

Public Report Sustainable Forest Management System

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CLIENT NAME: PT. MUSI HUTAN PERSADA

TOTAL HECTARES: 287,333 ha

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

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 (REMOTE)

AUDIT START DATE: January 18, 2021

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

AUDIT END DATE: January 25, 2021

AUDITOR LEAD: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

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	January 18 and 25, 2021
Region I Subanjeriji	Unit Martapura - OKU Timur Regency, Unit Gemawang - Muara Enim Regency, Unit Sodong - Muara Enim Regency, South Sumatra Province, Republic of Indonesia	January 19 to 21 2021
Region III Lematang	Unit Keruh 1 - Musi Rawas Regency, Unit Keruh 2 - Musi Rawas Regency, Unit Lantingan – Lahat and Muara Enim Regency, Unit Serai - Musi Rawas and Lahat Regency, South Sumatra Province, Republic of Indonesia	January 22 to 25 2021
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 II Benakat	Unit Lubukguci - PALI Regency, Unit Baung Utara - PALI 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 the Amendments to the Decree of the Minister of Forestry decree Number 38/KPTS-II/1996 dated January 29, 1996 regarding: the Granting of Rights of Industrial Plantation Forest Utilization for a forest area of 296,400 hectares located in South Sumatra Province to PT Musi Hutan Persada, granted IUPHHK to PT Musi Hutan Persada of 287,333 ha. This is split as follows: in Lahat Regency, 25,537 ha; Muara Enim Regency 114,753 ha; Musi Banyuasin Regency 12,298 ha; Musi Rawas Regency 88,060 ha, OKU Regency 17,258 ha; OKU Timur Regency 7,985 ha, and; Penukal Abab Lematang Ilir Regency 21,442 ha, all in South Sumatra Province.

There was no conversion of primary or secondary forest to plantation forest after December 31, 2010, thus the scope for IFCC certification remains an area of 287,333 hectares.

The Management Unit has a forest management Business Plan for Utilization of Industrial Plantation Forest Products (RKUPHHK-HTI) for a period of ten (10) years from 2020 to 2029 on behalf of PT. Musi Hutan 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. Based on this document, the spatial layout is Protected Area of 42,999 ha (14.96%), consisting of KPPN / KPSL of 30,161 ha (10.50%), Riparian Zone of 12,837 ha (4.47%) and a cultural heritage area of 1 ha; Cultivation Area of 244,334 ha (85.04%), consisting of a Self-Management Pattern area of 151,542 ha (52.74%), a Partnership Pattern area of 83,453 ha (29.04%) and Infrastructure of 9,339 ha (3.25%).

The location of the PT Musi Hutan Persada area according to the geographic coordinates of each Management Area is as follows:

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

The location based on government administration is located in the following districts:

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

Meanwhile, the boundaries of the area of PT Musi Hutan Persada are based on the Management Area as follows:

- Management Area I Subanjeriji:
 - North side: PTP VII oil palm plantations, and settlements,
 - East side: Senuling River, Smallholder rubber plantations, and settlements,
 - South side: PT Minanga Ogan oil palm plantation, and settlements
 - West side: Lengi Sebasah River and PT BSP Oil Palm Plantation.
- Management Area II Benakat:
 - North side: settlement and oil palm plantation of PT Proteksindo,
 - East side: oil palm plantation of PT. SBAL and PT CIFU
 - South side: settlement and oil palm plantation of PT. PBJ,
 - West side: Keruh River, Trans Bumi Lampung and PT Bina Sains oil palm plantation.

- Management Area III Lematang:
 - North side: Way Cacahan River and transmigration,
 - East side: Tuha River and settlements
 - South side: Jalan Raya Baturaja-Martapura
 - West side: Way Gilas River.

The concession area of PT Musi Hutan Persada is located at an altitude of 5 to 310 meters above sea level (AMDAL 1996), and the topography is as follows: Class A (Flat 0-8% slope) 149,526.45 ha; Class B (Sloping 8-15% slope) 134,248.25 ha, Class C (Slightly Steep 15-25% slope) 12,625.40 ha, for a total of 296,400 ha (due to rounding). Hydrology is part of Musi watershed with sub-watersheds of Lematang, Semangus, and Keruh. Climate conditions with annual rainfall: 2,769.2 mm / year with the driest month being July and the wettest month March. The temperature ranges from 23.7°C to 33.3°C with humidity of 83.1% and average solar radiation of 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

Based on the RKUPHHK HTI document of PT Musi Hutan Persada for the 2020 to 2029 period, most of the people living around the IUPHHK-HTI area have livelihoods in farming and gardening (rubber, oil palm), while other livelihoods include industry, trade, and services, etc. The existing agricultural products can meet local needs. Meanwhile, other necessities such as sugar, fish, textiles, etc. are sufficiently available in district capitals.

