

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 BUMI MEKAR HIJAU

TOTAL HECTARES: 249,650

SCOPE OF REGISTRATION: Sustainable Forest Management of 249,650 hectares of Plantation Forest in South Sumatra Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

AUDIT START DATE: August 18, 2021
 AUDIT END DATE: August 24, 2021
 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: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	August 18, 2021
Sungai Gebang District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	August 19, 2021
Simpang Tiga District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	August 20 to 21, 2021
Sungai Ketupak District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	August 23 to 24, 2021
SITE NAME (Legal Name):	ADDRESSES OF ADDITIONAL SITES NOT VISITED BUT STILL COVERED BY THE REGISTRATION INCLUDING COUNTRY- TO BE COMPLETED IF THE CLIENT IS UNDER A SITE SAMPLING AUDIT PLAN	
Beyuku District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	
Sungai Penyabungan District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	
Padang Sugihan District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	
Sungai Menang District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	
Serdang Sungai District	Ogan Komering Ilir Regency, South Sumatra Province - Indonesia	

Brief Description of the concession

PT Bumi Mekar Hijau had received a Business Permit for the Utilization of Timber Forest Products in Industrial Plantation Forest with four updated decrees, as follows:

1. Decree of the Minister of Forestry No. SK.338/Menhut-II/2004 dated September 7, 2004, concerning the Granting of IUPHHK-HTI to PT Bumi Mekar Hijau of approximately 127,870 ha in South Sumatra Province.
2. Decree of the Minister of Forestry No. SK.417/Menhut-II/2004 dated October 19, 2004, concerning Amendments to the Decree of the Minister of Forestry No. Decree. The concession area becomes approximately 250,370. Ha.
3. Decree of the Minister of Environment and Forestry No. SK.516/Menlhk/Setjen/PLA.2/9/2017 dated 28 September 2017 concerning the Determination of the IUPHHK HTI Working Area of PT Bumi Mekar Hijau Unit I of 125,615.86 Ha, Unit II of 70,163.98 Ha and Unit III of 57,813, 19 Ha in Ogan Komering Ilir Regency, South Sumatra Province. The concession area becoming approximately 253,593.03 Ha.
4. Decree of the Minister of Environment and Forestry No. SK.521/Menlhk/Setjen/PLA.0/11/2018 dated 28 November 2018 concerning the Second Amendment to the Decree of the Minister of Forestry No. Decree.
 - Minister of Environment and Forestry Decree No. SK.521/Menlhk/Setjen/PLA.0/11/2018 amends the provisions of the FIRST AMAR number 1 in SK.417/Menhut-II/2004 to the area of the IUPHHK-HTI PT. Bumi Mekar Hijau covers an area of approximately 249,650 Ha.

The long-term business plan is the Revision of the Business Plan for the Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) for 2017 to 2026, approved by Decree of the Minister of Environment and Forestry No. SK.6047/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019. The spatial layout of the concession is Local Protected Areas and Other Protected Areas of 37,849 ha (15.16%), Staple Plant Areas of 160,143 ha (64.15%), and Livelihood Plant Areas of 51,658 ha (20.69%), with a total of 249,650 Ha. The entire concession is certified by IFCC because no natural forest conversion is ever performed by the company.

According to administrative location, the Management Unit area is in Tulung Selapan District, Cengal District, Air Sugihan District and Sungai Menang District, Ogan Komering Ilir Regency, South Sumatra Province. There are fifteen assisted villages by the company. The audit sample locations for this Surveillance 2 Audit are in the District of Sungai Ketupak, Simpang Tiga, and Sungai Gebang.

PT Bumi Mekar Hijau is divided into three (3) units, the latter being divided into eight (8) work areas, as follows:

-Unit I is in Pangkalan Lampan and Tulung Selapan Districts (02° 50' to 03° 18' South and 105° 13' to 105° 45' East), where it consists of:

1. Sungai District (District of Air Sugihan and Tulung Selapan),
2. Sungai Penyabungan District (District of Air Sugihan and Tulung Selapan),
3. Padang Sugihan District (District of Tulung Selapan),
4. Simpang Tiga District (District of Tulung Selapan),

-Unit II in Cengal and Tulung Selapan Districts (03° 15' to 03° 38' South and 105° 31' to 105° 48' East), where it consists of:

5. Sungai Ketupak District (District of Cengal),
6. Sungai Serdang District (District of Cengal),

-Unit III in Sungai Menang District (03° 40' to 03° 54' South and 105° 21' to 105° 54' East), where it consists of:

7. Sungai Gebang District (District of Cengal and Sungai Menang),
8. Sungai Menang District (District of Sungai Menang).

The concession is at 0 to 8 meters above sea level, with flat topography. The climate type B (Schmidt and Fergusson) with a Q value of 0.20 – 0.40. The geology is formed of Kasai Formation, Alluvium, Swamp Deposit, Muara Enim

Formation. The soil is 66% formed of mineral soil, and the rest (34%) is peat. There are five peat hydrological unit in the concession, namely the Beberi River-Way Mesuji River, Way Mesuji River, Sugihan River-Lumpur River, Tandatuan River-Beberi River, and Ulakkedondong River-Lumpur River. There is a Peat Dome Peak of 9,613 ha in the concession area. The types of production plants developed are *Acacia mangium*, *Acacia crassicarpa*, and *Eucalyptus pellita*.

