

Public Report Sustainable Forest Management System

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PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE ORGANIZATION, IFCC AND TO AJA EUROPE



ORGANIZATION NAME: PT BUKIT RAYA MUDISA

TOTAL HECTARES: 23,140

SCOPE OF REGISTRATION: Sustainable Forest Management of 23,140 Hectares of Plantation Forest in West Sumatra Province

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Transition to IFCC 1001:2021+ Surveillance 2

AUDIT START DATE: 22 July 2024

AUDIT END DATE: 25 July 2024

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: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Qodly Zaka Syahtriawan

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 0

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Head Office	Jl. Sei Duku No. 333, Kelurahan Tanjung Rhu, Kecamatan Lima Puluh, Pekanbaru 28143, Provinsi Riau, Indonesia	22 July 2024
Site	Sijunjung - Basecamp PT BRM Main Road Km 13.7, Kenagarian Koto Nan IV Dibauah, Kecamatan IX Koto, Kabupaten Dharmasraya, Propinsi Sumatera Barat, Indonesia	23-25 July 2024
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	

Brief Description of the concession

PT Bukit Raya Mudisa obtained its forest management permit through the Decree of Ministry of Forestry and Plantation No. 257/Kpts-II / 2000 dated August 23, 2000 concerning the granting of plant concession rights to PT Bukit Raya Mudisa for a forest area of 28,617 ha in the province of West Sumatra. Recently, PT Bukit Raya Mudisa obtained a Forest Utilization Business License (PBPH) based on the decree of the Minister of Environment and Forestry No SK.592/MenLHK/Setjen/HPL.3/9/2021 dated September 8, 2021 regarding the Amendment to the Decree of the Minister of Forestry and Plantation No. 257/Kpts-II / 2000 dated August 23, 2000. This decree caused a change in nomenclature, where IUPHHK-HTI becomes PBPH. There was a conversion of natural forests into forest plantations on December 31, 2010 of 5,477 Ha. Thus, the IFCC Certified area is 23,140 Ha (28,617 Ha-5,477 Ha).

PT Bukit Raya Mudisa has a Forest Utilization Plan Document approved by the decree of the Minister of Environment and Forestry No. 1243/MenLHK-PHPL/UHP/HPL.1/3/2018 dated March 26, 2018 on the Approval of The Business Plan for The Utilization of Industrial Timber Plantation Forest Products (RKUPHHK-HTI) for a period of 10 (ten) years of 2018-2027 on behalf of PT. Bukit Raya Mudisa in West Sumatra Province. According to the RKUPHHK-HTI, the spatial layout of the concession is divided to Local Protected Areas and Other Protected Areas of 12,470 Ha (43.58%), Staple Plants area of 10,154 Ha (35.48%), Livelihood Plant area of 5,993 Ha, with a total of 28,617 Ha (100%).

The Local Protection Areas and Other Protected Areas of 12,470 Ha (43.58%) consisting of River Boundaries of 5,240 Ha, Buffer Zone HL/KSA/KPA of 1,750 Ha, KPPN/KPSL of 1,652 Ha and Other Protected Areas of 3,828 Ha. Staple Plants area of 10,154 Ha (35.48%) consists of Planting Realization Area of 6,272 Ha, not yet planted area of 3,535 Ha and Infrastructure of 347 Ha. There is a LOA of 744 Ha and community occupation of 2,791 Ha. The Livelihood Plant area of 5,993 Ha (20.94%) consists of Planting Realization Area of 629 Ha, not yet planted area of 3,837 Ha, non-timber forest product area of 2,459 Ha, infrastructure of 68 Ha. There is a LOA of 2,459 Ha and area occupied by the community of 3,837 Ha.

Administratively, PT Bukit Raya Mudisa is located in Pulau Punjung District, Dharmasraya District, Kamangbaru District, Sijunjung District and Sangir Batang Hari District, South Solok Regency. Geographically, it is located between the coordinates of 0059'13" to 0111'12" South and 10117' 56" to 10124'09" East. Based on the list of Nagari (villages) assisted by PT Bukit Raya Mudisa, there are 11 Nagari (villages) around the concession.

The concession is located in the Momong River Forest Group, Batanghari River. The topographic condition is mostly flat (0-8%) of 14,844 ha (51.9%); sloping (8-15%) of 5,844 ha (20.4%), rather steep (15-25%) of 2,935 ha (10.3%) steep (25-40%) of 4,783 ha (16.7%) and very steep (>40%) of 212 ha (0.7%). The soil types consist of cambisole, oxisol, podzolic Association 170 ha, cambisol podzolic Association covering an area of 13,051 ha, cambisol renzina Association covering an area of 12,886 ha, and podzolic 2,510 ha. Geological formations consist of surface deposits, row formations, pelapat formations and Granic rocks. Hydrological conditions are affected by Batang Hari watershed covering the sub watersheds of Batang Sangir, Batang Momong, Sipotar and Batang Siat. The types of plants cultivated in the area of PT Bukit Raya Mudisa are *Acacia mangium*, *Acacia crassicaarpa* and *Eucalyptus sp* with a plant cycle of 6 years.

