

Public Report Sustainable Forest Management System

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CLIENT NAME: PT. BUMI MEKAR HIJAU

TOTAL HECTARES: 249,650 ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: November 29, 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

AUDIT END DATE: December 5, 2019

LEAD AUDITOR: R Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Utomo

SIGNATURE:

Taryanto Wijaya

SIGNATURE:

MAJOR CARS : -

MINOR CARS : 4

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Head Office	District of Pangkalan Lampang, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	November 29, 2019 and December 5, 2019
District Sungai Beyuku	District of Air Sugihan and Tulung Selapan, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	November 30 to December 1, 2019
District Sungai Penyabungan	District of Air Sugihan and Tulung Selapan, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	December 2 to December 3, 2019
District Padang Sugihan	District of Tulung Selapan, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	December 4- December 5, 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	
District Simpang Tiga	District of Tulung Selapan, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	
District Sungai Ketupak	District of Tulung Selapan, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	
District Sungai Serdang	District of Tulung Selapan, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia	



District Sungai Menang	District of Menang, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia
District Sungai Gebang	District of Menang, Ogan Komering Ilir Regency, South Sumatra Province – Republic of Indonesia

Brief Description of the concession

PT. Bumi Mekar Hijau received a Business License for the Utilization of Timber Forest Products in Plantation Forests based on Minister of Forestry Decree No. SK.338 / Menhut-II / 2004, dated 7 September 2004 concerning the Granting of IUPHHK-HTI to PT. Bumi Mekar Hijau over a Forest Area covering $\pm 127,870$ Ha in South Sumatra Province.

In the same year, precisely on October 19, 2004, issued Minister of Forestry Decree No. SK.417 / Menhut-II / 2004 concerning Amendments to the Decree of the Minister of Forestry No. SK.338 / Menhut-II / 2004, dated 7 September 2004 concerning the Granting of IUPHHK-HTI to PT. Bumi Mekar Hijau over a Forest Area covering $\pm 127,870$ ha in South Sumatra Province. Based on this decision the concession area of PT. Bumi Mekar Hijau becomes $\pm 250,370$.

The boundaries of the concession area have been compromised with a length of 328,631,36 meters in Unit I and II, and along of 211,427.88 meters in Unit III. The boundary layout report is contained in TBT Report No. 08 / BPKH II.2 / 2013 2013 and TBT Report No. 22 / BPKH II.2 / 2014 of 2014. By this, issued the Minister of Environment and Forestry Decree No. SK.516 / Menlhk / Setjen / PLA.2 / 9/2017 dated 28 September 2017 concerning the Establishment of IUPHHK-HTI working areas of PT. Bumi Mekar Hijau Unit I of 125,615.86 hectares, Unit II of 70,163.98 hectares and Unit III of 57,813.19 hectares in Ogan Komering Ilir Regency, South Sumatra Province.

But then on November 28, 2018 the Minister of Environment and Forestry issued Decree No. SK.521 / Menlhk / Setjen / PLA.0 / 11/2018 concerning Second Amendment to Minister of Forestry Decree No. SK.338 / Menhut-II / 2004 dated September 7, 2004 concerning the granting of IUPHHK-HTI to PT. Bumi Mekar Hijau over a Forest Area covering $\pm 127,870$ Ha in South Sumatra Province.

SK.521 / Menlhk / Setjen / PLA.0 / 11/2018 amended the first *Amar* No. 1 in SK.417 / Menhut-II / 2004 to: 1. The area of IUPHHK-HTI PT. Bumi Mekar Hijau becomes an area of $\pm 249,650$ ha, as the map attaches to this Decree. SK.521 / Menlhk / Setjen / PLA.0 / 11/2018 also added the provision of letter c to *Amar* Fourth A in SK.417 / Menhut-II / 2004 to, c. The Permanent Production Forest Area covering $\pm 2,616$ ha and Other Use Area (APL) of $\pm 1,327$ ha issued from the work area were handed over to the Regional Government and subsequently allocated to the local community through the TORA or Social Forestry scheme.