The Management Unit has implemented peat governance improvement regulations, namely:

- PP 57 of 2016 and PermenLHK No.P.10 of 2019 by revising and adjustment of RKUPHHK-HTI 2017 to 2026 in the context of improvement of Peat Management
- Compiling Peat Ecosystem Restoration Plan based on Letter No. SK.3 / PPKL / PKG / PKL.0 / 1/2018 dated January 2, 2018) regarding Peat Ecosystem Restoration Plan and Determination Manual Groundwater Level Arrangement Points, Automatic Groundwater Level Measuring Equipment Installation Points, and Rainfall Monitoring Station Points.

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

The residents around the concessions are local communities without the customary law communities. The livelihood is dominated by the agricultural sector, the rest is in the service sector, manufacturing Industry, etc. The residents also utilize peat canals in the concession area to collect fish as the Management Unit has given access to the community.

The Management Unit's efforts in overcoming illegal activities such as logging, encroachment, claims, and settlements are to carry out continuous socialization and negotiation process with disputing parties to resolve these problems. PT Bumi Mekar Hijau has a Potential Mapping Report and Conflict resolution which is updated annually. Based on the Conflict Resolution Process Data in 2021, almost 41% of the claim area has been completed. According to one of the community leaders, the company has made efforts to resolve land claims with a livelihood plant agreement.

The company and the community establish cooperation with livelihood plants to resolve land conflicts. The company also cooperates with local contractor partners to improve the economy of the surrounding community. This cooperation applies in the three sample districts. The local contractor collaborations include plantation operational cooperation, transporting seeds, transporting fertilizers, renting boats. These collaborations create job opportunities for residents to work for contractor companies in the village. PT Bumi Mekar Hijau also has given priority to the surrounding community to work in the company where 83% of the workers of the company are local workers. In addition to providing job opportunities, PT Bumi Mekar Hijau operational activities also opened business opportunities for the surrounding community.

According to the Community Development Program Report of 2021, the activities being implemented cover the fields of productive/creative economy, education, health, socio-culture, infrastructure. Meanwhile, the CSR program assistance includes the opening of paddy fields, construction of roads, and assistance for drilling wells.

Description of the Ecological conditions of the concession

PT Bumi Mekar Hijau has implemented activities in Reduce Impact Logging (RIL) operations per established procedures for minimal impact on the environment due to plantation activities. PT Bumi Mekar Hijau already has a documented procedure (SOP) related to RIL by referring to national guidelines and considering its dryland and wetland ecosystem types.

They implement a hydrological recovery effort to protect the peatland is by construction and monitoring of permanent canal barriers after harvesting, separation of primary, secondary canal networks, and activities or businesses in the context of providing forest area protection. The recovery effort also includes the restoration by natural succession activities on logged-over land in the top area of the peat dome and planting the recommended plant species according to the Minister of Environment and Forestry Regulation Number P.16/Menlhk/Setjen/Kum.1/2/2017.

The Management Unit has identified, implemented an inventory of protected, endemic, rare, and threatened/near-extinct flora and fauna in its concession area. The results of the identification and inventory can be found in the Environmental Permit Implementation Report (Environmental Management and Monitoring) per semester. The Management Unit also implements protection activities to maintain the existence and survival of wild animals, especially species that are protected and have conservation status threatened with extinction. The key species in the concession is Sumatran tiger (*Panthera tigris sumatrae*) and Sumatran elephant (*Elephas maximus*). PT Bumi Mekar Hijau has managed their habitat and mitigated animal and human conflicts, in the form of installing signs prohibiting hunting and animal track signs.

The main potential forest disturbances in the Management Unit concession area are forest and land fires, and illegal encroachment and/or land claims. The illegal activity is commonly by converting the forest into oil palm or rubber plantations. Currently, the handling is in the process of negotiation involving many parties. The Management Unit monitors these disturbances regularly to identify the presence of these disturbances utilizing patrolling and submitting regular reports to the authorities.

Results of the Public Consultation

Before carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing July 15, 2021, asking stakeholders to provide feedback and information about PT. Bumi Mekar Hijau. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email and/or postal mail, and announced 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. Bumi Mekar Hijau, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

PT. Bumi Mekar Hijau has identified all the requirements needed for this certification process, which consists of legal aspects that include compliance with international rules and regulations and conventions. A management system has been built to cover all activities in the field of certification, which is registered for an area of 249,650 ha.

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

The result of the Surveillance 2 Audit of PT Bumi Mekar Hijau is no non-conformity.

Conditions under which the certificate is issued

The certificate is valid until March 15, 2023, provided that PT Bumi Mekar Hijau maintains its Recertification schedule and does not have potential major non-conformities at the next Recertification.