

# 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 SEBANGUN BUMI ANDALAS WOOD INDUSTRIES

TOTAL HECTARES: 136,524.68 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 136,524.68 hectares of Industrial Plantation Forest in South Sumatra Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 (REMOTE)

START DATE AUDIT: December 01, 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

END DATE AUDIT: December 07, 2020

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

TEAM AUDIT: Rahmat Safe'i

SIGNATURE:

Tata Sumitra

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office	Tulung Selapan District, Air Sugihan District, Ogan Komering Ilir District, South Sumatra Province, Republic of Indonesia	December 01, 2020
Lebong Hitam District	Tulung Selapan District, Air Sugihan District, Ogan Komering Ilir District, South Sumatra Province, Republic of Indonesia	December 02, 2020
Kuala Lumpur District	Tulung Selapan District, Air Sugihan District, Ogan Komering Ilir District, South Sumatra Province, Republic of Indonesia	December 03 to 04, 2020
Sungai Riding District	Tulung Selapan District, Air Sugihan District, Ogan Komering Ilir District, South Sumatra Province, Republic of Indonesia	December 05 and 07, 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	
Kuala Lumpur District	Tulung Selapan District, Air Sugihan District, Ogan Komering Ilir District, South Sumatra Province, Indonesia	
Teluk Pulai Distrik District	Tulung Selapan District, Air Sugihan District, Ogan Komering Ilir District, South Sumatra Province, Indonesia	

#### Brief Description of the concession

PT Sebangun Bumi Andalas Wood Industries obtained an IUPHHK-HTI (Business Permit for Utilizing Timber Forest Product of Industrial Plantation Forest) by Decree of the Minister of Forestry Decree No. 125 / Kpts-II / 1998 dated February 18, 1998 concerning Granting of Concessions of Industrial Plantation Forests over Forest Areas ± 40,000 (forty thousand) hectares in the Level I Regional Province of South Sumatra to PT Sebangun Bumi Andalas Wood Industries.

In 2004 there was a decree on amendment to the Decree of the Minister of Forestry Decree No. 347 / Kpts-II / 2004 dated September 10, 2010 concerning Forestry Amendment Decree No. 125 / Kpts-II / 1998 dated February 18, 1998 concerning Granting of Concessions of Industrial Plantation Forests to Forest Areas ± 40,000 (forty thousand) hectares in the Level I Regional Province of South Sumatra to PT Sebangun Bumi Andalas Wood Industries which made changes to the working area becoming approx. 142,355 ha.

There was a Decree of the Minister of Environment and Forestry No SK.563 / Menlhk / Setjen / PLA.2 / 10/2017 dated October 18, 2017 concerning the Determination of the Work Area of Business Permit for the utilization of Timber Forest Products in Industrial Plantation Forest PT Sebangun Bumi Andalas Wood Industries covering an area of 136,524.68 (one hundred thirty six five hundred twenty four and sixty eight) in Ogan Komering Ilir Regency.

In the Management Unit area there was no conversion of natural forest over December 31, 2010, so the area certified is 136,524.68 ha.

In implementing forest management operations, the Management Unit has the RKUPHHK-HTI document (Work Plan for Utilizing Timber Forest Products in Industrial Plantation Forests). During the period of Surveillance 2 Audit to the current Recertification audit, the Management Unit has 2 RKUPHHK-HTI documents:

1. Decree of the Minister of Environment and Forestry Number SK.1984 / MenLHK-PHPL / UHP.1 / 4/2018 dated 17 April 2018 concerning Approval of Adjustment of Work Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) for a period 10 (Ten) Years period 2017-2026 year Activity 2018-2019 On Behalf of PT Sebangun Bumi Andalas Wood Industries in South Sumatra Province
2. Decree of the Minister of Environment and Forestry Number SK.6048 / MenLHK-PHPL / UHP.1 / 6/2019 dated June 28, 2019 concerning Approval of Revised Work Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) for a Period 10 (Ten) Years 2017-2026 period on behalf of PT Sebangun Bumi Andalas Wood Industries in South Sumatra Province

Then, for the RKT UPHHK-HTI document (Annual Work Plan for Timber Forest Product Utilization in Industrial Plantation Forests) in 2019s there are 2 RKTs:

1. Decree of the President Director Number SK.168 / SBAWI / XII / 2018 dated December 28, 2018 concerning Ratification of the Annual Work Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKT UPHHK-HTI) 2019 on behalf of PT Sebangun Bumi Andalas Wood Industries in the province of South Sumatra
2. President Director Decree Number SK.112 / SBAWI / VIII / 2019 dated August 15, 2019 concerning Ratification of the Annual Work Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKT UPHHK-HTI) 2019 Revised on behalf of PT Sebangun Bumi Andalas Wood Industries in the province of South Sumatra

