

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. MUSI HUTAN PERSADA

TOTAL HECTARES: 287,333

SCOPE OF REGISTRATION: Sustainable Forest Management of 287,333 hectares of Plantation Forest in South Sumatra Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: December 16, 2019
 AUDIT END DATE: December 23, 2019
 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: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan Zubaidi

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:
Head Office	Jalan Raya PT TEL Desa Banuayu, Rambang Dangku District, Muara Enim Regency, South Sumatra Province, Republic of Indonesia	December 16 and 23, 2019
Region I Subanjeriji	Unit Martapura District, OKU Timur Regency, Unit Gemawang District, Muara Enim Regency and Unit Sodong District, Muara Enim Regency, South Sumatra Province, Republic of Indonesia	December 17 to 19, 2019
Region II Benakat	Unit Lubuk Guci District, PALI Regency and Unit Baung Utara District, PALI Regency, South Sumatra Province, Republic of Indonesia	December 20 to 22, 2019
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	
Region III Lematang	Unit Keruh 1 Musi Rawas Regency, Unit Keruh 2 Musi Rawas Regency, Unit Lantingan of Lahat and Muara Enim Regency, and Unit Serai of Musi Rawas and Lahat Regency, South Sumatra Province, Republic of Indonesia	

Brief description of the concession

Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.799/MenLHK/Setjen/HPL.0/10/2019 dated October 15, 2019 concerning "Amendment to the decision of the Minister of Forestry No.38/KPTS-II/1996 regarding the Granting of Utilization Rights of Industrial Plantation Forest over a forest area of 296,400 hectares located in South Sumatra Province to PT Musi Hutan Persada" which provides a IUPHHK to PT Musi Hutan Persada for an area of 287,333 ha in Lahat Regency of 25,537 ha; Muara Enim of 114,753 ha; Musi Banyu Asin of 12,298 ha, Musi Rawas of 88,060 ha, OKU of 17,258 ha; OKU Timur of 7,985 ha; Penungkal Abab Lematang Ilir of 21,442 ha in South Sumatra Province.

There are no conversion from natural forest to plantations after December 31, 2010, so the scope of IFCC certification is 287,333 hectares.

The Management Unit has a forest management document, namely a Business Plan for Forest Product Utilization in Industrial Plantation Forest (RKUPHHK-HTI) for a period of 10 (ten) years for the year 2020 - 2029 on behalf of PT. Musi Forest Persada in South Sumatra Province, which has been ratified through the Decree of the Minister of Environment and Forestry Number: SK.9778 // MENLHK-PHPL / UHP.1 / 11/2019 dated November 25, 2019. The spatial arrangements based on the RKU Document are: Protected Area of 42,999 ha (14.97%) which consists of KPPN / KPSL of 30,161 (10.50%), river border of 12,837 ha (4.47%) and Cultural Reserves of 1 ha; The production area of 244,334 ha (85.03%) consists of self-management patterns area of 151,542 ha (52.74%), partnership patterns area of 83,453 (29.04%) and infrastructure facilities of 9,339 ha (3.25%).

The location of the PT Musi Hutan Persada area according to geographic coordinates based on the management area is as follows:

- Region I Subanjeriji at 3° 30 ' to 4° 00' South and 03° 50 ' to 104° 15' East
- Region II Benakat at 3° 00 'to 3° 40 ' South and 103° 10' to 104° 00' East
- Region III Lematang at 4° 05' to 4° 20' South and 104° 15' to 104° 30' East

Based on the government administration, is located in the following districts:

- District of Kota Agung and Kikim, in Lahat Regency,
- District of Tanjung Agung, Rambang Dangku, Rambang Lubai, Muara Enim, Gunung Megang, Talang Ubi in Muara Enim Regency,
- District of Martapura and Lematang in Ogan Komering Ulu Regency,
- Ogan Komering Ulu Timur Regency,
- Rupit District in Musi Rawas Regency,
- Musi Banyuasin Regency.

