

# 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: 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: Recertification (HYBRID AUDIT)

AUDIT START DATE: May 18, 2022

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: May 21, 2022

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Abdul Salam

SIGNATURE:

HYBRID AUDITOR: Agung Utama Lubis

SIGNATURE:

AUDITOR IN TRAINING: Qodly Zaka Syahtriawan

SIGNATURE:

Inggita Nuri Prihantini

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Madukoro Lestari	Teluk Meranti District, Pelalawan District, Pelalawan Regency, Riau Province - Indonesia	May 18 to 21, 2022
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

The concession permit of PT Madukoro Lestari was obtained based on the Decree of the Regent of Pelalawan No. 522.21.IUPHHKHT/I/2003/ 017 dated January 31, 2003 concerning the Granting of Business Permits for the Utilization of Timber Plantation Forest Product to PT Madukoro of approximately 15,000 ha in Pelalawan Regency. The concession permit has a validity period of 41 years, which is 35 years plus one cycle of staple plants for 6 years.

PT Madukoro changed its name 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 regarding the Change of the IUPHHK-HTI name of PT Madukoro in Pelalawan Regency to PT Madukoro Lestari, the settlement was returned to The Regent of Pelalawan as the issuer of the permit.

PT Madukoro Lestari has compromised the boundary arrangement, there is a TBT Report No. LP.005/BPKH.XIX/PKH-/11/2017 in November 2017. This boundary arrangement then changed the area of concession by the Decree of the Minister of Environment and Forestry No. 245/Menlhk/Setjen/PLA.2/6/2020 dated June 9, 2020, concerning the Determination of IUPHHK-HT Work Area Boundaries of PT Madukoro Lestari of 14,900.70 Ha. There was no conversion of natural forest to plantations after December 31, 2010, the IFCC certified area is 14,900.70 Ha.

The Management Unit has a long-term plan document namely The Revision of the Business Plan for the Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) which was ratified by SK 6026/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019. Based on the Revised RKUPHHK-HTI document, the spatial arrangement is Local Protected Areas and Other Protected Areas of 8,732 ha (58.22%), Staple Plant area of 5,018 ha (33.45%) and Livelihood Plant area of 1,250 ha (8.33%).

The location of the PT Madukoro Lestari area is geographically located between 00°23' to 00°33' North and 102°17' to 102°23' East. It is bordered to the north by CV Bhakti Praja Mulia, to the south by CV Harapan Jaya, to the west by CV Alam Lestari and to the east by PT Yos Raya.

Based on the government administration, PT Madukoro Lestari is located in Teluk Meranti District and Pelalawan District, Pelalawan Regency, Riau Province. It is part of the Sungai Kutub Forest Group. The topographic conditions are on slope class A (0-8%) with a height of 15 to 16 meters above sea level. The soil consists of Tropohemists + Tropofibrists of 10,885 ha: and Troposaprits + Tropofibrists of 4,115 ha. The geological formation is in the peat formation of KLR-klaru of 10,885 Ha, and the peat formation of MDW-Mendawai of 4,115 Ha. The hydrology is included in the Pole River sub-watershed. The climate condition according to (Schmidt and Ferguson 1955) is of type A. Its annual rainfall valued of 2,283.5 mm/year, the highest month is in December (457.5 mm) and the lowest month is in June (82.9 mm) with 155 rainy days day/year. The Management Unit developed *Acacia crassicarpa* as its staple plant.

The Management Unit has complied with regulations related to peatland management. PT Madukoro Lestari has carried out revision of RKUPHHK in order to improve peat management based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia SK 6046/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019. They have compiled the Report on the Implementation of Peat Ecosystem Restoration and Forest and Land Fire Control 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. There is a Peat Dome Peak area of 7,076.57 ha spread over the KPPN area 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

The residents around the work area of PT Madukoro Lestari are Malay, Batak, Nias, and Javanese. Their main livelihoods are farmers and workers in oil palm plantations. According to the village heads, there are no indigenous peoples around the PT Madukoro Lestari area. There is no claim area within the PT Madukoro Lestari area. Though, PT Madukoro Lestari has a conflict resolution mechanism, namely SOPs for Conflict Resolution Protocols and SOPs for Handling Security Threat Action Activities.

According to the staff of PT Madukoro Lestari, in this Recertification Audit there is no new agreement or cooperation with the community. But, PT Madukoro Lestari still provides adequate support to local communities around the company in the program of Community Development. The type of activity in the program consists of six sectors, namely the sectors of education, health, religious, economic, infrastructure, and social and environmental sector. There was also an assistance of irrigation water pump machine for the village.

