

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 Plantation Forest covering 15.000 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: April 27, 2018

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: April 30, 2018

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Andri Wibisono

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	Teluk Meranti District, Pelalawan District, Pelalawan Regency, Riau Province, Republic of Indonesia	April 27 to 30, 2018
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		

Document: Report Format Public - IFCC

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Date: 15 September 2016

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Brief description of the concession

Permit for Timber Forest Product Utilization (IUPHHK-HTI) of PT Madukoro Lestari based on Decree of Bupati Pelalawan No. 522.21.IUPHHKHT/1/2003/017 dated January 31, 2003 concerning the Granting of Right to License for Utilization of Forest Timber Forest Product to PT. Madukoro covering an area of approximately 15,000 ha in Pelalawan Regency valid for a period of 41 years, being 35 years plus one six-year cycle of staple crop,

The name PT Madukoro was changed to PT Madukoro Lestari based on Letter from Ministry of Law and Human Rights No. S.826/PHPL/UHP/HPL.1/11/2016 dated November 24, 2016 on Name Change of IUPHHK-HTI PT Madukoro in Pelalawan Regency, PT. Madukoro Lestari settlement is returned to the Regent of Pelalawan as the license issuer.

The management unit has made a spatial arrangement of the working area of 15,000 ha as follows: Protected Areas of 13,152 ha (87.68%), Staple Plant Area of 1,148 ha (7.65%), and Livelihood Plant Area of 700 ha (4.67%).

Protected areas consist of:

1. KPPN (Germ Plasm Conservation Area) : KFLEG = 1,217 ha (8.11%),
2. River Border (Riparian): KFLEG = 202 ha (1.35%), KFBEG = 38 ha (0.25%) total 240 ha (1.60%)
3. Other Protected Areas: KFLEG = 6,437 ha (42.91%), KFBEG = 838 ha (5.59%) total 7,275 ha (48.50%)
4. Function of Peat Ecosystem: KFLEG = 4,420 ha (29.47%), total = 4,420 ha (29.47%)

Staple crop area consists of: KFBEG 1,108 ha (7.39%) and infrastructure facilities of 40 ha (0.27%) in staple crop area. Livelihood plant crops consists of: KFBEG 668 ha (4.45%) and infrastructure facilities in livelihood plant area 32 ha (0.21%)

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

The concession of PT Madukoro Lestari is located between:

00° 23' to 00° 33' North and 102° 17' to 102° 23' East, and bordered by the following:

- North : HTI CV Bhakti Praja Mulia
- South : HTI CV Harapan Jaya
- West: HTI CV Alam Lestari
- East : PT Yos Raya

The Management Unit of the work area falls under the governmental administration of the Teluk Meranti District and Pelalawan District, Pelalawan Regency, Riau Province. A part of the Sungai Kutub Forest Group being the sub-river shed of Sungai Kutub, the concession is mainly slope class A (0-8%)/flat and lies at an altitude of 15 to 16 meters above sea level.

Geologically, the area is peat (KLR-klaru) 10,885 ha, and peat (MDW-mendawai) 4,115 ha, while the soil is Tropohemists + Tropofibrists = 10,885 ha and Troposaprits + Tropofibrists = 4,115 ha.

The area has a Type A climate (Schmidt & Ferguson) with an average rainfall of 2,283.5 mm/year, the highest falling in December (457.5 mm) and the least in June (82.9 mm).

Given the foregoing conditions, the Management Unit has decided that *Acacia crassicarpa* is the most suitable species for cultivation.

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

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There are no customary law communities within the concession area of PT Madukoro Lestari as stipulated under the prevailing Indonesian law. Moreover, the company's two target villages, Sungai Ara Village and Pangkalan Terap Village, are some considerable distance from the actual concession area itself.

This being the case it is therefore no surprise that no locations have been claimed by either community in the annual conflict resolution mapping carried out over each of the last five years. Moreover, as the work area is so distant from the two communities, the company's activities under the Management Unit are likely to have any negative effect. In addition, the work area is bordered by other companies and protected areas, so thus the likelihood of conflict with local communities is deemed to be very low.

While the distance between the concession and the two target villages means that relations between the two parties are not exceptionally close, the company is committed to providing support to the communities in respect to capacity building, promoting economic development, and the provision of assistance in developing local infrastructure and social and religious facilities in accordance with its capabilities.

In regard to the treatment of both direct hire and contractor's labor, meanwhile, PT. Madukoro Lestari is in full compliance with all government rules and regulations including freedom of association, etc., as well as participation in both BPJS health and employment benefit schemes. As well as providing all workers with requisite safety equipment, the company also provides them with two-wheeled transportation to more easily and rapidly traverse the property in carrying out their daily tasks.

Description of the ecological conditions of the concession

The Management Unit has created an Environmental Management Plan (RKL) and an Environmental Monitoring Plan (RPL) to minimize negative impacts and improve environmental quality in the work area. PT. Madukoro Lestari is fully committed to implementing sustainable forest management and submits periodic reports on its activities to the relevant authorities, which include the following.

To minimize the impact of its forestry operations, PT. Madukoro Lestari employs the special procedures of Reduced Impact Logging, which are divided into pre-logging, logging and post-logging operations. Under this system, the period when land is open is kept to a minimum to avoid degradation of the soil, while the logging and post-logging practices are carried out in such a manner as to minimize negative environmental effects.

The physical and chemical properties of both soil and water are carefully monitored on a continuous basis, the health of both being essential to sustainable forestry practices. Besides possible soil erosion, care must also be taken to ensure that there is no great diminishment of its organic content, as can happen following heavy rainfall with run off into the water discharge.

As part of its duty to protect key protected and threatened/ endangered species of both flora and fauna, the Management Unit has identified and closely monitors such species as well as their habitats and migratory patterns including landscape considerations. As part of the monitoring and protection process the Management Unit has clearly marked the areas with signs forbidding hunting and polices the area as part of its regular patrols.

Regular patrols are carried out across the whole of the concession area to counter any other form of forest disturbance such as fire, incursion, hunting and illegal logging, etc. Precautionary measures are also taken to identify any pests or diseases threatening the forest. Where possible these are countered by biological measures, although pesticides will be used where there is no other viable alternative.

PT Madukoro Lestari has developed and implements standard procedures for the use of pesticides and other hazardous substances, which includes the careful storage of all B3 waste until such time as it can be removed by a licensed hazardous waste removal company.

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Fire is, of course, the major threat to a plantation and PT Madukoro Lestari maintain a continuous check of potential hotspots both from satellite and ground observations. The Management Unit also has at its disposal a fully equipped and trained firefighting unit in the event of an outbreak.

Results of the Public Consultation

Prior to carrying out the Stage 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing April 18, 2018, which asked stakeholders to provide feedback and information on PT Madukoro Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email and / or normal mail, and announced in local newspapers. No input was received from stakeholders as a result of the public consultation.

The audit team also gathered information from the mass media about PT Madukoro Lestari, which was given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements required for this certification process, including legal aspects and compliance with international rules or conventions. The established management system includes all field activities for certification, where the area registered for certification is 15,000 ha.

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 Stage 2 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 17/07/2021