

Public Report Sustainable Forest Management System

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





CLIENT NAME: PT BUMI ANDALAS PERMAI

TOTAL HECTARES: 189,411.37

SCOPE OF REGISTRATION: Sustainable Forest Management of 189,411.37 hectares of Plantation Forest in South Sumatra Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: July 20, 2020

AUDIT END DATE: July 25, 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

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 1

| SITE NAME (Legal Name): | ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY | DATE OF EACH SITE VISIT: |
|--------------------------------|---|--------------------------|
| Head Office PT BAP | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | July 20, 2020 |
| Air Sugihan District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | July 21, 2020 |
| Tanjung Kait District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | July 22 to 23, 2020 |
| Bagan Rame District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | July 24 to 25, 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 | |
| Sungai Jelutung District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | |
| Bagan Tengah District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | |
| Tanjung Jati District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | |
| Simpang Heran District | Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia | |

Brief Description of the concession

The working area permission of PT Bumi Andalas Permai was obtained from:

- Minister of Forestry Decree No. SK.339 / Menhut-II / 2004, September 7, 2004, concerning the Granting of Business Permits for Utilization of Timber Forest Products in plantation forests to PT Bumi Andalas Permai over a forest area of about 192,700 ha in South Sumatra Province.
- Decree of the Minister of Environment and Forestry Number; SK.315 / MenLHK-Setjen / 2015 dated August 12, 2015 concerning Amendments to the Decree of the Minister of Forestry Number: SK.339 / Menhut-II / 2004 concerning the Granting of Business Permits for Utilization of Timber Forest Products in Plantation Forests to PT Bumi Andalas Permai over a forest area of about 192,700 ha in South Sumatra Province.
- Decree of the Minister of Environment and Forestry Number: SK.564 / Menlhk / Setjen / PLA.2 / 10/2017 dated October 19, 2017 concerning the Determination of Work Areas for Business Permits for Utilization of Timber Forest Products in PT Bumi Andalas Permai Industrial Plantation Forests covering an area of about 192,224.03 ha (Unit I = 141,104.57 ha, Unit II = 51,119.46 ha) in South Sumatra Province.
- Decree of the Minister of Environment and Forestry Number; SK.536 / MenLHK-Setjen / HPL.0 / 11/2018 dated November 26, 2018 concerning Amendments to the Decree of the Minister of Forestry Number: SK.339 / Menhut-II / 2004 concerning Granting Business Permits for Utilization of Timber Forest Products in Plantation Forests to PT Bumi Andalas Permai over a forest area of about 192,700 ha in South Sumatra Province. Based on the Decree, the work area is now defined as being 189,411.37 ha

RKUPHHK-HTI 2019: Decree of the Minister of Environment and Forestry Number: SK.6036 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2020, concerning Approval of Revision of Business Work Plan for Utilization of Timber Plantation Forest Products (RKUPHHK-HTI) for a 10 year-period for the 2017-2026 period on behalf of PT Bumi Andalas Permai in the province of Sumatra Selatan.

Spatial layout of PT Bumi Andalas Permai is as follows: Local Protected Areas and Other Protected Areas of 30,164 ha (15.84%), Staple Plant Area of 123,039 ha (64.62%), Livelihood Plant Area of 37,212 ha (19.54%), for a total of 190,415 ha (100%).

The boundaries of PT Bumi Andalas Permai based on the districts are:

- Air Sugihan: North to APL; South to PT DSJ; East to PT DSH; West to APL
- Bagan Rame : North to Protected forest; South to PT SBAWI; East to Protected forest; West to PT DBT
- Bagan Tengah : North to PT DSH; South to PT BMH; East to PT DBR; West to PT DSJ
- Simpang Heran : North to PT KEN; South to PT DBT; East to plantation forest; West to Watershed
- Sungai Jelutung : North to Watershed; South to PT BMH; East to PT DBT; West to PT APL
- Tanjung Jati : North to Protected forest; South to PT DTK; East to Protected forest; West to PT SBAWI

Geographical location of districts of PT Bumi Andalas Permai:

