

Public Report Sustainable Forest Management System

Ownership of this report and the information contained within remain the property of
AJA Europe



AJA EUROPE

PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



CLIENT NAME: PT Harapanjaya Makmur Lestari

TOTAL HECTARES: 4,800 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 4,800 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: July 9, 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

AUDIT END DATE: July 11, 2019

LEAD AUDITOR: Abdullah Mujahid

AUDIT TEAM: Rahmat Safe'i

Warsito

MAJOR CARS : -

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Harapanjaya Makmur Lestari	Teluk Meranti District, Pelalawan Regency, Riau Province, Republic of Indonesia	July 09 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

The area based on Pelalawan Regent Decree Number 522.21 / IUPHHKHTI / I / 2003/016 dated January 31, 2003 was later updated by the Decree of the Head of Pelalawan Investment Services and Integrated One-Stop Service Number 504 / DPMPTSP-P3NP / V / 2017/02, dated May 24, 2017 concerning Amendments to the Decision of Pelalawan Regent Number 522.21 / IUPHHKHTI / I / 2003/016 dated January 31, 2003 concerning the Granting of 4,800 ha of Timber Forest Products in Plantation Forest Utilization Rights to CV Harapan Jaya in Pelalawan Regency.

Based on the Adjustment of RKUPHHK-HTI for the Period of 21017-2026 Year Activities 2018-2019 on behalf of PT Harapanjaya Makmur Lestari in Riau Province (Minister of LHK Decree No. SK.8509 / men LHK-PHPL / UHP / HPL.1 / 12/2018 December 2018. Based on the above RKUPHHK document, the spatial planning consists of Local Protected Areas and Other Protected Areas covering an area of 2,706 ha (56.38%), Staple Plant Area covering 1,677 ha (34.94%) and Livelihood Plant Area of 417 ha (8.69 %); percentage total 100.01 due to rounding. To achieve the required allocation percentage of livelihood plants it was necessary that it be fulfilled from the Protected Area in the form of NTFP utilization.

The concession is located between 0° 20' 32" to 0° 25' 24" North and 102° 20' 28" to 102° 25' 44" East. It falls under the governmental administration of Teluk Meranti District, Pelalawan Regency and is part of Kutub River Forests – Simpang Kanan River Group. The work area boundaries are as follows:

1. North side: HPHTI area PT. Madukoro Lestari
2. South Side: Ecosystem Restoration HPH Area PT Gemilang Cipta Nusantara
3. East side: Ecosystem Restoration HPH area PT Gemilang Cipta Nusantara
4. West: PT RAPP Estate Pelalawan HPHTI area

The climate of the PT Harapanjaya Makmur Lestari area is classified as being type A (very wet) per Schmidt/Fergusson system with average annual rainfall of 2,572 mm, the highest (277 mm) falling in December and the least (122 mm) falling in June. The topography of the area is marshy lowlands, being 100% flat (0-8% slopes). The type of soil based on the Map Land system consists of alluvial or regosol. The geological formation based on the Geological Map of the Siak Sri Indrapura Sheet (0916) in the area of PT Harapanjaya Makmur Lestari is in the formation of a young river Alluvium, peat (Qh). The river in the working area is Kutub River, which is included in the Kampar River Basin.

The soil types in the PT Harapanjaya Makmur Lestari area are Fluvaquents (alluvial or regosol), Tropaquents (Alluvial, Andosol, Regosol) and Tropohemissts (peat). The depth of peat in the area ranges from 50 cms to 270 cms. Soil conditions generally have a limiting (marshy) zone, acid soil pH (4-6) and low to moderate soil fertility. Land and land units in the working area are freshwater oligotropic peat domes, namely peatlands >2 meters thick, flat and slightly convex.

Based on the foregoing, the species cultivated in the staple plant is *Acacia crassicarpa*.

