

Public Reports Sustainable Forest Management System

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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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: May 3, 2023

In signing this document the Audit team confirmed that they 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 6, 2023

LEAD AUDITOR: Agung Utama Lubis

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Ardi Prasetyo

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head office	Jl. Sei Duku No. 333, Kelurahan Tanjung Rhu, Kecamatan Lima Puluh, Pekanbaru 28143, Riau - Indonesia	May 3, 2023
Site	Desa Sungai Ara dan Desa Pangkalan Terap, Kecamatan Pelalawan dan Teluk Meranti, Kabupaten Pelalawan, Provinsi Riau, Indonesia	May 4 to 6, 2023
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	
NA		

Brief description of the concession

PT Madukoro Lestari Industrial Timber Forest Product Utilization Business Permit (IUPHHK-HTI) were based on Pelalawan District Head Decree No. 522.21.IUPHHKHT/I/2003/ 017 dated January 31, 2003 concerning the Granting of Business Permits for the Utilization of Timber Forest Products to PT Madukoro covering approximately 15,000 ha in Pelalawan Regency; with a validity period of 41 years, i.e. 35 years plus one main crop cycle for 6 years. The latest concession permit decree is the Decree of Minister of Environment and Forestry No. SK.835/MenLHK/Setjen/HPL.0/9/2021 dated September 21, 2021, concerning PT Madukoro Lestari Forest Utilization Business Permit (PBPH), where there was a change in the IUPHHK-HTI nomenclature to PBPH.

PT Madukoro Lestari has already compromised its area boundaries in 2017, which then approved by the government through the Decree of the Minister of Environment and Forestry No. 245/Menlhk/Setjen/PLA.2/6/2020 dated June 9, 2020, concerning Determination of the boundaries of PT Madukoro Lestari IUPHHK-HT working area with an area of 14,900.70 Ha. There was no conversion of natural forest to plantation forest after December 31, 2010, thus, the entire working area is certified by IFCC.

The Management Unit has a long-term planning document in the form of The Revision of the Business Work Plan for the Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) which was ratified by Decree 6026/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019. According to the document, the spatial arrangement becomes Local Protected Areas and Other Protected Areas of 8,732 ha (58.22%), Staple Plants area of 5,018 ha (33.45%) and Livelihood Plant area of 1,250 ha (8.33%). The Management Unit has complied with regulations related to peatland management. There is a Peat Dome Peak area of 7,076.57 ha which spread across 451 ha of KPPN, 766 ha of KPSL and Other Protected Areas of 5,859.57 ha.

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

PT Madukoro Lestari are peatlands with flat topography. Its elevation is at 12 to 15 meters above sea level, with organosol soil types and geology types belonging to the formation of old surface sediment areas of quarter age. The climate type is A (very wet) with a rainfall of 2,283.5 mm/year.

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

PT Madukoro Lestari has carried out social impact assessments in 2019, 2021 and 2022. Based on the Pelalawan Regency Document in 2020 Figures published by the Central Bureau of Statistics, the livelihoods of the majority of the population are in the agriculture, forestry and fisheries sectors as much as 53.20%, followed by livelihoods in the trade and transportation sector as much as 22.81%. There are two villages in the vicinity of the company, namely:

1. Pangkalan Terap Village, in Teluk Meranti District, Pelalawan District and
2. Sungai Ara Village, in Pelalawan District, Pelalawan District.

PT Madukoro Lestari has prepared conflict resolution efforts with the surrounding community. Though, there were no conflicts between the company and the community. There are no claim areas within the company concession. These are also confirmed by the village heads.

There is a Cooperation Agreement for the Management of Livelihood Plant between PT Madukoro Lestari and the villages which were running since 2019. As for the corporate social responsibility program to the surrounding community, the Management Unit has performed the activities, such as solar cell and battery assistance to support the village office, field irrigation pump, cooking oil market operations, assistance with catfish seeds and feed, participate in the district events of 2022.

Description of the ecological conditions of the concession

The Management Unit has identified and analyzed the significant impacts caused by the company's operations on the environment as contained in the AMDAL, RKL/RPL documents and Environmental Permit Implementation Report semesters 1 and 2 of 2022.

