

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. BUKIT RAYA MUDISA

TOTAL HECTARES: 23.140 ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 23140 hectares in West Sumatra Province, Republic of Indonesia.

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: October 18th, 2016

AUDIT END DATE: October 21st, 2016

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: R Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Oniranto Adi Fajari

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS:

MINOR CARS: 7

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Bukit Raya Mudisa	Sujunjung – Base Camp PT BRM Main Road Km. 13,7, Kenagarian Koto Nan IV Dibauah, Sub-District IX Koto, Dharmasraya Regency, West Sumatera Province, Indonesia	October 18th to 21st, 2016
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	
	Not Applicable,	



Brief Description of the concession

PT Bukit Raya Mudisa - Sijunjung Estate is located in Kenagarian Koto Nan IV Dibauah, Sub-District IX Koto, Dharmasraya Regency, West Sumatra Province – Indonesia.

PT Bukit Raya Mudisa is a company implementing sustainable forest management under:

1. SK IUPHHK and maps,
 - ✓ Decree of the Minister of Forestry and Plantations No. 257 / Kpts-II / 2000 dated August 23, 2000 on the granting of plantation concession to PT Bukit Raya Mudisa covering forest area of approximately 28,617 hectares in the province of West Sumatra.
2. RKUPHHK-HT,
 - ✓ Work Plan as forest utilization (RKPHT) PT. Bukit Raya Mudisa, approved by the Director General of Forest Production No. 02 / Kpts /VI-IPM / 2001 dated January 15, 2001.

According to the revised RKU, the spatial arrangement of the work area is as follows: Staple Plant Area of 13,679 ha (47.80%), Indigenous Plant Area of 4,227 ha (14.77%), Livelihood Plant Area of 1,268 ha (4.43%), Protected Areas of 7,625 ha (26.65%), Non- Productive Area (Facilities) of 661 ha (2.31%), Area Unsuitable For Production of 1,107 ha (3.87%) and Parent Seed Area (Permanent Sampling Plot) of 50 Ha (0.17%).

A total of 5,477 hectares is ineligible for IFCC certification, because of Out Of date natural forest and secondary forest conversion, requirements before December 31st, 2010, leaving only 23,140 hectares of the concession registered for IFCC certification.

The area is divided into work compartments and harvesting blocks and the operational cycle is five (5) years cultivating *Acacia mangium*.

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

The Management Unit has identified, appreciates, recognizes and respects the rights of indigenous peoples and local communities in terms of ownership, control and use of land and forest resources. The public's right to non-timber forest products (NTFP) is respected with the community being afforded access to such products as honey and fish providing there is no damage to plants or the environment, and care is exercised in respect to the main crop that has been planted.

PT. Bukit Raya Mudisa has a conflict resolution mechanism that relates to people's rights based on customary law and the property rights of local communities or by formal law, and conflict resolution mechanism that relates to the impact of forest management activities. Documentation of the conflict resolution mechanism includes the chronology of events, map of the area of conflict, and minutes of meetings results. Thus the mechanism created is participatory and agreed upon between PT. Bukit Raya Mudisa and local communities.

PT. Bukit Raya Mudisa has no discriminatory hiring practices, being willing to hire both local and immigrant workers. The Company has a Collective Labor Agreement (CLA) that regulate the rights and obligations of employer and employees and includes: recruitment, remuneration, employee placement, removal, transfer, promotion, skills enhancement program, prohibitions, etc.

The Management Unit has complied with all regulations and legislation relating to forest management practices, environmental protection, protected and endangered species, the rights of indigenous peoples and local communities related to land ownership and use, and the issue of occupational health and safety (K3).



Description of the ecological conditions of the concession

PT. Bukit Raya Mudisa conducts inventory on a periodic basis to determine the condition of the concession both from a numerical and health standpoint, as well as the potential of the forest.

PT. Bukit Raya Mudisa supports its monitoring and oversight management activities of the plantation by usage of a Plantation Information Management System (PIMS), the scope of which covers data recording of forest planning and operational data for analysis and submission of data in order to maintain effective control, generate reports and calculate costs of the entire plantation activity. PIMS is an online database where all plantation data is centralized on an updated basis, and fully integrates planning data at the compartment level (e.g. status, type, area, marketable volume/PHI, etc.) with operational data such as monthly production reports and includes payment information of contractors.

