), 1,397.00 ha as indigenous species (14.97%), 509.01 ha as livelihood plantations (5.45%), 1,150.00 ha as conservation areas (12.33%), and 230.00 ha for infrastructure (2.46%).

Summary: conform

This identification ensures that forest values are protected, including environmental, social, and economic values. The company has also performed HCV assessment and the report was established on November 2014. This report contains a detailed HCV assessment along with the management recommendations. There was no degraded forest within the concession area. The identified open land is the harvested production area which was waiting for replanting.

The FMU implements a number of procedures and work instructions to ensure continuous improvement in every activity. Biodiversity lines have been demarcated and periodically monitored to ensure appropriate management of the resources.

Forest protection activities are conducted by regular patrol against illegal logging and fire. Evidences showed that the FMU has appropriate fire management system through hotspot monitoring activities and the establishment of fire protection community (MPA).

Summary: conform

The company manages 2 villages (Segamai dan Gambut Mutiara) surrounding the company areas. Socialization of annual working plan, concession border area, fire protection and CSR program have

been implemented to all villages. There are 2 land claims remaining to be solved by FMU. However this claim does not interfere the FMU management plan to achieve the sustainable forest management.

The company has developed procedures and system related to stakeholders. The company also has implemented community development program and are recorded in several report.

Employee right based on ILO convention have been implemented by the company, including PPE, sufficient facilities provision, minimum salary requirement, no child worker, and access to join the labour union. The company still need to improve the implementation to contractor worker. The company has presented a list of all the training courses that were organised and took place in 2014.

Summary: conform

Finding: A total of 15 non-conformances were identified, and all issues have been closed with corrective preventive actions.

No	IFCC Indicator	NC Description	Status
1	1.8	Management Unit not fully established an effective organizational structure and management system to support the sustainable forest management	Closed
2	6.6	Waste handling was found not effective with proper handling of solid and chemical spills.	Closed
3	1.2	Related to NC no. 2, company did not comply on legal requirement related to handling of waste.	Closed
4	1.14; 2.2; 2.3; 7.4 ; 10.1	Related to those requirements the company has not integrated all data and information regarding biodiversity, social impact assessment, etc. into the long term working plan (RKU). The company is currently in the process of developing an integrated sustainable forest management plan (ISFMP) encompassing those requirements.	Closed
5	1.9	There was no top management designated as the person responsible for the implementation of SFM as defined in IFCC standard.	Closed
6	2.1	There is no management action to follow up the biodiversity monitoring results in order to ensure continuous improvement.	Closed
7	2.4; 3.3	There is no evidence that a public summary of management plan and its monitoring and evaluation have been made accessible to the public.	Closed
8	4.1; 4.4; specific requirement for plantation forest 3.2	The yield management as set out in the RKU document is not implemented properly. This is evidenced by the carry-over of harvesting and planting through several years.	Closed
9	7.1	The observation reports on Vegetation and Wildlife in Protected Areas for 2014 as stated in SOP on the Identification of Vegetation and Wildlife in Protected Areas was not available.	Closed
10	8.2; specific	<ul style="list-style-type: none"> PT MHJ has not been able to provide evidence of R&D 	

	requirement for plantation forest 3.3; specific requirement for plantation forest 3.4	<p>recommendations and justification related to the use of several insecticides and an-organic fertilizer.</p> <ul style="list-style-type: none"> • In addition, there are several existing pesticides which not included in the SOP as pesticide being used. 	
11	11.1	The existing mutual work agreement (PKB) is not directly affiliated with PT. MHJ, thus it cannot satisfy the basic principle of PKB establishment, which supposed to be the result of negotiation between the management representative of MHJ and its workers representatives in accordance with applicable regulations.	Closed
12	11.3	During the audit it was evidenced that the contractor workers' wages in April 2015 were still under the district level minimum wage standard (UMK).	Closed
13	11.6	Not every worker has acknowledged the existing system of career and performance assessment, besides the inconsistent implementation of the company's level system/grading.	Closed
14	12.5	It was evidenced that the workers still have to purchase for drinking water as their basic needs.	Closed
15	12.7	The procedure on OHS internal audit has not been implemented by the company.	Closed

Certification: Given that all non-conformances have already been closed by the FMU, a Certification Decision has been made by PT. Bureau Veritas Indonesia to PT. Mitra Hutani Jaya against IFCC ST 1001:2014 – Sustainable Forest Management.