

# 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 Madukoro Lestari

TOTAL HECTARES: 15,000 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 15,000 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: May 8, 2019

AUDIT END DATE: May 11, 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 Z

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS : -

MINOR CARS : -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Madukoro Lestari	Districts of Teluk Meranti and Pelalawan, Pelalawan Regency, Riau Province, Republic of Indonesia	May 8 to 11, 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	
N/A		

#### Brief Description of the concession

Business license for utilization of plantation forest timber products (IUPHHK-HTI) of PT Madukoro Lestari was based on the Decree of Pelalawan Regent No. 522.21.IUPHHKHT / I / 2003/017 dated January 31, 2003 concerning the Granting of Business Permit Utilization for Timber Forest Products of Industrial Plantation Forest to PT. Madukoro covering approximately 15,000 ha in Pelalawan Regency, with a validity period of 41 years, which is 35 years plus one staple plant cycle for 6 years.

PT Madukoro changed its name to become PT Madukoro Lestari based on Letter from the Ministry of LHK No S.826 / PHPL / UHP / HPL.1 / 11/2016 dated November 24, 2016 to Pelalawan Regent as the permit issuer, concerning the Change of Name of PT Madukoro IUPHHK-HTI in Pelalawan Regency, to become PT Madukoro Lestari.

The Management Unit has a long-term plan document in the form of RKUPHHK-HT for for the 10-year period 2017 to 2026 within the framework of Improving Peat Governance and PT Madukoro Lestari in Riau Province, which was accepted by the Minister of Forestry Decree No. SK.941 / MenLHK-PHPL / UHP / HPL.1 / 3/2018 dated March 2, 2018. This was then revised by the 2017-2026 RKUPHHKHTI Adjustment Document for Activities 2018-2019 and PT Madukoro Lestari in Riau Province, Minister of LHK Decree Number SK.8507 / MenLHK-PHPL / UHP / HPL.1 / 12/2018 dated December 10, 2018. Based on the RKUPHHK-HTI Adjustment Document, the spatial plan is: Peat Ecosystem Function Area of 8,732 ha (58.21%), Staple Plant Area of 5,018 ha (33.45%) and Livelihood Plant Area of 1,250 ha (8.33%); percentage total 99.99% due to rounding.

In the work area of PT Madukoro Lestari there has been no conversion of natural forest to plantation forest since December 31, 2010, thus the scope of the IFCC certification is for an area of 15,000 ha

PT Madukoro Lestari is located between coordinates 00° 23' to 00° 33' North and 102° 17' to 102° 23' East and falls under the governmental administration of the districts of Teluk Meranti and Pelalawan, Pelalawan Regency, Riau Province. The concession area is located in the Kutub River Forest Group.

PT Madukoro Lestari is bordered by:

1. North: HTI CV Bhakti Praja Mulia
2. South: HTI CV Harapan Jaya
3. West: CV Alam Lestari HTI
4. East: PT Yos Raya Timber

The topography of the area is mainly flat with class A slopes (0-8%) located at an altitude of 15-16 meters above sea level. The soil types consist of Tropohemists and Tropofibrists covering 10,885 ha, and Troposaprits and Tropofibrists covering 4,115 ha. The geological formation consists of peat formations (KLR-klaru) of 10,885 ha, and peat (MDW-mendawai) of 4,115 ha. From a hydrological viewpoint, the concession is located in the Kutub River Sub-watershed. The climate is classified as Type: A (Schimdt & Ferguson 1955) with rainfall of 2,283.5 mm / year, the highest falling in December (457.5 mm), and the least in June (82.9 mm) with 155 days / year experiencing rain. Based on the foregoing, the species cultivated is *Acacia crassicarpa*.

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

The Management Unit of PT Madukoro Lestari has identified and recognizes the rights of the local community. There are two villages around the area of PT Madukoro Lestari, Sungai Ara and Pangkalan Terap, although both villages are a considerable distance from the concession area.

Based on PT Madukoro Lestari's social impact study and interviews with community leaders in the villages, there are no indigenous peoples around the concession area as defined in the applicable laws and regulations in Indonesia.

The forest management activities have little direct impact on the community because of the distance between the concession and the villages, there being no settlement areas in and around the concession area itself.

The Management Unit provides support to the local communities in terms of capacity building, economic development, construction of local infrastructure and facilities, health improvements, and community welfare, which have been carried out in accordance with the company's capabilities. Furthermore, the Management Unit will evaluate the assistance provided given that the location of that the recipients is not around the company but some distance away.

The Management Unit has implemented policies and procedures for fulfilling workers' rights in accordance with government regulations. These include the participation in BPJS Health and BPJS Employment for all employees of PT. Madukoro Lestari and contractor workers, together with the provision of two-wheeled vehicles to employees in the context of smooth and effective work in carrying out their duties.

#### **Description of the ecological conditions of the concession**

The Management Unit has identified those activities that will have a negative environmental impact on the Forest Ecosystem and undertakes measures to minimize such impacts, reporting its monitoring activities to the requisite authorities on a periodic basis. Among the impacts monitored are various indicators relating to the health of the soil and the quality of the air and water. These include physical and chemical measurement of soil and water properties, as well as biological aspects. Among the measures carried out are:

- Reduced Impact Logging activities carried out in stages: pre-harvesting, during harvesting, and post harvesting.
- Identification of areas functioning as soil protection in the Peat Ecosystem Protection Area, KPPN / KPSL
- Identification of areas functioning for water protection designated as an area of the Peat ecosystem protection function, KPPN / KPSL.

Geomorphology of the peat soil in the concession area of PT. Madukoro Lestari in several water-table depth locations on the Staple Plant plot does not exceed the pyrite layer and thus there is no pyrite oxidation. Peat subsidence that has occurred since the beginning of reclamation to date has not caused the formation of acid sulphate soils. PT Madukoro Lestari has prepared a Peat Ecosystem Recovery Plan Document that has been approved by the Decree of the Director General of Pollution and Environmental Damage Control Number SK.98 / PPKL / PKG / PKL.0 / 9/2018 dated 21 September 2018.

The Management Unit has carried out biodiversity management activities, identifying and conducting an inventory of protected, endemic, rare and endangered flora and fauna in the concession area. A fauna distribution map has been prepared, although no such map for flora distribution. However, there are no key species of either flora or fauna, while the staple plant cultivated is not a genetically modified species.

The Management Unit has carried out Forest Protection activities, whether disturbances result from natural or human causes. The latter are minimized by the distance from the local community, plus no grazing of animals is permitted within the concession. There is a documented procedure for preventing and managing pest attacks, as well as for the controlled use of hazardous and toxic materials (B3). The Management Unit has also implemented forest protection

measures against fire hazards.

#### Results of the Public Consultation

Prior to carrying out the Surveillance Audit 1, PT AJA Sertifikasi Indonesia conducted a public consultation commencing April 25, 2019, requesting stakeholders to provide feedback and information about PT Madukoro Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to parties via e-mail or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Madukoro Lestari, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, comprising legal aspects that include compliance with rules and regulations and international conventions. The management system has been established to cover all activities in the field of certification, which is registered for an area of 15,000 hectares.

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

Based on the results of the Surveillance 1 Audit of PT Madukoro Lestari, no Non-Conformities of either a major or minor nature were identified by the audit team.

#### Conditions under which the certificate is issued

Certificate is valid until July 17, 2021, provided that PT Madukoro Lestari maintains its surveillance schedule and does not have any major non-conformities at the time of the next surveillance visit.