

Public Report Sustainable Forest Management System

Ownership of this report and the information contained within remain the property of
AJA Europe



AJA EUROPE

PUBLIC AUDIT REPORT – SFM

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



CLIENT NAME: PT Bina Daya Bentala

TOTAL HECTARES: 19,649.10

SCOPE OF REGISTRATION: Sustainable Forest Management of 19,649.10 hectares of Plantation Forest in Riau Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

START DATE AUDIT: December 08, 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 11, 2020

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

TEAM AUDIT: Amin Kadeni

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:
PT Bina Daya Bentala	Jurong District, Bonai Darussalam District, Rokan Hulu Regency, Riau Province, Republic of Indonesia	December 08 to 11, 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	
	NA	

Brief Description of the concession

The initial total area of PT Bina Daya Bentala based on the Decree of Permit for Timber Forest Product Utilization Business in Industrial Plantation Forest from the Minister of Forestry; SK No.555/Menhut-II/2006 on December 22, 2006, was 19,870 hectares. The area of PT Bina Daya Bentala according to the Decree of the Minister of Environment and Forestry; SK.560/Menlhk/Setjen/PLA.2/10/2017, on October 17, 2017 concerning the Determination of Working Areas for Permit for Timber Forest Products Utilization Business in Plantation Forest of PT Bina Daya Bentala, is 20,142.10 ha located in Rokan Hulu Regency, Riau Province.

There is a plantation area of 493 hectares which was converted from natural forest after December 31, 2010. Thus, the scope of this certification is 20,142.10 hectares - 493 hectares = 19,649.10 hectares.

PT. Bina Daya Bentala has conducted spatial planning based on the Revised RKUPHHK HTI Document of PT Bina Daya Bentala period 2017 to 2026 and the attachments have been approved through a Minister of Environment and Forestry Decree cq. Director General of PHPL Number: SK.6073/MenLHK-PHPL/UHP/HPL.1/6/2017 on June 28, 2019. Spatial planning consists of Local Protection Areas and Other Protected Areas of 2,745.00 ha (13.63%), Staple Plant Areas of 13,273.20 ha (65.90%) and Livelihood Plant Areas of 4,123.90 ha (20.47%)

The geographical location of PT Bina Daya Bentala lies between 01° 01' 45" to 01° 23' 15" North and 100° 51' 15" to 100° 59' 50" East. Administratively it is located in Bonai Darusalam District, Rokan Hulu Regency.

Area topography ranges with slope of 0% to 8% at 5 to 15 meters above sea level with lowland peat soil types. According to the Schmidt-Ferguson classification, the area has a Type A climate with an annual rainfall of 1,511 mm. The species of plants cultivated in the concession is *Acacia crassicarpa*.

Based on the Map of Peat Ecosystem Functions of scale 1: 250,000 published by the Ministry of Environment and Forestry (Attachment of Minutes No.BA.046/UHP/RKUPHT/HPL.I/3/2017 on March 20, 2017 all work areas are peatlands. PT Bina Daya Bentala has revised the RKUPHHK Document based on the above Recovery Document and the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.10/Menlhk/Setjen/Kum.1/3/2019 Concerning Determination, Decision and Management of Peat Dome Top Based on Peat Hydrological Unity.

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

PT Bina Daya Bentala has data of the population around the concession. According to the data, most of the population is working as farmers. There are no indigenous people and customary land in the company's concessions.

PT Bina Daya Bentala has made efforts to resolve conflicts and collaborate with the surrounding community. One of the efforts are to make a cooperation agreement in staple crops with partnership pattern with the claimers. The interview with the governments shows some villagers who occupy the land in the concession since before the company was established. The company has made efforts to settle this land claim in cooperation with the Partnership Pattern Plantation Forest. In this cooperation, the land is planted with acacia plants. The activities are financed by the company, but the landowner get the profit from harvesting.

The corporate social responsibility (CD/CSR) program in the previous year had been implemented include education subsidies, livestock business assistance, health services, food assistance, community social activities, youth, religious activities, infrastructure, business opportunities in collaboration with a village cooperative. During 2020, the CD/CSR activities carried out include youth and sports; religious field; field of education; facilities and infrastructure assistance.