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

The Management Unit of PT Harapanjaya Makmur Lestari produced a Social Impact Assessment (SIA) report in 2017 containing social data of the community (population and livelihoods, CD programs that have been implemented and community responses to the existence of PT Harapanjaya Makmur Lestari).

Based on the village administration map, the following villages are to be found around the work area of PT Harapanjaya Makmur Lestari: Sungai Ara Village in Pelalawan District, and Petodaan Village, Pangkalan Terap Village and Kuala Panduk Village in Teluk Meranti District of Pelalawan Regency, Riau Province.

Cooperation agreements have been signed with the villages in regard to forest management in the form of livelihood plants, as well as the formation of Community Fire Awareness groups.

There are documented procedures for the settlement of land conflicts, which include an identification report. Based on the report, there are no communities or other parties who are conducting or cultivating land within the concession area. Thus the concession area of PT Harapanjaya Makmur Lestari is free from community claims.

Management unit of PT Harapanjaya Makmur Lestari has documented the CD / CSR programs for 2018/2019.

Based on the realization report for 2018, programs realized included provision of fishing nets and assistance with requirements for religious purposes. The CD / CSR program plan for 2019, meanwhile, includes assistance in the areas for religious requirements, health and equipment.

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. Measures carried out include:

- 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

The detailed plan for restoring the functions of peat ecosystems is explained in the Peat Ecosystem Recovery Plan Document, Determination of the Point of Compliance of Groundwater Levels and PT Harapanjaya Makmur Lestari Rainfall Monitoring Station Point based on the Director General's Decision on Pollution Control and Environmental Damage No. No. SK.8509 / men LHK-PHPL / UHP / HPL.1 / 12/2018 on 10 December 2018. PT Harapanjaya Makmur Lestari is in the process of revising the RKUPHHK Documents based on the above Recovery Documents and Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P .10 / Menlhk / Setjen / Kum.1 / 3/2019 Regarding Determination and Management of Peat-Based Hydrological Units of Peat Domes.

The Management Unit has carried out biodiversity management activities, namely through the following activities, identifying and conducting an inventory of protected, endemic, rare and endangered flora and fauna within the concession area. A fauna distribution map exists, although no such map for flora distribution has yet been prepared. However, no key species of either flora or fauna have been identified. The staple plant type cultivated is not a genetically modified species, being *Acacia crassicarpa*.

The Management Unit has carried out Forest Protection activities, whether these are caused by natural or human disturbances. The latter are minimized due to the livelihood plant agreements with the villagers, while the grazing of livestock within the concession area is prohibited. Documented procedures exist, meanwhile, for the prevention of disease and pest infestation. This includes procedures for the handling of toxic and dangerous materials (B3), as well as for handling fuel oil spills and other similar oil and chemical products.

PT. Harapanjaya Makmur Lestari also has documented procedures for fire protection measures, which include the involvement of the local community through the formation of Community Fire Awareness groups.

Results of the Public Consultation

Prior to carrying out the Audit Surveillance 1, PT AJA Sertifikasi Indonesia conducted a public consultation commencing June 25, 2018, asking stakeholders to provide feedback and information about PT Harapanjaya Makmur Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (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 Harapanjaya Makmur 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 certification field, which is registered for an area of 4,800 hectares.

Findings on the certified client conformity with the certification requirements and description of critical issues

in relation to the conformity.

The results of Surveillance 1 Audit in PT Harapanjaya Makmur Lestari identified one (1) Minor Non-conformity. No critical problems were identified.

NO	Non-conformities	Corrective Action performed	Category
1.	Due to staff resignations, the Management Unit is short of personnel in key areas. These include the lack of a replacement for the General K3 Expert and the arrangement of the appointment SK from the Indonesian Ministry of Manpower. Clause I.12.1	Management Unit has planned the filling of such staff vacancies by training a candidate as a general K3 expert and arranging the appointment SK from the Indonesian Ministry of Manpower	Minor

Conditions under which the certificate is issued

Certificate is valid until September 10, 2021, provided that PT Harapanjaya Makmur 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.