While the boundaries of the PT Musi Hutan Persada area per management area are as follows:

1. Region I Subanjeriji : North with PTP VII oil palm plantations and settlements, East with Senuling River, rubber plantation and settlement, South with PT Minanga Ogan Oil Palm Plantation and settlement, West with Lengki/Sebasah River and PT BSP
2. Region II Benakat : North with settlement and PT Proteksindo Oil Palm Plantation, East with oil palm plantation of PT. SBAL and PT CIFU and settlement, South with settlement and Palm Oil Plantation of PT. PBJ, West with Keruh River, Trans Bumi Lampung and PT Bina Sains Oil Palm Plantation
3. Region III Lematang : North with Way Cacahan river and transmigrant settlement, East with Tuha River and settlements, South with Jalan Raya Baturaja-Martapura, West with Way Gilas river

The concession area of PT Musi Hutan Persada is located between 5 to 310 meters above sea level (Amdal 1996), and most of it has topography with a flat slope (0-8%) which includes A (Flat) 0-8% area of 149,526.45 ha, B (Ramps) 8-15% area of 134,248.25 ha, C (Somewhat Steep) 15-25% area of 12,625.40 ha,. The hydrology is included in Musi watershed with sub watersheds of Lematang, Semangus, Turbid. Climatic conditions with annual rainfall of 2,769.2 mm/year (an average of 230.8 mm / month, the number of rainy days on average 18 days), rain intensity: 12.05 mm /

day with the driest month is in July (CH 79.2 mm, number of rainy days 11 days) and the wettest month happens in March (CH 389.3 mm, number of rainy days 23 days). Average air temperature: 27.4 0C (maximum temperature 33.3 0C, minimum temperature 23.7 0C) with humidity: 83.1% and average wind speed: 3 knots and average solar radiation: 52 %.

The staple plants cultivated are *Acacia mangium* and *Eucalyptus pellita*.

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

The Management Unit has identified communities within and around the concession area as outlined in RKUPHHK-HTI document. Based on the document, there are areas that overlap with other uses, namely: A). Transmigration of 3,741 ha, B). plantations (community's) of 1,306 ha, and C). The mining area of borrow and use of 123 ha.

Forms of cooperation that have been formed between companies and the communities are in the form of Forests Management with Communities (MHBM), Community Forests Management (MHR), Rubber Diversification Land (LDK), Utilization of Non-Timber Forest Products (NTFPs), and formation of Fire Aware Communities (MPA) which provided for in the Deed of Agreement which regulates the rights and obligations of each party.

The management unit has a conflict resolution procedure that explains the identification process to the resolution of conflicts between PT Musi Hutan Persada with the local community/employee/workers union. There are reports on the identification of cultivated and encroached land by the community in each region. It is equipped with a map of the results of identification in 2019 and have been reported to the Head of the Forest Service of South Sumatra Province and the Ministry of Environment and Forestry of Republic of Indonesia for the first semester of 2019.

There is a plan and realization document of the CD/CSR program in 2019. The types of activities that have been realized were Staple Plant Social-Forestry Partnership Program, remote village teacher salaries, mass circumcision, watering roads around the village, realization of payment for the MHBM and MHR programs, and assistance with goats, etc.

Description of the ecological conditions of the concession

The management unit has conducted the Management of Forest Ecosystems and Hydrological Functions, namely through the following activities:

- Identification of forest management activities with significant impacts, and conduct an environmental impact assessment through: RKL and RPL AMDAL Documents of PT. Musi Hutan Persada, March 1996 approved by the Ministry of Forestry's AMDAL Commission No. 51 / DJ-VI / AMDAL / 1996 12-4-1996.
- Implementation of environmental management and monitoring every semester is presented in the report on the Implementation of Environmental Permit (RPL / RKL) per Semester (semester 2 of 2018 and semester 1 of 2019)
- Reduced Impact Logging activities are carried out in stages before the harvesting activity (pre harvesting), during the harvesting operation, after the harvesting activity (post harvesting)
- Identification of areas that function for soil and water protection. Is an area designated as a local protected area and other protected areas.
- Monitoring the negative impacts of forest management activities in the concession area is carried out in accordance with the RKL and RPL AMDAL Documents. PT Musi Hutan Persada has documented procedures that guide the monitoring of negative impacts due to forest management activities, namely: Protected Area Monitoring SOP, Debit and Water Quality Monitoring SOP and Soil Erosion Monitoring SOP.
- Documentation of procedures for B3 (Hazardous and Toxic Material) control use, namely: SOP for Hazardous and Toxic Waste Management (B3), SOP for Handling of Fuel Spills, Lubricants and Chemicals, Weed

Control SOP, and Integrated Pest and Disease Management SOP.

