

Public Report Sustainable Forest Management System

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CLIENT NAME: PT MADUKORO LESTARI

TOTAL HECTARES: 15,000

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 2 (REMOTE)

AUDIT START DATE: November 05, 2020
 AUDIT END DATE: November 09, 2020

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

AUDITOR LEAD: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Priyo Handoko

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS:-

MINOR CARS: -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Madukoro Lestari	Teluk Meranti District, and Pelalawan District, Pelalawan Regency, Riau Province, Republic of Indonesia	November 05, 06, 07, 09, 2020
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

PT Madukoro Lestari Timber Forest Product Utilization Permit (IUPHHK-HTI) is based on the Decree of the Pelalawan Regent No. 522.21.IUPHHKHT / I / 2003/017 dated 31 January 2003 concerning the Granting of Business Permit for Utilization of Timber Forest Products in Industrial Plantation Forest to PT. Madukoro covering an area of about 15,000 ha in Pelalawan District; with a validity period of 41 years, namely 35 years plus one cycle of staple crops for 6 years.

PT Madukoro changed to PT Madukoro Lestari based on a letter from the Ministry of Environment and Forestry No. S.826 / PHPL / UHP / HPL.1 / 11/2016 dated November 24, 2016 concerning the Name Change of IUPHHK-HTI PT Madukoro in Pelalawan Regency to PT Madukoro Lestari, the settlement was returned to Regent of Pelalawan as the issuer of the permit.

In PT Madukoro Lestari's working area, there has been no conversion of natural forest to plantation forest after December 31, 2010, so the area for IFCC certification is 15,000 ha.

The Management Unit has a long-term plan document in the form of Revision of the Business Plan for Utilization of Timber Forest Products in Industrial Plantation Forest (RKUPHHK-HTI) that was approved by SK 6026 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2019. Based on the Revised RKUPHHK-HTI document, the spatial layout is: Local Protected Areas and Other Protected Areas of 8,732 ha (58.21%), Staple Plants Area of 5,018 ha (33.45%) and Livelihood Plants Area of 1,250 ha (8.33%); total of percentages due to rounding.

PT Madukoro Lestari's concession is located between 00° 23' to 00° 33' North and 102° 17' to 102° 23' East. It is bordered on the north side by CV Bhakti Praja Mulia, south side by CV Harapan Jaya, west side by CV Alam Lestari and east side by PT Yos Raya. Based on governmental administration, it is located in the Teluk Meranti and Pelalawan Districts, Pelalawan Regency, Riau Province, and is included in the Kutub River Forest Group.

Topographical conditions are entirely flat of slope class A (0-8%) at an altitude of 15-16 meters above sea level. Soil types consist of: Tropohemists and Tropofibrists covering an area of 10,885 ha, and Troposaprits and Tropofibrists covering an area of 4,115 ha. Geological Formations are in the peat formation (KLR-klaru) and (MDW-mendawai). Hydrology is in the sub-watershed of the Kutub River. Climate conditions according to (Schmidt & Ferguson 1955) are in Type: A with rainfall of 2,283.5 mm / year, with the highest in December (457.5 mm) and the lowest in June (82.9 mm), with 155 rainy days / year. Species planted is *Acacia crassicarpa*.

The Management Unit has complied with the regulations related to peatland management. PT Madukoro Lestari has carried out: Revised RKUPHHK in order to improve Peat Management based on Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.941 / MenLHK-PHPL / UHP / HPL.1 / 3/2018 dated March 2, 2018. The Management Unit has compiled Reports on the Implementation of Peatland Ecosystem Restoration and Control of Forest and Land Fires based on the Decree of the Director General of Pollution and Environmental Damage Control SK.98 / PPKL / PKG / PKL.0 / 9/2018 dated September 21, 2018, making adjustments for activities in 2018 to 2019 based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.8507 / MenLHK-PHPL / UHP / HPL.1 / 12/2018 dated December 10, 2018, revised the RKUPHHK for the 2017-2026 period based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK 6046 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2019. There is a peat dome peak area of 7,076.57 ha spread across KPPN of 451 ha, KPSL of 766 ha and Other Protected Areas of 5,859.57 ha.

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

Based on the 2019 Social Impact Assessment Report, there are two villages around the concession, namely Pangkalan Terap Village and Sungai Ara Village. Both are local communities and based on the previous year's audit report, there are no indigenous peoples around the company concession. Based on the Social Impact Assessment, the majority of the population around the concession works as fishermen and farmers, the livelihoods of the other residents being limited in number, namely as laborers (drivers), and civil servants.

PT Madukoro Lestari has carried out efforts to negate conflicts with the surrounding community. Based on the Potential Mapping and Conflict Resolution report, the final score of conflict mapping results is 5% or in the safe category. Based on the 2019 Social Impact Assessment Report, there is no conflict between the company and the community and based on interviews with the Village Head, there has never been any conflict between the company and the village community.

