

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 NAMES: PT MADUKORO LESTARI

TOTAL HECTARES: 14,900.70

SCOPE OF REGISTRATION: Sustainable Forest Management of 14,900.70 hectares of Plantation Forest in Riau Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Additional Surveillance due to Covid-19 Pandemic (REMOTE)

START DATE AUDITS: April 26, 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

END DATE AUDITS: April 29, 2021

LEAD AUDITORS: Andri Wibisono

SIGNATURES:

TEAM AUDITS: Abdullah Mujahid

SIGNATURES:

Agung Utama Lubis

SIGNATURES:

MAJOR CARS: 0

MINOR CARS: 1

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	April 26 to 29, 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	
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. PT Madukoro Lestari area changed to 14,900.70 ha after the issuance of Decree of Minister of Environment and Forestry SK No. 245/Menlhk/Setjen/PLA.2/6/2020 dated June 9, 2020 regarding the determination of IUPHHK-HT work area boundaries of PT Madukoro Lestari.

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 14,900.70 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

Residents around the PT Madukoro Lestari concession are local people. There are no customary law communities around the concession. According to Pelalawan District Data in Figures for 2020, the majority of the residents' occupation are in the agriculture, forestry and fishery sectors. PT Madukoro Lestari has carried out a Social Impact Assessment for the surrounding community in 2019. Based on the results of the study, there are two (2) villages around

the concession, Pangkalan Terap Village in Teluk Meranti District, and Sungai Ara Village in Pelalawan District. The two villages are located in Pelalawan Regency, Riau Province.

Referred to the 2019 Social Impact Assessment Report, there was no conflict between the company and the surrounding community. The conflict scale is 5% or in safe category.

PT Madukoro Lestari has implemented livelihood plant cooperation in the form of fee planting for the villages in 2019. The cooperation is still on-going and the fee will be given at harvest time, based on the cropping cycle, which is once every five years.

PT Madukoro Lestari has provided support to the surrounding community in its corporate social responsibility program. Based on the report of Community Development Program 2021, the activities that have been carried out include the education sector in the form of aid for learning equipment and school supplies, the religious sector in the form of assistance for the construction of the mosque toilets, the economic sector including empowerment assistance agriculture and rice field irrigation assistance, village infrastructure, office equipment, social and environmental fields in the form of assistance for youth activities, and food assistance for COVID-19 victims in the villages.

Description of the Ecological conditions of the concession

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

- Identification of forest management activities that have significant impacts, and conduct environmental impact assessments through: AMDAL RKL & RPL documents PT. Madukoro approved by the Regent of Pelalawan Regency No. 02/Amdal/2002 dated September 2, 2002. The implementation of environmental management and monitoring every semester is presented in the Environmental Permit Implementation Report (RPL/RKL).
- Local Protected Areas and Other Protected Areas covering an area of 8,732 ha (58.22%) consisting of River Borders covering an area of 240 ha (1.50%), 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%).
- Reduced Impact Logging activities are carried out in stages before logging activities (pre-harvesting), during harvesting operations, after logging activities (post-harvesting)
- Identify areas that function for water and land protection which then allocated and designated as peat ecosystem protected function area and KPPN/KPSL.
- Monitoring the negative impacts of forest management activities in the concession area is carried out in accordance with the AMDAL RKL and RPL documents. PT Madukoro 2002, has documented procedures that serve as guidelines for monitoring the negative impacts of forest management activities, such as for Monitoring Protected Areas, for Monitoring of Discharge and Water Quality and for Monitoring of Subsidence and TPMAT.
- PT. Madukoro Lestari has documented procedures for the controlled use of B3 (Hazardous and Toxic Materials), namely: SOP for Management of Hazardous and Toxic Waste (B3), SOP for Handling Spilled Fuel, Lubricants and Chemicals, SOP for Weed Control, and SOP for Countermeasures Integrated Pests and Diseases.

The Management Unit has carried out Biodiversity Management activities, namely through the following activities:

- Identification and inventory of protected, endemic, rare and threatened/near-extinct flora & fauna in the IUPHHK-HTI area. The results of the identification and inventory can be found in: PT Madukoro's 2002 RKL & RPL AMDAL Documents, Revised 2017-2026 RKUPHHK-HTI, RKL/RPL Semester Report (Semester 1 and 2. Year 2020).
- identified protected, endemic, rare flora and fauna and threatened/near-extinct species and their habitats in the area in accordance with applicable regulations/stipulations through the inventory activities that have been carried out There is a fauna distribution map and a flora distribution map.
- Management of Protected Areas carried out in accordance with the RKL/RPL Implementation Report for

Semesters 1 and 2. Year 2020). and SOPs for Determining Protected Areas and SOPs for Monitoring Protected Areas.

- Identification of key protected and threatened/endangered species, as well as their habitats and migration patterns. Based on the identification, there are no key species in the area.
- Carried out an environmental impact assessment on the potential impacts on protected, endemic, rare and threatened/near-extinct flora and fauna, through 2002 RKL & RPL AMDAL Documents
- Based on Image Map map Sentinel Tile 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 Forest Protection activities, namely through the following activities:

- Identify and monitor disturbances in Sustainable Forest Management. Documents on the identification of forest management disturbances found in the PT. Madukoro Lestari, namely: RKL AMDAL Document, 2002 RPL, Revised RKUPHHK-HTI 2017-2026 and RKL/RPL Report per semester (Semester 1 and 2 Year 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 Additional Surveillance Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing March 29, 2021, asking stakeholders to provide feedback and information about PT Madukoro Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.co), 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 14,900.70 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 Additional Surveillance Audit of PT Madukoro Lestari, there were 1 (one) Minor Non-Conformity identified by the audit team. No critical issues occur.

Number	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit has not made a Revised RKUPHHK-HTI after the issuance of the new IUPHHK-HTI Letter, namely: Decree of the Minister of	The Management Unit prepares the results of the identification of all aspects that will be used as the basis for the revision of PT Madukoro Lestari's	Minor



	<p>Environment and Forestry of the Republic of Indonesia Number: SK 245/Menlhk/Setjen/PLA.2/6/2020 dated June 9, 2020 regarding the determination of the boundaries of the IUPHHK-HT work area of PT Madukoro Lestari with an area of 14,900.70 ha.</p> <p>Indicator I.1.1</p>	<p>RKUPHHK-HTI Document and then progresses its ratification.</p>		
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Conditions under which the certificate is issued

Certificate is valid until July 17, 2022, provided that PT Madukoro Lestari completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problems at the next Recertification visit. If the non-conformities are not closed at the next Recertification, the certificate will be suspended until such time as AJA is able to perform a closeout visit.