There are the Suku Anak Dalam people who live in Harapan Makmur Village, Muara Lakit District, Musi Rawa Regency, South Sumatra. PT Musi Hutan Persada pays special attention to the Suku Anak Dalam community. There is an official report on the handover of educational tools for tribal children on March 25, 2020. The assistance was handed over directly by the Managing Director of PT Musi Hutan Persada himself to the school of tribal children. Assistance is in the form of road repair, mutual cooperation and reforestation, education of the CSR team to the students, handover of electric generators, and planting livelihood plants in the school yard.

There has also been assistance provided during Covid-19 pandemic such as basic food packages, masks and hand sanitizers. In addition, there was also cooperation of livelihood plants with the village community. There is a Community Forest Management Program (MHBM) that has been operating since 2002. Currently, the implementation of MHBM has progressed and the majority is going well, especially for the resolution of social conflicts in the MHBM area. The majority of members of the MHBM group themselves are influential figures in the area, so that they are able to reduce problems. The program also helps to monitor forest protection from forest fires and land-encroachment.

PT Musi Hutan Persada has made conflict resolution efforts with the surrounding community. There is a Report on Mapping Potential and Conflict Resolution Semester I of 2020. The conflict status at the IUPHHK level is under control.

Description of the ecological conditions of the concession

The Management Unit has carried out Management of Forest Ecosystem and Hydrological Functions, namely through the following activities:

- Identification of forest management activities with significant impacts, and conducting environmental impact assessments through: AMDAL, RKL and RPL documents of PT. Musi Hutan Persada, March, 1996 approved by the Ministry of Forestry's AMDAL Commission No. 51 / DJ-VI / AMDAL / 1996 dated April 12, 1996.
- The implementation of environmental management and monitoring each semester is presented in the

Environmental Permit Implementation report (RPL / RKL).

- The Reduced Impact Logging activity is carried out in stages: before harvesting activities (pre-harvesting), during harvesting operations, and after logging activities (post-harvesting)
- Identification of areas that function for water protection by designation as local protected areas and other protected areas.
- Monitoring of negative impacts of forest management activities in concession areas is carried out in accordance with the AMDAL RKL and RPL documents. PT Musi Hutan Persada, has documented procedures that serve as guidelines for monitoring negative impacts due to forest management activities such as for Monitoring Protected Areas, Discharge and Water Quality and for Monitoring of Soil Erosion.

The Management Unit has carried out Biodiversity Management activities as follows:

- Identification and inventory of protected, endemic, rare and threatened / endangered flora & fauna in the concession areas. There is a map of the distribution of flora and fauna, which includes their habitats and migration patterns.
- Management of Protected Areas is carried out in accordance with the Implementation Report of the RKL / RPL each semester as well as documented procedures for determination and monitoring of such areas.
- The staple plant species cultivated are not genetically modified tree species, being *Eucalyptus pellita* and *Accacia mangium*.

The Management Unit has carried out Forest Protection activities, whether such disturbances have human or natural sources:

- Identify and monitor disturbances in Sustainable Forest Management. Documents on the identification of forest management disturbances namely RKUPHHK-HTI 2020 to 2029 and the RKL, RPL Implementation Report
- Has a documented procedure to prevent and deal with pest attacks, utilizing manual, biological and pesticide solutions as deemed most appropriate.,
- Besides Integrated Pest and Disease Management, there are documented procedures for Weed Control, Handling Spills of Fuel, Lubricants and Chemicals, and for Management of Hazardous and Toxic Waste (B3).
- Implemented forest protection measures against fire hazards.

Results of the Public Consultation

Prior to conducting the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing December 15, 2020, 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.

Input was received from non-governmental organizations (NGOs) and government agencies. These concerned support for the Management Unit in opening up the isolated community area by road construction, plus also inputs on management and social management aspects. Due to the input and suggestions from stakeholders and the mass media coverage, the audit team has made efforts to illuminate this and the Management Unit has responded with clarification. PT Musi Hutan Persada is always committed to improving communication and coordination with all stakeholders and will continue to coordinate with the government to resolve land problems in accordance with applicable regulations.

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 consist of legal aspects that include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the field of certification, which is registered for 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.
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Based on the results of the Surveillance 1 Audit of PT Musi Hutan Persada, no Non-Conformities of either a Major or Minor nature were identified by the audit team.

Conditions under which the certificate is issued

The certificate is valid up to March 13, 2023, providing that PT. Musi Hutan Persada does not have any problems on the next Surveillance audit visit. If any non-conformity exists on the next Surveillance audit, the certificate will be postponed until such time that PT AJA is able to perform a closeout visit.