PT Madukoro Lestari has collaborated with the surrounding community, there being a Livelihood Plant Cooperation Agreement in the form of payments for livelihood plants. PT Madukoro Lestari has fulfilled its obligations to make payments to the villages in respect of the livelihood plants.

PT Madukoro Lestari has carried out corporate social responsibility activities. There is a 2019 Community Development Implementation Report, covering educational activities (assistance for educational facilities), religion (Ramadan safaris), infrastructure (Village Office infrastructure), social and environmental sectors (infrastructure for community social activities), economy (barber's training). There is a Community Development Implementation Report for Quarter I, Quarter II, Quarter III 2020, where activities carried out include assistance to help overcome the impact of Covid-19 for the surrounding community.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities that have significant impacts. The environmental impact assessment was performed through: AMDAL RKL & RPL documents PT. Madukoro, legalized by the Regent of Pelalawan District No. 02 / Amdal / 2002 dated September 2, 2002. 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 logging activities (pre-harvesting), during harvesting operations, after logging activities (post-harvesting)
- Local Protected Areas and Other Protected Areas covering an area of 8,732 ha (58.22%) consisting of riparian areas covering an area of 240 ha (1.60%), KPPN covering an area of 451 ha (3.01%), KPSL covering an area of 766 ha (5.11%) and Other Protected Areas covering an area of 7,275 ha (48.50%).
- Identification of areas that function for land protection are areas designated as protected areas, namely the Peat Ecosystem Protected Function Area, KPPN / KPSL
- Identification of areas that function for water protection are designated as protected function areas for the Peatland ecosystem, KPPN / KPSL.
- Monitoring of the negative impacts of forest management activities in the concession area is carried out in accordance with the AMDAL RKL and RPL documents. There are documented procedures for monitoring negative impacts due to forest management activities, such as for Monitoring Protected Areas, for Monitoring of Discharge and Water Quality and for Monitoring of Subsidence and TPMAT.

The Management Unit has carried out Biodiversity Management activities through the identification and inventory of protected, endemic, rare and endangered flora and fauna within the concession area. The results of the identification and inventory can be found in: PT Madukoro of 2002 AMDAL RKL & RPL documents. Revised RKUPHHK-HTI 2017-2026, and RKL / RPL Semester Reports (Semester 2 of 2019 and 1 of 2020). There is a map identifying flora and fauna distribution,

- Protected Area Management is carried out in accordance with the RKL / RPL Implementation Report

(Semester 2 of 2019 and 1 of 2020) as well as standard procedures for Determination of Protected Areas and for Monitoring Protected Areas.

- Identification of key protected and threatened / endangered species, their habitats and their migration patterns, but based on the identification, there are no key species in the area.
- An environmental impact assessment has been carried out on the potential impact on protected, endemic, rare and threatened / endangered species of flora and fauna, through AMDAL RKL & RPL document in 2002
- Based on the Image Map Citra Sentinel Tile map T47NRA coverage January 6, 2020, it was identified that part of the area is the Kampar River watershed
- The staple plants cultivated are not genetically modified tree species, being *Acacia crassicarpa*.

The Management Unit has carried out the following Forest Protection activities, whether due to human or natural causes:

- Identify and monitor disturbances in Sustainable Forest Management. Documents on the identification of forest management disturbances found in the area of PT. Madukoro Lestari, namely: AMDAL RKL, RPL 2002, Revised RKUPHHK-HTI 2017-2026 and RKL / RPL reports per semester ((Semester 2 of 2019 and 1 of 2020).
- Has a documented procedure to prevent and deal with pest attacks or infestations, utilizing manual, biological or chemical as deemed appropriate.
- Regulates the management of chemical pesticides in the field using documented procedures: for Weed Control and for Integrated Pest and Disease Management.
- Has documented procedures for handling spills of fuel, lubricants and chemicals, as well as for the management of hazardous and toxic waste (B3).
- Forest protection measures against fire hazards. No livestock grazing activities by the community are permitted in the work area and the Management Unit has implemented appropriate / measurable steps in forest protection activities.

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing October 27, 2020, asking stakeholders to provide feedback and information about PT Madukoro Lestari. The public consultation was uploaded to the PT AJA Certification Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper. 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 required for this certification process, which consists of legal aspects that include compliance with international rules and regulations and conventions. A management system has been established to cover all activities in the area 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 2 Audit of PT Madukoro Lestari, there were no Non-Conformities of either a Minor or Major category identified by the audit team.

Conditions under which the certificate is issued



Certificate is valid until July 17, 2021, provided that PT Madukoro Lestari does not have any problems at the next Recertification visit. If any non-conformities are not closed at the next Recertification visit, the certificate will be suspended until such time as AJA is able to perform a closeout visit.