The Management Unit has built canal infrastructure for its operational activities. Periodic maintenance of the canal is carried out such as dredging sediment, cleaning of wood and installing wooden chimneys so that the canal cliffs do not collapse. The infrastructure built is not in a protected area. The Management Unit has identified land cover and in the last one year, with no degraded land has been found. Meanwhile, in harvesting activities, the Management Unit has implemented RIL (Reduce Impact Logging).

The Management Unit has identified areas that function for soil and water protection and have been designated as protected areas, such as Local Protected Areas and Other Protected Areas of 8,732 ha (58.22%) consisting of River Rims of 240 ha (1.50%), KPPN of 451 ha (3.01%), KPSL of 766 ha (5.11%)) and Other Protected Areas of 7,275 ha (48.50%).

In the management of Hazardous and Toxic Waste (LB3), The Management Unit has TPS LB3 and has carried out LB3 transportation along with the reporting. There is also a building to store fuel and a generator accompanied by a waste container at the base camp.

The Management Unit has carried out an inventory and identification of protected, endemic, rare and threatened/endangered species of flora and fauna in its working area. Within the concession area, there is genetic resources of local native species (and their derivatives) that are threatened or protected. The species of flora are meranti (*Shorea* sp.), punak (*Tetramerista glabra*), suntai (*Palaquium burckii*), pitcher plant (*Nepenthes mirabilis*), etc. While the species of fauna are sumatran tiger (*Panthera tigris sumatrae*), forest cat (*Prionailurus planiceps*), root tiger (*Prionailurus bengalensis*), etc. Based on the results of the fauna inventory for the 2022 period, the rare and protected sumatran tiger is the key species found in the concession forest.

PT Madukoro Lestari has maintained and improved the flora and fauna habitat with the following efforts:

- Maintain the sustainability and integrity of protected areas as habitats for flora and fauna,
- Conduct regular monitoring of vegetation,
- Performing the delineation of protected area boundaries.

The Management Unit has identified forest disturbances where the most potential to occur are land and forest fire and fallen trees. Meanwhile, illegal logging, land claims, encroachment, and hunting of protected wildlife have not been found within the past year. Protection of forest area security is carried out through routine patrol activities carried out by personnel from the K3L, public relations and security departments. These patrols are carried out every day, especially in areas prone to forest area security disturbances.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting April 12, 2023, 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), sent to parties by email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Madukoro Lestari. The reported cases are considered as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, which consists of legal aspects which include compliance with international regulations and rules and conventions. The management system has been built to cover all activities in the certification field, which are registered for certification 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 Surveillance 1 Audit of PT Madukoro Lestari are 3 (three) Minor non-conformities. The Management Unit has made improvements and the non-conformities have been closed.

Number	Non-Conformities	Corrective Action Performed	Categories
1	The results of a review of the Harvesting Assessment Sheet (LPH) documents for harvesting activities in two plots showed that there were parameters that were not appropriate. For example, the operators do not use complete PPEs, non-functioned tools in a heavy equipments, and harvesting operations that were not in accordance with the SOP. Indicator I.3.1	The Management Unit has taken corrective actions, namely: <ul style="list-style-type: none"> - Providing PPE for workers (chain saw operators and heavy equipment), - Conduct socialization of SOP, conduct OHS induction, and wood harvesting training, - Made improvements on the parameters in the second assessment on May 9, 2023. 	Minor
2	The generator storage area at the harvesting contractor employee camp does not have a complete oil spill reservoir. This will cause spills fall to the ground and damaging the soil. Indicator I.6.6	The Management Unit has taken corrective actions, namely: <ul style="list-style-type: none"> - Placing plastic tarpaulin contaminants under the generator so that spilled oil/used oil does not fall directly to the ground or to the side of the generator. - Prepare sawdust to absorb spilled LB3 liquid. Furthermore, the sawdust is collected in an airtight container which is then stored in TPS LB3. - Conduct socialization of SOPs and demonstrations related to LB3 management, to contractors and their employees. 	Minor
3	Based on field verification at the contractor camp, the toilet facilities need to get repairs. Indicator I.12.6.	PT Madukoro Lestari has repaired toilet facilities for contractor workers as evidenced in the pictures sent by the Management Unit.	Minor

Conditions under which the certificate is issued

Certificate 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 close-out visit.