Spatial planning of work areas in the Revised RKUPHHK-HTI document for 2019 are: Local Protected Areas and Other Protected Areas of 21,007.04 ha (15.39%), Staple Plant area of 87,054.05 ha (63.76%), Livelihood Plant area of 28,463.59 ha (20.85%) with the total area of 136,524.68 ha (100%). Local Protected Areas and Other Protected Areas consist of River Border of 5,620.58 ha (4.12%), Germplasm Conservation Area of 422.66 ha (0.31%), Wildlife Conservation Area of 8,276.99 ha (6.06%), and Peat Dome Area of 6,686.81 Ha (4.90%).

Generally, based on the government administration, PT Sebangun Bumi Andalas Wood Industries is located in Tulung Selapan District and Air Sugihan District, Ogan Komering Ilir Regency, South Sumatra Province. Geographically located at 105 ° 34 '54.284 " to 105 ° 55' 41.263" East and 2 ° 47 '51.834 " to 3 ° 19' 39.702" South. Based on forestry administration it is entered KPH Sungai Lumpur. Watershed Location: Batang Watershed, Riding Watershed, Lebong

Hitam Watershed, Lumpur Watershed, Pedada Watershed. Forest Group Lumpur - Tanjung Koyan River. Altitude 0-8 m above sea level, 0-8% flat topography, Rawa Sediment geological formation. Soil type: 84% mineral and 16% peat. Organosol, Podsolik, alluvial soils. The plants developed for production are *Acacia crassicarpa*, *Acacia mangium* and *Eucalyptus* sp.. The work area boundaries are as follows:

- North side: PT. Bumi Andalas Permai Unit I and Protection Forest
- East side: PT. Bumi Andalas Permai Unit II
- Southern side: Other use area (APL) and Mud River
- West side: PT. Bumi Andalas Permai Unit I and PT. Bumi Mekar Hijau

Details of per-district are as below:

- District of Kuala Lumpur: 5,045.86 ha of Conservation Area; 12,647.36 ha of Livelihood Plant area; 11,073.44 ha of Staple Plant area; with a total of 28,766.65 ha. Located at 105° 34' 54,284" to 105° 46' 34,669" East and 3° 1' 33,519" to 3° 19' 39,702" South. The species planted are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp. Bordered by Lebong Hitam District (North); APL, HTI of PT Bumi Mekar Hijau (South); HTI of PT Bumi Mekar Hijau (West); and APL, HTI PT Bumi Mekar Hijau (East).
- District of Lebong Hitam: 6,545.44 ha of Conservation Area; 11,138.53 ha of Livelihood Plant area; 20,320.59 ha of Staple Plant area; with a total of 38,004.56 ha. Located at 105° 34' 54,284" to 105° 48' 1,121" East and 2° 53' 41,014" to 3° 15' 44,629" South. The species planted are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp. Bordered by Teluk Daun and Sungai Riding District (North); APL, Kuala Lumpur District (South); HTI PT Bumi Mekar Hijau and HTI PT Bumi Andalas Permai (West); APL, Sungai Riding District (East).
- District of Sungai Riding: 2,554.34 ha of Conservation Area; 4,677.70 ha of Livelihood Plant area; 25,685.98 ha of Staple Plant area; with a total of 32,918.02 ha. Located at 105° 43' 22,587" to 105° 55' 41,263" East and 3° 1' 48,951" to 3° 14' 35,592" South. The species planted are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp. Bordered by Teluk Pulau District (North); APL (South); APL, Lebong Hitam District (West); HTI PT Bumi Andalas Permai (East).
- District of Teluk Daun: 174.58 ha of Conservation Area; 8,120.05 ha of Staple Plant area; 6,686.81 ha of Peat Dome, with a total area of 14,981.44 ha. Located at 105° 35' 0,238" to 105° 46' 13,786" East and 2° 47' 51,834" to 2° 56' 24,183" South. The species planted are *Acacia crassicarpa*, and *Acacia mangium*. Bordered by HTI PT Bumi Andalas Permai (North); HTI PT Bumi Andalas Permai, Lebong Hitam District, Teluk Pulau District (South and west); HTI PT Bumi Andalas Permai, Teluk Pulau District, Permanent Production Forest (East).
- District of Teluk Pulau; 21,854.01 ha of Staple Plant area. Located at 105° 40' 24,608" to 105° 55' 41,263" East and 2° 55' 52,014" to 3° 1' 49,076" South. The species planted are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp. Bordered by Lebong Hitam District, Teluk Pulau District (North); Lebong Hitam District, Sungai Riding District (South); Lebong Hitam District (West); HTI PT Bumi Andalas Permai, Permanent Production Forest (East).

