

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 HARAPANJA'YA 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 2 (REMOTE)

AUDIT START DATE: December 21, 2020
AUDIT END DATE: December 23, 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

AUDIT TEAM: Amin Kadeni

Warsito

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Harapan jaya Makmur Lestari	Teluk Meranti District, Pelalawan Regency, Riau Province – Republic of Indonesia	December 21 to 23, 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

The concession of PT Harapanjaya Makmur Lestari is based on Decree of Pelalawan Regent Number 522.21 / IUPHHKHTI/I/2003/016 dated January 31, 2003. Then it was updated by Decree of the Head of Investment and One Stop Services of Pelalawan Regency Number 504/ DPMPTSP-P3NP/V/2017/02, May 24 2017 concerning the Amendments to the Decree of the Pelalawan Regent Number 522.21/IUPHHKHTI/I/2003/016 dated January 31, 2003 concerning the Granting of Business Permit for Utilization of Timber Forest Products in Plantation Forest to CV Harapan Jaya covering an area of 4,800 ha in Pelalawan Regency.

There has been no conversion of natural forest to plantation forest after December 31, 2010, thus the scope of the IFCC Certification is 4,800 ha.

The Management Unit latest long-term plan, is the Revision of RKUPHHK-HTI for Period 2017 to 2026 on behalf of PT Harapanjaya Makmur Lestari in Riau Province (Minister of LHK Decree No. SK.6027/MenLHK-PHPL/UH/HPL.1/6/2019 dated June 28, 2019). Based on the RKUPHHK document, the spatial layout consists of Local Protected Areas and Other Protected Areas of 2,706 ha (56.38%), Staple Plants Area of 1,677 ha (34.94%) and Livelihood Plant Area of 417 ha (8, 68%). To achieve an allocation of a percentage of livelihood plants of at least 20%, this is fulfilled from the Protected Area area in the form of utilization of non-timber forest products.

The geographical position of the concession is at 0° 20' 32" to 0° 25' 24" North and 102° 20' 28" to 102° 25' 44" East. Based on the government administration, it is located in Teluk Meranti District, Pelalawan Regency. The plantation is part of the Kutub River to Simpang Kanan River Forest Group. The boundaries of the working area are HPHTI area PT. Madukoro Lestari to the north, PT Gemilang Cipta Nusantara's Ecosystem Restoration HPH Area to the south and east, and PT RAPP Pelalawan Estate HPHTI area to the west.

Climatic condition in the area of PT Harapanjaya Makmur Lestari per Schmidt/Ferguson classification is type A climate (very wet) with an average annual rainfall of 2,572 mm, with the highest rainfall of 277 mm in December and the lowest of 122 mm in June. The topography of the area is swampy lowlands and Slope conditions are 100% flat (0-8%). Soil types based on the Land System Map consist of alluvial and regosol. Meanwhile, based on the USDA, the type of land in the area PT Harapanjaya Makmur Lestari are Fluvaquents (alluvial or regosol), Tropaquents (Alluvial, Andosol, Regosol) and Tropohemissts (peat). Geological formation based on the Geological Map of the Siak Sri Indrapura Sheet (0916) area PT Harapanjaya Makmur Lestari is in the Alluvium formation of young rivers and peat (Qh). The river traversing the working area is the Kutub River, which is included in the Kampar watershed. The species cultivated as staple plants is *Acacia crassicarpa*.

The Management Unit complies with all regulations related to improving peat governance (PP 57 of 2016) by the Revision of RKUPHHK of 2017 to 2026 (Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.973/MenLHK-PHPL/UHP/HPL.1/3/2018 dated March 5, 2018). Fulfillment of PermenLHK No. P.16 of 2016 by compiling the Peatland Ecosystem Recovery Plan Document, Determination of Groundwater Level Compliance Points and Rainfall Monitoring Station Points (Decree of the Director General of Pollution and Environmental Damage Control and the adjustments to the RKUPHHK-HTI for the period 2017 to 2026 for the 2018 to 2019 year of activity (Decree of the Minister of LHK No. SK.8509/MenLHK-PHPL/UHP/HPL.1/12/2018 dated December 10, 2018). Fulfillment of the PermenLHK Number P.10/Menlhk/Setjen/Kum.1/3/2019 is by revising RKUPHHK -HTI of 2017 to 2026 (Minister of LHK Decree No. SK.6027/MenLHK-PHPL/UH/HPL.1/6/2019 dated June 28, 2019). There is Peat Dome Peak with an area of 1,260.20 ha spread over the KPPN and KPSP of 180.0 ha and Other Protected Areas of 1,080.20 ha.