Administratively the concession area is located in Tulung Selapan, Cengal, Air Sugihan, and Sungai Menang Districts, Ogan Komering Ilir Regency, South Sumatra Province. Geographically, the Unit I is located at coordinates $02^{\circ} 50'$ to $03^{\circ} 18'$ South and $105^{\circ} 13'$ to $105^{\circ} 45'$ East, Unit II at coordinates $03^{\circ} 15'$ to $03^{\circ} 38'$ South and $105^{\circ} 31'$ to $105^{\circ} 48'$ East, and Unit III at coordinates $03^{\circ} 40'$ to $03^{\circ} 54'$ South and $105^{\circ} 21'$ to $105^{\circ} 54'$ East.

PT Bumi Mekar Hijau divides the work area into 8 districts, namely: 1) Sungai Beyuku District, 2) Sungai Penyabungan District, 3) Padang Sugihan District, 4) Simpang Tiga District, 5) Sungai Ketupak District, 6). Sungai Serdang District, 7) Sungai Gebang District, and 8) Sungai Menang District.

This recertification audit visited 3 districts, namely Sungai Beyuku District, Sungai Penyabungan District, and Padang Sugihan District.

The management plan, namely RKUPHHK-HTI Year 2017 - 2026, has been approved based on MenLHK Decree No. SK.5029 / MenLHK-PHPL / UHP / HPL.1 / 9/2017 dated 29 September 2017 concerning the Approval of RKUPHHK-HTI Year 2017 - 2026 in the Framework of Improving Peat Governance on behalf of PT. Bumi Mekar Hijau in South Sumatra Province. There was an Adjustment of Business Plan for Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) Period 2017 - 2026 Year Activity 2018 to 2019, which approved based on Decree of Minister of Forestry No. SK.2384 / MenLHK-PHPL / UHP / HPL.1 / 4/2018 dated April 25, 2018.

Furthermore, the Peat Ecosystem Recovery Plan has also been approved by the Director General of Pollution and Environmental Damage Control, Ministry of Environment and Forestry based on Letter No. SK.3 / PPKL / PKG / PKL.0 / 1/2018 dated January 2, 2018 concerning Peat Ecosystem Restoration Plan and Determination of Manual Groundwater Height Adjustment Points, Installation Points for Automatic Groundwater Height Measuring Devices, and Rainfall

Monitoring Station Points PT. Bumi Mekar Hijau.

At the time of the recertification audit, the management plan used was the Revised RKUPHHK-HTI Year 2017 - 2026, approved based on Decree of the Minister of Environment and Forestry No. SK.6047 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2019 concerning Approval of Revision of RKUPHHK-HTI for 10 Years in the Period of 2017 - 2026 on behalf of PT. Bumi Mekar Hijau in South Sumatra Province.

PT. Bumi Mekar Hijau did not convert natural forest to plantations above December 31, 2010. Thus the area included in the scope of certification was 249,650 ha, including 37,849 ha (15.16%) of Local Protected Area and Other Protected Area, 160,143 ha (64.15%) of Staple Plant and 51,658 ha (20.69%) of Livelihood Plants.

The concession area has a B-type (Schmidt & ferguson) with a rainfall of 371 mm and a low of 63 mm. The soil type consists of Organosol, Podsolik, and Aluvial types. Its geological formations comprise the Kasai Formation, Aluvium, Swamp Deposits Formations. The cultivated crops are *Acacia crassicarpa*, *Acacia mangium*, and *Eucallyptus pelita*.

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

The community lives in the concession is currently working for the Management Unit and the OKI Mill factory, while outside the concession there are villages that occupied by local community and the migrants.

There are indigenous groups that have lived in the concession for decades before the concession permit arrived. They formed a settlement in the concession area of PT Bumi Mekar Hijau which bordered with a Wildlife Reserve managed by BKSDA of South Sumatra.

The communities are mostly farmers who manage their plantations in the form of oil palm and fruit cultivation, and a few of the community work as rice farmers. The rest are fishermen, employee of forestry companies, and mining companies. The large distance between settlements and the concession caused the interaction between the community and PT Bumi Mekar Hijau is less intensive. There are only a few old hamlets within the concession that have high interactions with companies regarding regional interests, access in and out, and also the area of the community's livelihood cultivation.