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

PT Bukit Raya Mudisa is surrounded by local communities. Based on West Sumatra Provincial Regulation No. 6 of 2008 on customary land and its utilization, PT Bukit Raya Mudisa acknowledges the existence of communal communities around the concession area. Although there are regulations concerning customary land, the residents around the concession area are classified as local communities, not customary law communities. Additionally, based on interviews

with village officials, the livelihoods of villagers around the company are primarily based on farming, trading, employment as civil servants, and other activities.

The Organization has made efforts to resolve conflicts with surrounding communities. According to the conflict resolution report, the conflict resolution process employed by The Organization is based on the Conflict Resolution SOP (Standard Operating Procedure). While some social conflicts persist within The Organization's concession area, The Organization takes persuasive actions to achieve outcomes in accordance with regulations and laws. This year, The Organization has conducted socialization activities and provided Corporate Social Responsibility (CSR) funding to the local village communities.

PT Bukit Raya Mudisa has an addendum to its cooperation agreement with the village communities to provide compensation for planting fees. Cooperation with surrounding villages has been ongoing since 2017, focusing on *Acacia* plant types. This was confirmed by the relevant village officials during the interview. The cooperation provides economic benefits to the community. The agreement ensures that both parties are responsible for protecting the crops and addressing any existing social issues. An MoU (Memorandum of Understanding) exists between PT Bukit Raya Mudisa and 11 Kenagarians (villages) around The Organization, with agreements starting from 2001 to 2013. The MoU was revised from 2016 to 2019 to continue the cooperation up to the present.

The Organization has fulfilled its social obligations to the community through CSR and Community Development (CD) programs. The realization of CSR/CD activities has been achieved and exceeded the target for 2023. The CSR/CD activities carried out include:

- Education: Basic school supplies and material assistance for the musholla (small mosque) at the local junior high school (SMP) in the surrounding Nagari.
- Health: Provision of medical devices for the Posyandu (village health post).
- Religion: Material assistance for mosques and the donation of cows for Qurban (sacrificial ritual during Eid).
- Economy: Assistance in the form of sewing machines and hand tractors for farmer groups.
- Infrastructure: Building materials for public facilities in the Nagari.
- Social and Environmental: Support for Nagari youth facilities, traditional Randai costume assistance, traditional music support, and sports equipment for the Kenagarian communities.

Description of the Ecological conditions of the concession

The Organization has conducted ecosystem and hydrological forest function management activities through the following initiatives:

- Identification of Forest Management Activities: The Organization has assessed the significant impacts of forest management activities and conducted an environmental impact assessment through the EIA, RKL and RPL (2003) and the plantation forest work plan (RKPHT) for PT. Bukit Raya Mudisa for the period 2018-2027, which was approved by the Minister of Environment and Forestry in Decree No. 1243/MenLHK-PHPL/UHP/HPL.1/3/2018 dated March 26, 2018.
- Reduced Impact Logging (RIL): Activities are carried out in stages:
 1. Pre-harvesting: Before logging activities
 2. Harvesting: During logging operations
 3. Post-harvesting: After logging activities
- Identification of Areas for Soil and Water Protection: The Organization has identified areas that function for soil and water protection, designated as local protection areas and other protected areas.
- Monitoring of Negative Impacts: The Organization conducts monitoring of the negative impacts of forest management activities in the concession areas, in accordance with the EIA, RKL and RPL documents (2003). The monitoring follows documented procedures for:
 - Monitoring of Protected Areas (SOP)
 - Monitoring of Discharge and Water Quality (SOP)



- Monitoring of Erosion (SOP)
- Management of Hazardous Materials (B3): PT. Bukit Raya Mudisa has documented procedures for the controlled use of hazardous and toxic materials (B3), including:
 - Waste Management of Hazardous and Toxic Materials (B3) SOP
 - Handling of Fuel, Lubricant, and Chemical Spills SOP
 - Weed Control SOP
 - Integrated Pest and Disease Control SOP

The Organization has also carried out biodiversity management activities through the following actions:

- Identification and inventory of protected, endemic, rare, and threatened/endangered flora and fauna: The Organization has identified and inventoried protected, endemic, rare, and threatened/endangered species in the IUPHHK-HTI area. The results can be found in the following documents:
 - EIA Document (2003)
 - Business Plan for the Utilization of Timber Forest Products in HTI Plantation Forests (RKUPHHK-HTI) 2018-2027
 - Environmental Permit Implementation Reports (Semester I and II of 2022)

The Organization has identified protected flora and fauna, as well as endemic, rare, and endangered species and their habitats, in compliance with applicable regulations. A map of the flora and fauna distribution is available.