- Air Sugihan (Air Sugihan District) : 02° 37.831' to 03° 44.217' South and 105° 16.838' to 105° 27.687' E
- Bagan Rame (Air Sugihan District) : 02° 40.474' to 02° 40.473' South and 105° 34.984' to 105° 44.103' E
- Bagan Tengah (Air Sugihan District) : 02° 44.160' to 02° 54.253' South and 105° 16.838' to 105° 27.687' E
- Simpang Heran (Air Sugihan District): 02° 33.413' to 02° 44.140' South and 105° 27.687' to 105° 35.056' E
- Sungai Jelutung (Tulung Selapan District) : 02° 44.217' to 02° 51.786' South and 105° 17.472' to 105° 27.167' E
- Tanjung Jati (Tulung Selapan District) : 03° 00.184' to 03° 08.616' South and 105° 54.494' to 106° 02.014' E

PT Bumi Andalas Permai is located in two districts, Air Sugihan District and Tulung Selapan District in Ogan Komering Ilir Regency. From the seven districts of PT Bumi Andalas Permai, five districts are in Air Sugihan District and two districts are in Tulung Selapan District.

Based on the 1: 250,000 Scale Peat Ecosystem Function Map stipulated by the Ministry of Environment and Forestry (Attachment to the Minutes No. BA.012 / UHP / RKUPHT / HPL.I / 3/2017 dated 20 March 2017), the entire area of PT

Bumi Andalas Permai is peat soil, consisting of peat peat and ordinary peat. The staple cultivated plant species are *Acacia crassiparpa* and *Acacia mangium*.

PT Bumi Andalas Permai always implements regulations relating to peatland management, namely revising the RKUPHHK based on Permen LHK no. P17. In 2017, in the context of Improving Peat Governance, prepared a Peat Ecosystem Restoration Plan Document, adjusted the RKUPHHK for the 2018-2019 Activity Year and revised the RKUPHHK Document based on the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.10 / Menlhk / Setjen / Kum. 1/3/2019 Concerning the Determination, Designation and Management of Peat Dome Peak based on Peat Hydrological Unit, and Designating Dome Peak covering an area of 11,874 ha (6.24%) as Protected Areas.

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

Based on the PT Bumi Andalas Permai RKUPHHK-HTI document for the period 2017 to 2026, there are 8 villages around the company. The people living around the PT Bumi Andalas Permai concession are local communities, there being no indigenous peoples as defined by the law. Five of the villages are dominated by transmigrants, while the other three are local people of Ogan Komering Ilir. The livelihoods of the majority are in the agricultural sector.

PT Bumi Andalas Permai has made efforts to resolve conflicts within the company's concession area. There is a Land Claim Mapping Report for Semester II 2019, dated January 10, 2020, signed by the President Director. Based on this report, the area of claims is broadly divided into seven cases and occurred in three districts. Of the seven cases, three of which have been resolved with the other four currently under resolution. Based on interviews with the Management Unit, local communities, and documents, the conflict resolution efforts undertaken by the company were to ensure that claimants were willing to cooperate with the company.

PT Bumi Andalas Permai has collaborated with local communities in managing forests. There is a Livelihood Plant Agreement between PT Bumi Andalas Permai and the surrounding village community. The use of the livelihood plant area is for agricultural crops such as rice and maize. which are the main livelihoods of the local population. In addition, in some districts community ponds are located in the livelihood plants area.

There is fire prevention cooperation between PT Bumi Andalas Permai and the surrounding community. Based on the List of Fire Care Community Members and documented data on the environmental management plan for the second semester of 2019, there are 108 residents of the surrounding community who work together to become members of the Fire Care Community covering all districts.

There is collaboration on the Desa Makmur Peduli Api Program between PT Bumi Andalas Permai and the surrounding village community. This program has two benefits, first to reduce community dependence on forest clearing activities by burning, plus this program can also increase the level of the community's economy. Broadly speaking, this program is divided into two, namely agriculture, and livestock and ponds. From the 25 Desa Makmur Peduli Api programs in the agricultural sector, 20 programs (80%) are still running, while the other 5 programs failed for diverse reasons, including the resignation of the cooperative management, and soil conditions not matching the type of plants. For the 12 livestock and ponds programs, 11 (91%) are still running, only the ponds program not being able to operate because the farmer groups do not have an institution under which to shelter it. The above description provides confirmation of the success that PT Bumi Andalas Permai has had in its programs with the surrounding community.