There is a dispute in the concession, such as: the communities have been present in the area to clear land so that there is a dispute in the area adjacent to the community settlement area. Based on information from the board of Desa Makmur Peduli Api (DMPA), in 2015 the community had already surrendered their traditional land to an area of industrial forest plantations which would later become the area where permits were now given to PT Bumi Mekar Hijau. But at the time of the recertification audit, there were demands for the company to return the given land from the community. This is what caused the conflict between the company and the villagers because almost 30 percent of the village area around the village is close to the concession area of PT Bumi Mekar Hijau. PT. Bumi Mekar Hijau had handled the disputes with the community and the parties refer to the provisions of the community who want to use non-timber forest products with the procedure concerning Land Conflict Resolution.

There is an agreement between the management of PT Bumi Mekar Hijau and the surrounding village community as outlined in a formal legal document that allows the land utilization in the permit area and cooperative business, as follows:

1. The rights and obligations of each party are set forth clearly, as the company's responsibility and commitment to forest management rights that existed before the business permit was issued.
2. PT Bumi Mekar Hijau has made an agreement with the surrounding village community in the form of an MoU of Fire Aware Community (MPA), DMPA, Livelihood Plant, Utilization of NTFP.

PT Bumi Mekar Hijau have procedures on the Community Social Survey, Publication and Report of Community Deveopment (CD) Activity dated July 16, 2016. This procedure governs the determination of programs, budgets,

socialization and reporting of CD activities, person in charge of activities and activity reporting.

Before making the CD program, the management unit had collected information from the community through a village consultation meeting and an inventory of village potential data as a basis for attending village development planning meetings. In the RKT 2019 includes the establishment of Village-Owned Enterprises (BUMDes), agricultural counseling in collaboration with the Department of Agriculture, establishing acacia as species for livelihood plant partnerships (HTPK), developing food crop types (maize, rice), livelihood plants with social patterns (with patterns agroforestry), development of clean water facilities, access to public health services to the District P3K Posts.

Description of the Ecological conditions of the concession

Based on the Decree of the Minister of Environment and Forestry No. 2384 / MenLHK-PHPL / UHP / HPL.1 / 4/2018, concerning Approval of Adjustment of IUPHHK-HTI RKU, period 2017-2026, on behalf of PT Bumi Mekar Hijau in South Sumatra Province, the Management Unit had created an Industrial Plantation Forest spatial planning. For the Protected Area, the spatial is divided to River Border area of 7,787 ha (3.12%), KPPN of 470 ha (0.19%), KPSL of 22.721 ha (9.10%), Buffer Zone area of 1,001 ha (0.40%), and Peat Dome area of 5,870 ha (2.35%).

PT Bumi Mekar Hijau has a Manual for Sustainable Management of Plantation Forests, such as:

- Making micro planning maps before logging by making a skidding track plan
- Selection of heavy vehicles types in extraction with an 11 ton excavator (PC 100)
- Land preparation with spreading to maintain soil moisture
- Implementation of feeling coupe as a reference extraction path
- Determination of the location of landings in work plots
- Measure the width of the track not to exceed 4 meters
- Only cut down tree yields (TPO), natural trees are abandoned
- Loosening with Spot Cultivator
- Making tertiary trenches and collectors functioned as water management o avoid flooded areas.

PT Bumi Mekar Hijau has identified areas that function to protect water, for example borders of rivers and lakes, wetlands, drinking water sources, coastal forests, with these activities:

- Make a map of peat depth, Determination of Groundwater Surface Height Arrangement Points, Installation Points for automatic groundwater level measurements and rainfall monitoring station points, allocate a Germplasm Conservation Area (KPPN) covering an area of 470 ha located in the peat ecosystem protection function. This KPPN has a high level of species diversity. The dominant is mostly in the form of poles and saplings, with a few trees with a diameter of 30 cm. The Management Unit needs to enrich local species so it can support the area function.
- Create a Protected Buffer zone area of 1,047 ha which is a mangrove forest area bordering PT Bumi Mekar Hijau. This area is an ecotourism between mangrove and peat ecosystems. In addition, this protected area functions as: water conservatory, carbon storage, and habitat for protected and endemic aquatic animals.

PT Bumi Mekar Hijau has identified, inventoried protected, endemic, rare and threatened/endangered flora and fauna in the concession area. Flora's observations are based on vegetation analysis activities. While the observation of fauna is based on the wildlife monitoring activities.

