

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 Tebo Multi Agro

TOTAL HECTARES: 15,109 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 15,109 hectares of Plantation Forest in Jambi Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: June 25, 2019

AUDIT END DATE: June 28, 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

LEAD AUDITOR: Agung Utama Lubis

SIGNATURE:

Agung

AUDIT TEAM: Utomo

SIGNATURE:

Utomo

I Wayan Sudi Antara

SIGNATURE:

I Wayan Sudi Antara

MAJOR CARS : 0

MINOR CARS : 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Tebo Multi Agro	Sei Abang Village, VII Koto District, Tebo Regency, Jambi Province, Republic of Indonesia	June 25 to 28, 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	

Brief Description of the concession

PT Tebo Multi Agro's Timber Forest Product Utilization Permit dates to the issuance of Decree of Tebo Regent No. 522.11 / 282 / DINHUT / 2001 dated 29 September 2001 concerning the granting of IUPHHK to PD. Tebo Holding Company covering approx. 20,000 ha in the Langsisip Forest Group, Tebo Regency, Jambi Province. In 2006, the Minister of Forestry issued Decree No. SK.401 / Menhut-II / 2006 dated July 19, 2006 concerning the renewal of business licenses for the utilization of timber forest products for PT. Tebo Multi Agro for approx. 19,770 ha Production Forest Area in Jambi Province.

The boundary of PT Tebo Multi Agro's concession area was compromised for 85,083.76 meters with an area of 20,016.30 ha as stated in Boundary Report No. LAP.01 / BPKH.XIII / 2017 concerning the Results of Measurement and Determination of Self Boundaries and Shared Boundaries of IUPHHK-HTI Work Areas of PT Tebo Multi Agro with PT. Lestari Asri Jaya. Thus, on July 25, 2018, the Minister of Environment and Forestry Decree No. SK.333 / MenLHK / Setjen / PLA.2 / 7/2018 concerning the Establishment of PT Tebo Multi Agro's IUPHHK-HTI Working Areas covering an area of 20,016.30 ha in Tebo Regency, Jambi Province.

Then, on November 26, 2018, the Minister of Environment issued Decree No. SK.538 / MenLHK / Setjen / HPL.0 / 11/2018 concerning Amendment to Minister of Forestry Decree No. SK.401 / Menhut-II / 2006 concerning Renewal of PT Tebo Multi Agro's IUPHHK-HT over approx. 19,770 ha Production Forest Area in Jambi Province. Minister of Environment Decree No. SK.538 / MenLHK / Setjen / HPL.0 / 11/2018 decided to change the area of PT Tebo Multi Agro from approx. 19,770 ha to 19,200 ha. The Production Forest Zone that had been issued for an area of 816 ha has been handed over to the Regional Government and subsequently allocated entirely to the local community through the Social Forestry scheme. There was conversion of 4,091 ha of natural forest to plantation forest after December 31, 2010, thus the scope of IFCC certification is for an area of 15,109 ha.

The spatial arrangement of PT Tebo Multi Agro is as follows: Local Protected Area and Other Protected Area of 3,117 ha (15.57%), Staple Plant Area of 11,981 ha (59.86%), and Livelihood Plant Area of 4,918 ha (24.57%)

PT Tebo Multi Agro's IUPHHK-HTI area is located in the Langsisip River Forest Group, Forest Management Unit (KPH) Region IX West Tebo. Geographically, it lies between 00° 58' 00" to 01° 06' 18" South and 101° 51' 00" to 102° 06' 10" East, while administratively it falls under District VII of Koto, Tebo Regency, Jambi Province. The boundaries of PT Tebo Multi Agro are:

North: PT Lestari Asri Jaya's HTI (Ex IH PT IFA);

East: PT Lestari Asri Jaya's HTI (PT IFA's Ex HPH);

South: Lansisip River, and;

West: Alai River Production Forest.

Climate in the area of PT Tebo Multi Agro is classified as being Class A (very wet) according to the Schmidt/Fergusson system. The geological formation is in the form of alluvium (40.57%), estuary enim (7.45%), Palembang (51.83%), and telisa (0.13%). Soil types in the area of PT Tebo Multi Agro are entirely podsollic. The topography is predominantly flat with 0-8% slopes (95.26%), with the remainder being ramps of 8-15% slopes (4.21%) and slightly steep with 15-25% slopes (0.03%), and thus has no potential for high erosion.

In light of the foregoing, the species cultivated are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp.

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

PT Tebo Multi Agro is located in three sub-districts of Tebo Regency, Jambi Province: District VII Koto, District VII Koto Ilir, and Sumay District. In District VII Koto there are five villages (Aur Cino, Sei Abang, Teluk Kayu Putih, Kuamang, and Tanjung), in District VII Koto Ilir there are three villages (Balai Rajo, Sei Karang, Teluk Kepayang Indah), and just Pelayungan Village in Sumay District.

Among the local communities around the PT Tebo Multi Agro concession, there are traditional (indigenous) communities, namely Suku Anak Dalam, most of which are still nomadic. In the PT Tebo Multi Agro concession there are at least two Suku Anak Dalam community groups that receive guidance from the company. PT Tebo Multi Agro identified the Suku Anak Dalam community group around the work area in 2016 and recognizes and respects their rights as indigenous peoples.

PT Tebo Multi Agro has made efforts to resolve conflicts that occur in the company's work area. Claims or occupations at PT Tebo Multi Agro are done individually or in groups (including community groups). Thus, the work area of PT Tebo Multi Agro is greatly exposed to such actions (there are several parties, both from local groups and migrants, involved in managing resources in the concession where the plantation is developed).