PT Bumi Andalas Permai has carried out empowerment activities for the surrounding community. There is a plan and realization of the CD Program for 2019 and up to June 2020. Based on the CD Program Implementation Report, in general, there are four aspects of the community empowerment program, namely socio-cultural, economic, educational and health. Socio-cultural aspects include social, religious and, youth activities. Economic aspects include the Desa Makmur Peduli Api (DMPA) program for a productive economy, educational infrastructure is included in educational

aspects, and health aspects include health service programs.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities that have significant impacts, and conducts environmental impact assessments through: the Environmental Impact Analysis (AMDAL) document, the 2004 Environmental Management Plan / Environmental Monitoring Plan (RKL / RPL) and report the Implementation of Semester 1 RKL / RPL and 2 of 2019

- Reduced Impact Logging activities are carried out in stages: before logging activities (pre-harvesting), during harvesting operations (harvesting), and after logging activities (post-harvesting)
- PT Bumi Andalas Permai has allocated areas that function to protect land and water by carrying out management and monitoring to protect the area from damage in accordance with the functions due to forest management operational activities, Allocation of Local Protected Areas and Other Protected Areas covering an area of 30,164 ha (15.84%) consist of 3,209 ha (1.69%) Riparian Areas, KPPN covering an area of 362 ha (0.19%), KPSL covering an area of 11,351 ha (5.96%), Buffer Zone covering an area of 3,368 ha (1.77%) and Peat Dome Peak covering an area of 11,874 ha (6.24%); percentage difference due to rounding,

The Management Unit has carried out identification and inventory of protected, endemic, rare and threatened areas within the concession area. The results of the identification and inventory can be found in: PT Bumi Andalas Permai AMDAL RKL & RPL documents in 2004, plus RKL / RPL Semester Reports (Semester 1 and semester 2 of 2019).

- Has identified protected, endemic, rare and threatened / endangered species and their habitats in the area in accordance with applicable regulations / provisions through inventory. There is a distribution map of protected flora and fauna, together with details of their migration routes. The key species has been identified as the Sumatran elephant (*Elephas maximus Sumatranus*)
- Monitoring the negative impacts of forest management activities, on soil and water physico-chemistry, flora and fauna. Impact parameters that are managed and monitored include soil physical and chemical quality, soil compaction due to the use of heavy equipment, land subsidence, sedimentation, flooding and decreased water quality.
- The staple plant species cultivated are not genetically modified tree species, being *Acacia carssicarpa*.

The Management Unit has carried out Forest Protection activities, whether due to human or natural causes.

- Identify and monitor disturbances in Sustainable Forest Management found in the area of PT. Bumi Andalas Permai, namely: AMDAL RKL & RPL documents for 2004, Revised RKUPHHK-HTI 2017-2026 and RKL / RPL reports per semester 1 and 2 of 2019,
- Has a documented procedure to prevent and manage pest attacks, the SOP for Integrated Pest and Disease Management, utilizing manual, biological or chemical treatments as deemed appropriate.
- Has documented procedures for handling spills of fuel, lubricants and chemicals, as well as for the management of hazardous and toxic waste (B3).
- Has implemented forest protection measures against fire hazards.
- In the work area of PT Bumi Andalas Permai there is no livestock grazing activities by the community.
- The Management Unit has implemented appropriate / measurable steps in forest protection activities, where PT Bumi Andalas Permai already has and implements documented procedures for forest protection activities.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultations commencing July 09, 2020, asking stakeholders to provide feedback and information about PT Bumi Andalas Permai. 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. The audit team also collected information from the mass media about PT Bumi Andalas Permai, the reported cases being given material consideration as part of the PT AJA Sertifikasi



Indonesia audit process.

There were inputs from the local stakeholders.

- While PT Bumi Andalas Permai's hazardous waste management is already good, the management of third party hazardous waste (contractors) is not yet of the same standard.
- Solid waste/domestic waste management is not managed properly.

The feedback from stakeholders has been delivered to the Management Unit as consideration for further action, especially in regard to waste management.

The Management Unit has identified all the requirements needed for this certification process, consisting of 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 189,411,37 ha.

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 result of PT. Bumi Andalas Permai identified one (1) Non-Conformiy of a Minor category.

| Nomor | Non-Conformities | Corrective Action Perfomed | Category |
|-------|---|--|----------|
| 1 | In the 2020 HTI RKTUPHHK document, the activity plan has not been detailed per District, which is not in accordance with the RKUPHHK-HTI document for the period 2017-2026 that has already been ratified. Indicator I.1.1 | Revisions have been made whereby the planting and harvesting inventory activities have been detailed by district and adjusted to the RKU document. Meanwhile, infrastructure and social management have been adjusted to the physical conditions in the field and an agreement with the community for social management. | Minor |

Conditions under which the certificate is issued

Certificate is valid until November 08, 2022, provided that PT Bumi Andalas Permai 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.