PT Bumi Mekar Hijau has identified and monitored the disruption of sustainable forest management activities. These activities are listed in the AMDAL documents, RKUPHHK, HCV Assessment Report and Conflict Mapping Report. These activities include the prevention of pests and diseases, inventory and mapping of protected, rare, endangered, sensitive forest ecosystems or ecosystem representations, such as riparian areas and wetland biotopes, the genetic resources of local native species (and their derivatives) that are threatened or protected. Illegal logging activities do not exist because the potential of large trees is difficult to find. River Border does not have large trees because it has been

encroached on by communities around the forest to become rubber or oil palm plantations. Other types of forest disturbance such as illegal mining and poaching are also not found in the concession area. Plant pests and diseases are rare and do not have a significant impact on production. Weed eradication is carried out by periodic spraying with the type of herbicide permitted in this Standard.

In addition to being identified, the Management Unit regularly monitors the disturbances to find out about the disruption of the through patrol activities and reports. The monthly patrol report is also recapitulated into the Environmental Permit (Environmental Management and Monitoring) Implementation Report every semester.

Results of the Public Consultation

Before conducting the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting November 6, 2019, asking stakeholders to provide feedback and information about PT Bumi Mekar Hijau. The public consultation is 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.

There were response from a village government stakeholder which stated that PT Bumi Mekar Hijau has conducted the MoU realization between the company and the village, in the aspect of forest resources utilization in the concession area, CD-CSR program, and agricultural aspect to develop the community welfare.

The audit team also collected information from the mass media about PT Bumi Mekar Hijau. 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 rules and regulations and international conventions. The management system has been established to cover all activities in the field of certification, which are registered for certification of 249,650 hectares.

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

Based on the results of the Recertification Audit of PT Bumi Mekar Hijau, there are 4 (four) Non-Conformities of Minor nature were identified by the audit team.

No	Non-Conformities (NC)	Corrective Action to be Undertaken	Category
1	The Management Unit has carried out PSP manufacturing activities for 3 harvest rotations. PSP data measurement results have been processed. However, an analysis of the results of PSP data processing (MAI) during the 3 rd rotation period has not been carried out. Clause Ref. 1.5.1;5.2 and 5.3	PT Bumi Mekar Hijau has made a time series of Permanent Sampling Plot (PSP) plot measurements from 2015 to 2019. PSP activities are analyzed every rotation per species will be made/updated annually and reported in the Annual PSP Report	Minor
2	PT Bumi Mekar Hijau has recorded and documented 72 work-related accidents in the January - 22 September 2019 period, and divided them into three categories of light (37 events), severe (33 events), and fatal (2 events). Of these events, 16 accidents were experienced by employees, and 56 accidents by contractor	PT Bumi Mekar Hijau has socialized the SOP on the investigation of accidents to the investigation team and updated all reports of accidents that occurred and made root cause analysis.	Minor

	workers. There were recorded events that caused death (fatal). Clause Ref. I.12.2		
3	During a field check it was found that a large amount of wood fell from the hauling truck. There was an effort to marginalize and collect wood that fell by graders who happened to pass so it could be easily transported to the mill once a week. The amount of wood that fell was suspected from loosening of uncontrolled timber ties after traveling a certain distance on the main road in the 3 Districts examined (Beyuku, Padang Sugihan, and Penyabungan River). Clause Ref; I. 12.1	PT Bumi Mekar Hijau has made a Minutes of harvesting wood quotation in Beyuku River District on: December 7, 2019 at the locations MR.06, MR.07 and MR.11 for wood that fell from truck logging.	Minor
4	Based on direct observations of speedboat drivers and Harvesting Supervisors, they did not wear a PPE of a life vest when departing and returning from a trip to the PSJ 450 plot to check the work of PT ACUA workers in the plot. This passes through the primary canal where there is potential hazard for passengers. Clause Ref; I. 12.4	PT Bumi Mekar Hijau has done: <ul style="list-style-type: none"> • Re-socialization to workers/contractors about the potential hazards of water transportation and the obligation to use life vest • Routine inspections to ensure life vest are available at each contractors place 	Minor

Conditions under which the certificate is issued

Certificate is valid until (March 15, 2023), provided that PT Bumi Mekar Hijau 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