PT Bukit Raya Mudisa has identified the factors necessary for the protection of the soil and undertakes appropriate measures to protect the region from damage (erosion, landslides, etc.) resulting from forest operations. To ensure minimal damage, clearing and land preparation is done gradually in small plots, optimizing the dry season for such operations. Soil fertility is also monitored and with the fertilizer regime in place, the recommended species for cultivation is *Acacia mangium*.

Erosion monitoring is also carried out and based on the decision letter Directorate General of Reforestation and Rehabilitation, Ministry of Forestry in 1998, in which erosion levels are recorded as mild up to normal.

The Management Unit has identified the key protected and threatened / endangered species, as well as habitat and migratory patterns and implemented appropriate management practices to minimize the negative impact of operational activities on these species. Based on information in the Re-Assessment Report of High Conservation Value (HCV) PT Bukit Raya Mudisa, West Sumatra, September 2011, by the Tropenbos International Program, the key species were identified as the Sumatran tiger (*Panthera tigris sumatraensis*) and the Sumatran serow (*Capricornis sumatraensis*). Based on observations last year, the Management Unit should install camera traps to confirm the existence of these key species and that the natural forest in this area can still support their life necessities.

Results of the Public Consultation

Prior to conducting the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia carried out public consultation, commencing September 30, 2016, in which stakeholders were invited to provide feedback on PT Bukit Raya Mudisa. Announcement of the public consultation was published on the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties by email or letter and published in the local newspaper. No input was received from stakeholders during the public consultation.

The audit team also gathered information from the mass media about PT Bukit Raya Mudisa, which was given material consideration in the audit process.

PT Bukit Raya Mudisa has identified all the necessary requirements for this certification process, from legal aspects and compliance with regulations or international conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of an area of 23.140 ha.

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

The results of the Surveillance 1 Audit of PT. Bukit Raya Mudisa identified seven (7) minor discrepancies, which are enumerated below.

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The Management Unit has already addressed this issue and the finding has now been closed. This demonstrates a seriousness and strong commitment to sustainable forest management and continuous improvement. There were no time-critical issues identified

NO	Non-conformities	Corrective Action performed	Category
1	The Management Unit has not monitored the key species of Sumatran tiger (<i>Panthera tigris sumatraensis</i>) and Sumatran Serow (<i>Capricornis sumatraensis</i>) according to requirements. Clause Ref III.7.3	The Management Unit procured camera traps on 25 November 2016 for installation in order to monitor wildlife and key species Sumatran tiger (<i>Panthera tigris sumatraensis</i>) and Sumatran Serow (<i>Capricornis sumatraensis</i>)	Minor
2	The Management Unit had not planned area rehabilitation program in the featured plant area and protected area. The planting program was not maximized. Clause Ref III. 4.5; 6.5; 7.2	The Management Unit now has plans for the rehabilitation of seed plants and protected area in 2017 and 2018.	Minor
3	The Management Unit could not provide a copy of the Financial Statements for year ended December 31, 2015 that had been audited by a public accountant in accordance with the regulations. The photocopy of the 2015 Financial Statements submitted was not complete and lacked much essential information. Clause Ref I.1.7	The Management Unit will have the Financial Statements of PT. Bukit Raya Mudisa audited by a Public Accountant as per the regulations.	Minor
4	There appears to be a problem with a revised SOP in that some technical employees are unsure which parts have been subject to change. Clause Ref I.1.11	To facilitate the employees' knowledge about the revised SOP, the Management Unit has made no changes in the SOP sheet given to employees	Minor
5	Verification of RKT documentation for 2015 and 2016 found allocation to main plant area of an area of secondary forest (LOA), which is in the area registered for IFCC certification. This is contrary to IFCC regulation. Clause Ref II.1.2	The Management Unit will not carry out the conversion of secondary forest area (LOA) for allocation to main plant area in Annual Work Plan (RKT) 2015 and 2016	Minor
6	The validity period of a Registry Card and its Decision letter on Extension of Appointment was not in agreement. Clause Ref II.1.2.	Management Unit has presented the revised Decision letter on Extension of Appointment.	Minor

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7	Leakage found from water storage tank the annex to the guest house mess. Clause Ref I.12.6	The Management Unit has repaired the water storage tanks in the annex to the guest house mess.	Minor
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Conditions under which the certificate is issued

Certificate will be valid until 03/09/2018. PT. Bukit Raya Mudisa has completed all corrective actions based on the time frame proposed in its corrective actions response and will ensure that the same problem does not exist at the time the next surveillance audit is carried out. Should any discrepancies not be closed out at the time the next surveillance audit is carried out, the IFCC certificate will be suspended until such time as AJA is able to perform a close out visit.