The management unit has carried out Biodiversity Management activities, through the following activities:

- Identification and inventory of protected, endemic, rare and threatened/ endangered flora & fauna within the IUPHHK-HTI area. The results of the identification and inventory can be found in: PT Musi Hutan Persada RKL & RPL AMDAL Document. 1996, Work Plan for Timber Forest Product Utilization in HTI in Plantation Forests (RKUPHHK-HTI) in 2020-2029. And RPL Implementation Report RPL semester 1 of 2019. Has identified flora, fauna that are protected, endemic, rare and threatened / endangered species and their habitats in the area in accordance with applicable regulations / provisions through the inventory taking. There is a map of flora and fauna distribution.
- Carrying out protected area management in accordance with the RKL / RPL Implementation Report every semester as well as the Protected Area SOP Determination and Monitoring.
- Identification of key species that are protected and threatened / endangered, as well as their habitat and migratory patterns.
- Conducting an environmental impact assessment of potential impacts on protected, endemic, rare and endangered and endangered species and flora and fauna.
- Not cultivating genetically modified tree species. Cultivated plants are *Eucalyptus pellita* and *Acacia mangium*.

The management unit has carried out Forest Protection activities, namely through the following activities:

- Identify and monitor disruption of Sustainable Forest Management. Documents resulting from the identification of forest management disorders found in the area of PT. Forest Persada are: RKL AMDAL RPL 1996, RKUPHHK-HTI, 2020-2029 and RKL / RPL reports per semester.
- Documenting procedures to prevent and handle pest attacks, namely Integrated Pest and Disease Management SOP,
- Manage the management of chemical pesticides in the field with documented procedures, namely: Weed Control SOP, Integrated SOP for Pest and Disease Management. SOP for Handling of Fuel Spills, Lubricants and Chemicals and SOP for Waste Management of Hazardous and Toxic Materials.
- Implemented forest protection measures against fire hazards. In the RKL / RPL Implementation Report Document. There is no livestock grazing activity in the work area in the Management Unit area. It has implemented appropriate / measurable steps in forest protection activities, where PT Musi Hutan Persada already has documented procedures for forest protection activities.

Results of the Public Consultation

Prior to conducting the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing 6 December 2019, asking stakeholders to provide feedback and information about PT Musi Hutan Persada. Public consultations were uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via email or letter, and published in local newspapers. There was an input from non-governmental organizations (NGOs) and government agencies. The inputs concerning area management, ecological management aspects and social management aspects received from stakeholders as a result of public consultation.

The audit team also collected information from the mass media about PT Musi Hutan Persada, which was given material consideration in the audit process conducted by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements needed for this certification process, which consists of legal aspects that include compliance with international rules and regulations and conventions. The management system has been developed to cover all activities in the field of certification, which are registered for certification covering an area of 287,333 hectares.

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

Based on the result of Recertification Audit, there are two (2) of Minor Non-Conformities, as follows.

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit has not been able to show the expertise certificate of the welders of the company and contractor workshops. Based on interviews with workshop workers in Region I and Region II and the contractors, welding workers do not yet have a welder expertise certificate in accordance with what is regulated. Clause Ref I.1.13	The Management Unit has registered the company's work shop welder and contractor for expertise training and obtained the welder expertise certificate	Minor
2	PT Musi Hutan Persada has not been able to show the results of the special MCU (Chollinestraxe Test) of spraying officers. There is no data available that shows the spraying team has conducted a special MCU. Clause Ref I.12.2	The Management Unit has implemented a special Cholinesterase test for 20 chemical spray workers. They prioritizing chemical spray workers who have worked for more than 1 (one) year.	Minor

Conditions under which the certificate is issued

The certificate is valid up to March 13, 2023 providing that PT. Musi Hutan Persada completes all remedial actions in accordance with the time schedule proposed in its corrective action responses and does not have the same problems on the next Surveillance audit visit. If the non-conformity is not closed on the next Surveillance audit, the certificate will be postponed until such time that PT AJA is able to perform a closeout visit.