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

programs

The Management Unit of PT Harapanjaya Makmur Lestari prepared a Social Impact Assessment (SIA) report in 2017, which contains community social data (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 work area of PT Harapanjaya Makmur Lestari is included in two (2) districts: A). Pelalawan District containing Sungai Ara Village, and B). Teluk Meranti District containing Petodaan Village, Pangkalan Terap Village and Kuala Panduk Village, all in Pelalawan Regency, Riau Province. The position of the PT Harapanjaya Makmur Lestari concession area is far from the target villages, the access having to go around to Pelalawan city center (around 120 km), so that interaction with the community is not common.

When the remote audit was carried out, there was no finding of any additional collaboration with the surrounding community, either in livelihood plants or the establishment of a Community Fire Awareness (MPA). Based on an interview with the Head of Village, the village had already signed a cooperation agreement (MoU) with the company regarding the cooperation of livelihood plants.

Land conflict resolution procedure documents are available and identification reports have been made. Based on these reports, there are no communities or other parties who supply or cultivate land in the concession area. Thus the PT Harapanjaya Makmur Lestari concession area is free from community claims.

There is a CD-CSR program plan document for 2020 covering the economic sector (renovation of school toilets, equipment for health centers and mosques, assistance for buffalo livestock). Based on the annual report on the implementation of the CD program in 2020, the realized programs are: assistance for pusekesmas equipment, assistance for buffalo livestock, sports equipment, Covid-19 groceries assistance.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities with significant impacts, and conducted an environmental impact assessment through: UKL & UPL documents of CV. Harapan Jaya (Regent Pelalawan Approval Number 06/2001 dated December 2, 2002. The implementation of environmental management and monitoring is presented each semester 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)
- Identification of areas that function for land protection by designating them as a protected area, namely the Peat Ecosystem Protected Function Area, KPPN / KPSL
- Identification of areas that function for water protection by designating them as protected function areas for the Peatland ecosystem, KPPN / KPSL
- Monitoring of negative impacts of forest management activities in the concession area is carried out in accordance with UKL and UPL documents of CV Harapan Jaya, 2002, with documented procedures 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, including the following activities:

- Identified protected, endemic, rare and threatened/endangered species and their habitats in the concession area through an inventory. There is a map of the distribution of flora and fauna.
- Identification of key protected and threatened / endangered species, their habitats and their migration patterns. However, based on the identification, there are no key species in the area.
- The staple plant species cultivated are not genetically modified tree species, being *Acacia crassicarpa*.

The Management Unit has carried out Forest Protection activities that identify and monitor disturbances in Sustainable Forest Management, be they due to human or natural causes.

- There are documented procedures to prevent and manage pest and disease attacks, utilizing mechanical, natural and chemical procedures as deemed appropriate.
- Besides integrated pest and disease management, there are also documented procedures for weed control, handling spills of fuel, lubricants and chemicals, and handling and storage of toxic materials (B3).
- Forest protection measures have been implemented against fire hazards.
- There are no livestock grazing activities permitted in the work area.
- Appropriate steps have been implemented 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 November 16, 2020, 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 the Surveillance Audit 2 of PT Harapanjaya Makmur Lestari identified one (1) Non-Conformity of a minor nature. PT Harapanjaya Makmur Lestari's management system operates effectively. No critical problems were identified.

NO	Non-Conformities	Corrective Action performed	Category
1.	The Management Unit has not built a rinse house so that workers can clean their clothes and bodies in order to avoid taking hazardous residues to their houses. Ref. Clause I.12.1	The Management Unit has planned the improvement of the rinse house as a means for workers to clean their clothes and shower after work.	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 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.