PT Sebangun Bumi Andalas Wood Industries applies peat regulation and laws to its forest management in peatland. The government regulations are PP 57 of 2016 which revised PP 71 of 2014 in improving peat governance by making intensive efforts to protect and manage ecosystems peat, Regulation of the Director General of Forestry Business Development Number P.7/VI-BUHT/2014 concerning Guidelines for Preparation, Assessment and Approval of Work Plans for Industrial Timber Forest Product Utilization Businesses has been used as a reference in the RKTUPHHK-HTI 2020, Government Regulation No: 57 of 2016, concerning Amendments to Government Regulation No: 71 of 2014 concerning Protection and Management of Peat ecosystems.

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

PT Sebangun Bumi Andalas Wood Industries has endeavored to fulfill and respect the rights of the local community, such as conflict resolution, maintaining relationship with stakeholders and communities, social management development, etc.

Conflict resolution efforts carried out during 2019 to 2020 are the re-assurance of conflict location areas, meetings with stakeholders at the figures on village level to provincial government officials, coordination with forestry parties, follow-up meetings for conflict resolution, communication and mediation towards resolution conflict, socialization of settlement options, and MoU on conflict resolution.

PT Sebangun Bumi Andalas Wood Industries established good relations with the surrounding communities. They carried out social and forest management impact assessment on the community as outlined in the ANDAL document, RKL/RPL document, High Conservation Value Assessment (HCV) and Social Impact Assessment (SIA) document. The results of this study provide appropriate information in making programs to minimize negative impacts and increase positive impacts on social aspects. The results of SIA and the Regulations of the Minister of Environment and Forestry are used as a reference in the preparation of the Long-Term HTI Development Plan which is contained in the RKUPHHK-HTI of PT SBAWI for a period of 10 years (2017 to 2026).

The social management principles developed by the Management Unit as stated in the RKUPHHK-HTI documents are as follows:

- Increase community participation,
- Local resources as reference,
- Community independence,
- Changes in positive social behavior to encourage the growth and maintenance of community social capital.

The Management Unit manages and monitors the social aspects of its surrounding by encouraging the formation of farmer groups, farmer cooperative institutions, land management without burning, and CSR programs for progressive health. The CD/CSR Program includes aspects of economy, health, education, social culture and infrastructure.

PT. Sebangun Bumi Andalas Wood Industries has made cooperation agreements with the community and contractor partners in participatory and fair manner taking into account the rights and obligations of the parties. Some of the agreements are:

- Agreement between PT. Sebangun Bumi Andalas Wood Industries with village community farmers groups in the livelihood plant.
- Former of Desa Makmur Peduli Api (DMPA) as community economic improvement program, and participation of the village to prevent and manage land and forest fire. The scope of DMPA covers the development of a productive economy based on forestry, agriculture, fisheries and others, participatory village mapping, transfer of agricultural technology, conflict resolution, building marketing partnerships, strengthening community participation in forest and land protection.

PT. Sebangun Bumi Andalas Wood Industries committed to managing human resources by complying with all laws and regulations and other requirements at local, national and international levels, giving employees freedom of organization and association, not discriminating, no forced labor, no child labour, underage, paying wages/salaries in accordance with applicable wage standards, recruiting legal workers in accordance with applicable regulations, implementing working hours and working days in accordance with applicable regulations, ensuring that harassment and violence do not occur company employees and contractors, ensuring the availability of proper, safe and hygienic worker accommodations.

PT. Sebangun Bumi Andalas Wood Industries has provided clean drinking water, cooking, and toilet facilities for employees. To meet the needs of drinking water, cooking for employees, the company has made complete water treatment from water reservoirs and canals with water treatment processes in the form of: PAC, hypochlorite, and costic soda, to settle the water sedimentation at the bottom of the tank. To ensure the suitability of water for consumption, the Management Unit tested the quality of drinking water in Environmental Chemistry and Biology laboratory, Center for Environmental Health Engineering and Disease Control Class I Palembang. The results of the water quality test show that the processed water has "Qualified" health for consumption.