- Management of Protected Areas: The management of protected areas is carried out in accordance with the RKL/RPL Implementation Reports (Semester I and II of 2022) and SOPs for determining and monitoring protected areas.
- Identification of Key Protected and Threatened/Endangered Species: Based on the identification, there are no key species in the area.

The Organization has implemented forest protection activities through the following measures:

- Identification and Monitoring of Forest Management Disturbances: Disturbances in forest management have been identified through documents such as the EIA documents (2003), the RKUPHHK-HTI for the period 2018-2027, and RKL/RPL reports (semester-based).
- Pest and Disease Prevention: The Organization has documented procedures to prevent and manage pest attacks through the Integrated Pest and Disease Control SOP.
- Chemical Pesticide Management: The Organization regulates chemical pesticide management with documented procedures, including:
 - Weed Control SOP
 - Integrated Pest and Disease Control SOP
 - Handling of Spills of Fuels, Lubricants, and Chemicals SOP
 - Waste Management of Hazardous and Toxic Materials SOP
- Forest Protection Measures Against Fire Hazards: The Organization has implemented measures to protect against fire hazards. In 2023, no fires occurred in the working area.
- Livestock Grazing: There are no livestock grazing activities by the community in the concession area.

Results of the Public Consultation

Prior to conducting the Transition to IFCC ST 1001:2021 + Surveillance 2 Audit on PT Bukit Raya Mudisa, PT Acube TIC International made a public announcement and initiated a public consultation. An invitation for public consultation was extended to stakeholders to gather input as part of the audit considerations. This invitation was posted on the website www.ajaindonesia.com on June 12, 2024. Stakeholders were encouraged to provide their feedback via email to PT Acube TIC International.

The following suggestions and inputs were received from one stakeholder that can be concluded as:

- It is suggested that some area in PT Bukit Raya Mudisa that has been occupied by the community, and that the cooperation agreement between the company and a cooperative within the occupied land to be legally cancelled.
- Request for the removal of the occupied area from the total area of PT Bukit Raya Mudisa's concession.
- To improve the welfare of farmers/planters in the Nagari, it is proposed that the occupied area to be converted to APL (Area for Other Uses), allowing sharecroppers to obtain legal recognition in the form of property rights certificates.

Identification of Submitted Suggestions to the Certification Body:

The following documents support the suggestions raised by stakeholders:

1. Ministerial Decree (No. 257/KPTS-II/2000):
 - o This decree granted plantation forest concession rights to PT Bukit Raya Mudisa over 28,617 Ha of forest area in West Sumatra.
2. Cooperation Agreement:
 - o A cooperation agreement was made between PT Bukit Raya Mudisa and local representatives of the cooperative. This agreement was based on deliberations between the parties, with no coercion involved.
 - o In the agreement, the local community handed over customary land to PT Bukit Raya Mudisa, with the company free to choose the types of crops to develop. The agreement is valid for the duration of the forest exploitation permit, which is valid for 42 years from 2000.

Conversion of Production Forests to APL:

PT Acube TIC International cannot recommend converting production forests into APL, as this is subject to the applicable laws and regulations. The authority for such decisions lies with:

- The Minister of Environment and Forestry
- The President of the Republic of Indonesia
- The Governor or Regent/Mayor
- The National Spatial Planning Coordinating Board (BKPRN)

Conflict Resolution:

In addressing potential conflicts, The Organization utilizes an Alternative Dispute Resolution (ADR) mechanism, aiming for a win-win solution where the settlement is achieved without harm to any party. The Organization acknowledges and respects the local wisdom of the indigenous people and recognizes the authority of the Ninik Mamak (customary stakeholders). The customary rights of indigenous people over specific areas—based on hereditary and unbroken connections between the community and the land—are recognized under customary law. The Organization works to ensure that these rights are preserved and respected in all dealings.

The audit team also collected information from the mass media about PT Bukit Raya Mudisa. The reported cases are considered as part of the PT Acube TIC International audit process.

The Organisation has identified all the necessary requirements for this certification process, which consist of legal aspects which include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the area of certification, which are registered for the certification area of 23,140 hectares.

Organisation progress record related to corrective action on findings of nonconformities in previous audit

The result of Surveillance 1 Audit is no non-conformity.

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



The result of Transition to IFCC ST 1001:2021 + Surveillance 2 Audit is no non-conformity.

Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00009/XI/2015 is valid until 3 November 2025, provided that PT Bukit Raya Mudisa maintains its Recertification schedule and does not have potential major non-conformities at the next Recertification.