Besides making an agreement with the surrounding community in regard to livelihood plants, PT Tebo Multi Agro also cooperates with the local communities on their utilization of such non-timber forest products as natural honey and resin. The company has also set up Desa Makmur Peduli Api (DPA) or fire awareness society with the local community, whereby the company provides equipment and training for the village communities.

PT Tebo Multi Agro has provided support in the development of the communities around the concession area through its Corporate Social Responsibility Program. The realization of these CSR programs consists of economic, social, cultural, religious, educational, health and environmental programs, and other activities.

Description of the ecological conditions of the concession

PT Tebo Multi Agro has identified and conducted environmental impact assessments, specifically on biodiversity, protected and endangered species, protection of land and water, and the health and vitality of forest resources through RKL and RPL AMDAL documents. The identification results include: chemical properties of the soil; soil erosion; river discharge; sedimentation; surface water quality; structure and potential of protected species stands; wildlife habitat; abundance and diversity of wildlife; non-timber forest product and pests and plant diseases.

PT Tebo Multi Agro has a record of its Reduced Impact Logging (RIL) activities that contains an evaluation of harvesting activities to avoid HCV / HCS areas, reduce soil compaction and erosion.

PT Tebo Multi Agro has identified protected areas for soil and water conservation as contained its AMDAL document; HCV identification and set forth in the spatial planning in the RKU (2018) and includes: Riparian zones covering 1,165 ha; Wildlife protection area covering 1,703 ha; Germplasm conservation area of 188 ha and Natural reserves buffer zone of 61 ha.

PT Tebo Multi Agro has rehabilitated degraded land, including rehabilitation of the Kubu River Border covering an area of 0.35 ha; rehabilitation of Bulu Hitam River Border covering an area of 0.32 ha and rehabilitation of Kubu River Border covering an area of 0.35 ha. However, monitoring of rehabilitation activities showed that most of the plant seeds died in Kubu River Border and Buluh Hitam River Border, and the condition was not maintained.

The Management Unit has identified and monitors the protected, endemic, rare and endangered flora and fauna within the concession area. Together with the surrounding plantation areas, the presence of PT. Tebo Multi Agro has not resulted in an interruption of the forest ecosystem and flora and fauna continue to flourish. Based on the results of wildlife monitoring, the area of PT. Tebo Multi Agro is on an elephant migration path along which the animal continues

to pass on a regular basis

PT Tebo Multi Agro implements measures to protect the forest against the hazard of fire including its policy of land clearance without burning. early detection systems in the form of providing fire towers, FDRS and Hotspots, climate data, patrols, drone use, CCTV cameras and the provision of fire infrastructure. It also maintains periodic records of a variety of reports of hot spot areas, patrols, implementation of training for fire fighters and the DPA village communities.

Results of the Public Consultation

Prior to carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing June 14, 2019, asking stakeholders to provide feedback and information about PT Tebo Multi Agro. 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 received five communications from stakeholders that covered company relations with the community, corporate social responsibility programs, facilities for workers, waste management and environmental documents. Follow-up on the information input was been carried out during field verification and interviews with stakeholders such as heads of the villages, company employees and management, observation of company documents, and verification of the facilities for employees.

The audit team also collected information from the mass media about PT Tebo Multi Agro, 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 15,109 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 of PT Tebo Multi Agro identified three (3) Minor Non-Conformities. No critical problems were identified.

NO	Non-conformities	Corrective Action performed	Category
1.	<p>1. With the change in area of PT. Multi Agro Tebo, the layout of the plantation forest and the arrangement of the work area as outlined in the RKUPHHK-HTI for the 2018-2027 Period that had been approved are no longer appropriate.</p> <p>2. Management Unit already has an Environmental Permit (AMDAL), but with the changes (government policy, reduction of work area, presence of protected areas, and changes in ownership and company name) the existing Environmental Permit does not comply with applicable regulations.</p> <p>Clause Ref I.2.2.</p>	<p>1. Progress of RKUPHHK Revision by using concession area to 19,200 ha according to Minister of LHK Decree No. SK.538 / MenLHK / Secretariat General / HPL.0 / 11/2018 will be seen in subsequent audits.</p> <p>2. PT Tebo Multi Agro submitted a proposal to amend the AMDAL document on August 15, 2019 signed by Environmental Compliance, Forest Sustainability Head, and approved by the Head of HTI Unit.</p>	Minor
2.	Management Unit unable to provide evidence of effective supervision related to labor competency requirements	PT. Tebo Multi Agro will add an appendix to the employment contract on workers training	Minor

	(especially contractors in accordance with those contained in the contract) Clause Ref I.1.13.	(certificates, etc.) so that prior to working in PT. Tebo Multi Agro, the workers understand the job descriptions.	
3.	<ul style="list-style-type: none"> Based on verification of the B3 waste management report for 2018 Quarter I to 2019, information was obtained on the presence of B3 waste (which is stored beyond its shelf life) Based on the results of visits to pesticide warehouses and mixing houses, used pesticide containers were found, due to the B3 Waste TPS being full. Based on the field visit, a used Roll Up container was used as a solar container at the contractor's camp; the Management Unit had not yet shown the B3 control documents. Clause Ref I.6.6.	<p>PT Tebo Multi Agro has submitted a proposal for the transportation costs of the removal and management of B3 waste in 2019, signed by the Forest Sustainability Head, and approved by the Head of the HTI Unit.</p> <p>PT Tebo Multi Agro has arranged a cooperation agreement for the transportation and management of B3 waste.</p>	Minor

Conditions under which the certificate is issued

Certificate is valid until October 31, 2022, provided that PT Tebo Multi Agro 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.