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

PT Madukoro Lestari has identified areas that functions for land protection which then being designated as a protected area, namely Local Protected Areas and Other Protected Areas of 8,732 ha (58.22%). The area is consisting of River Borders of 240 ha (1.60%), KPPN of 451 ha (3.01%), KPSL of 766 ha (5.11%) and Other Protected Areas of 7,275 ha (48.50%). The Management Unit also avoid a long-time land clearing. The time limit between handling over area and planting is not more than 14 days and the time limit from land preparation for harvesting to completion of planting is not more than 90 days.

The Management Unit has implemented appropriate steps to protect the area from damage due to forest management operations. These steps are:

- Protect and maintain Protected Areas. Steps taken include installing sign boards, prohibiting forest and land burning and cutting down trees.
- Monitoring Soil Subsidence, monitoring soil erosion in addition to being carried out in production areas, is also carried out in protected areas for comparison.
- Patrols in protected areas.
- Make a report on the implementation of the RKL/RPL (Environmental Permit) per semester as monitoring and evaluation material.

The area of PT Madukoro Lestari is peat land which requires water management. The Management Unit has records of peatland management in the form of canal construction and construction of water gates and dams to control water levels. As for monitoring, The Management Unit has a water level monitoring point for the ground water level and monitoring land subsidence. The water management is carried out every day through optimal utilization of water structures.

PT Madukoro Lestari has maintained and improved the habitat of protected, endemic, rare and threatened/near-extinct species of flora and fauna with the following efforts:

- Maintaining the preservation of the protected area as a habitat for flora and fauna, which result can be seen from the condition of the forest, which is still like primary forest,
- Monitoring on vegetation and the results are recapitulated in the RKL/RPL Implementation Report per semester,
- Carry out demarcation of protected area boundaries.

Protected areas also function as wildlife corridors as part of the company's efforts to provide wildlife habitat in the concession areas to prevent animal disturbance to surrounding communities. Installation of prohibition signboards of hunting of protected animals and regular poaching prevention patrol in the PT Madukoro Lestari are the other relevant effort that has been implemented so far.

The security of forest areas is carried out through routine patrols carried out by personnel from the OHS department,

public relations, and security. These patrols are carried out in areas that are prone to disturbances to the security of forest areas, such as illegal logging, encroachment, and hunting for protected wildlife. The Management Unit has prepared infrastructure and human resources for pre-emptive, preventive, and measurable measures to prevent forest and land fires, which is a serious problem in Riau Province. Activities carried out related to forest fire management refer to PermenLHK P.32/menlh/setjen/kum.1/3/2016 concerning forest and land fire control.

### Results of the Public Consultation

Prior to carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing April 22, 2022, 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.com](http://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 14,900.70 hectares

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

The results of the Recertification Audit are three Non-conformities of Minor categories:

Number	Non-Conformities	Corrective Action Performed	Category
1	The position and condition of the guest house in Futong is not adequate in terms of the distance to the operational location of PT Madukoro Lestari. There are inadequate guest house conditions such as: the water for toilets is not clean, the television is broken, there is no hot water available for making coffee/tea.  <b>Indicator I.11.8</b>	PT Madukoro Lestari will evaluate the maintenance of the guest mess and its infrastructure to be treated more often and clean the guest mess more regularly. The Management Unit plans to build new guest mess with more adequate supporting infrastructure.	Minor
2	Based on the Medical Check-up Recapitulation document for the employees and contractors of 2022, The Management Unit has not carried out a CHE (Cholinetrese) Special Inspection for Hazardous and Toxic Waste officers.  <b>Indicator I.12.1</b>	The Management Unit has made improvements: - There is a Medical Check-up Cover Letter dated June 13, 2022, of 10 contractor employees for Cholinesterase examination, - There is photo documentation of health checks for employees.	Minor
3	The Management Unit have not provided clean water properly for bathroom needs. The bathroom	PT Madukoro Lestari has made improvements to the water treatment and evaluated the maintenance of	Minor



	water in Futong guest house is not clean. <b>Indicator I.12.5</b>	facilities and infrastructure. There is photo documentation that the water used in the bathroom is clear.		
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#### Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00043/VII/2018 is valid until July 17, 2025, 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 Surveillance visit. If the non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time as AJA is able to perform a closeout visit.