#### Description of the Ecological conditions of the concession

PT Sebangun Bumi Andalas Wood Industries has a documented procedure to identify and define protected areas, namely SOPs for Management and Monitoring of Protected Areas and SOPs for Management and Monitoring of HCV-HCS. The Management Unit has established areas that function for water protection, namely:

1. The Wildlife Conservation Area (KPSL) of 8,276.99 ha, which is an ecoton zone dominated by nipa palm (*Nypa fruticans*) which is critical as sea water intrusion prevention.
2. Germplasm Conservation Area (KPPN) of 422.66 ha, consist of 175 ha of peatland, functioned as water reservation.
3. River Border Protection Area of 5,620.58 ha, which consists of the Lebong Hitam River, Riding River, Pidada River and Lumpur River.
4. Peat Ecosystem Function Area of 6,686.81 ha.

The steps taken by the Management Unit to protect the area are marking, installation and maintenance of warning boards in protected area boundaries, inside the protected area (High Conservation Value area, prohibition of causing fires, hunting wildlife, cutting down trees and electrocuting fish in the rivers).

The Management Unit carried out socialization of protected area and protected wildlife to their contractor partners. The socialization include:

- Forest Conservation Policy (FCP) commitments,
- presence of protected areas, HCV and HCS in IUPHHK-HT,
- prohibition of cutting trees in protected areas, HCV and HCS areas,
- prohibition of throwing cigarette butts or starting fires in concession areas,
- prevention of outside parties who potentially committing the destruction of protected areas (illegal logging, encroachment and burning) by checking at the Security Post to anyone to enter the Management Unit area,
- protected area patrol.

In maintaining and improving the habitat of protected, endemic, rare and endangered/near-extinct species of flora and fauna, as well as features, the Management Unit performs the maintenance of flora and fauna habitats by allocation and determination of the remaining flora and fauna habitats as protected areas, namely in the form of KPPN, KPSL and river borders, the installation of a protected area signage of prohibited activities.

PT. Sebangun Bumi Andalas Wood Industries has identified the presence of a key species in its working area, namely the sumatran elephant (*Elephas maximus sumatranus*). According to the the Management Unit, the total population of elephants in the area is approximately 80 individuals, consisting of several groups. The Management Unit also observed elephant movements and migrations. Elephant groups usually occupy the Padang Sugihan Conservation Area which is located near the concession.

The function of the Peat Dome Ecosystem is a hydrological unit of peat that has a higher topography than the surrounding area, functioned to absorb and store water, as well as supply water to the surrounding area. The top location of the peat dome is in Teluk Daun District of 45.17 ha. The hydrological restoration of the peat dome protected area is carried out by installing a manual groundwater level monitoring instrument as many as 47 units. Protection of forests through once a week inspections and patrols of protected areas of peat dome ecosystem functions to avoid activities, illegal fishing (using stun equipment) and fires that by the conservation team, the fire fighting team and security. Monthly socialization performed about protected areas for flora and fauna in the peat dome to all parties using leaflets and posters.

In forest protection from pests and diseases as a result of planting and maintenance is by:

- Provision of quality seeds that are resistant to diseases,
- Remove or separate plants or parts of plants that are affected by pests and diseases,
- Continuous research efforts for the prevention of biological pests and plant diseases through natural predators,
- Formed a District Forest Ranger team for pest and plant disease management,

- Planting *Turnera subulata* as hosts for predatory insects,
- Efforts to breed *Sycanus* sp insects as natural predators,
- Conduct training related to the management of plant pests and diseases.

#### Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultations commencing November 16, 2020, asking stakeholders to provide feedback and information about PT Sebangun Bumi Andalas Wood Industries. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://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 consultations.

The audit team also collected information from the mass media about PT Sebangun Bumi Andalas Wood Industries, 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, 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 136,524.68 hectares.

#### Findings on the certified client conformity with the certification requirements and description of critical issues in relation to the conformity.

Based on the Surveillance 1 Audit results, two (2) Minor Non-Conformities was identified by the audit team as follows.

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit has not include detailed information on the stake (wood) sign of staple and livelihood plants area boundaries which in accordance with the SOPs.  Indicator II.4.1	The Management Unit has re-installed the area boundary stake sign. There are minutes of boundary sign installation made by the head of planning.	Minor
2	There are omissions in terms of checking the completeness of employee PPE during patrols, which is not in accordance with OHS SOP.  Indicator II.12.1	The Management Unit has performed handover of PPE to the the employees. Also provide socialization of work safety and understanding about OHS to the employees.	Minor

#### Conditions under which the certificate is issued

Certificate is valid until February 02, 2023, provided that PT. Sebangun Bumi Andalas Wood Industries 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.

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