Description of the Ecological conditions of the concession

PT Bina Daya Bentala is following the APP Responsible & Sustainable Business Declaration and Forest Conservation Policy (FCP) or Forest Conservation Policy which includes: (1) protection of High Conservation Value (HCV) and High Carbon Stock, (2) peatland management, (3) community and social engagement, and (4) responsible forestry management

throughout the wood-fiber raw material supply chain. One form of FCP implementation is by temporarily stopping natural forest clearing; in the context of developing industrial forest plantations as a source of raw materials for its pulp and paper industry; until the HCV and HCS assessments are completed. This protocol applies to all suppliers who state that they are willing to carry out a moratorium and will not carry out logging and land clearing in natural forest stands after 31 January 2013.

The Management Unit has monitored the negative impacts of forest management activities, including physical and chemical soil quality, soil compaction due to the use of heavy equipment, land subsidence, sedimentation, flooding and water quality degradation.

PT Bina Daya Bentala has developed and implemented a Documented Procedure for the controlled use of B3 (Hazardous and Toxic Substances) and implementation related to the controlled use of B3. In general, field conditions indicate that B3 has been managed in accordance with established standards and procedures. B3 is separated according to the type (liquid or solid). The condition of the building environment is clean from spills. The company has built a catchment area for B3 and liquid waste.

The condition of the protected area in the concession area had been degraded before the plantation activities began. The cause was the logging on the area. The KPPN area is still relatively good, while the DPSL area needs immediate rehabilitation. As of field observations, there were signs of key species (*Panthera tigris sumatrae*) presence such as tracks and traces in protected areas. The management carried out is to sign the track and installation of no hunting warning signs in the Management Unit area. Several species of protected flora in the concession are *Diospyros oblongus*, forest orchids, pitcher plants, while the protected fauna is Sumatran tiger.

The Management Unit monitors these disturbances on a regular basis to determine the presence of these disturbances. The Management Unit conducts patrol activities and makes reports. The report serves as the basis for evaluating and monitoring and taking appropriate actions to deal with various types of disturbances in sustainable forest management. The monthly patrol report is also recapitulated into the Environmental Permit Implementation Report (Environmental Management and Monitoring) every semester.

PT Bina Daya Bentala implements an integrated pest management program, namely pest control of acacia and eucalyptus diseases in nursery and guidelines for the introduction and control of weeds in industrial plantation forests. Several types of pests and plant diseases attack are termites, root rot, leaf caterpillars, fusarium wilt and stunted plant conditions. To deal with biological systems for root diseases are carried out biologically by applying *Cerrena* sp.

The Management Unit also built a pesticide storage warehouse. The available pesticide is Furadan which is not prohibited from being used in these terms. The storage is quite safe because it is in a closed and locked warehouse. The chemical packaging is placed on a wooden board and not directly on the floor so it is not damp.

PT Bina Daya Bentala has implemented appropriate/measured steps in forest protection activities, where PT Bina Daya Bentala has documented procedures for forest protection activities such as regular patrol for forest fire and encroachment.

Results of the Public Consultation

Prior to undertaking the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing November 16, 2020, requesting stakeholders to provide input and information on PT Bina Daya Bentala. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email or postal mail, and announced in local newspaper.

PT AJA Sertifikasi Indonesia received an input from a stakeholder regarding the occupation on the concession area of PT Bina Daya Bentala. The stakeholder suggested the auditor team to consider the land claim settlement/conflict



resolution by PT Bina Daya Bentala as an assessment material for audit activities of sustainable forest management certification.

The auditors had verified this issue by interviewing the governments and company document check. The Management Unit effort to solve the conflict is by cooperation agreement in wood harvest. The reported cases being given material consideration in the audit process in PT Bina Daya Bentala conducted by PT AJA Sertifikasi Indonesia.

PT Bina Daya Bentala has identified all necessary requirements for this certification process, comprising legal aspects that include compliance with international regulations and conventions. The established management system includes all field activities for certification, which is registered for an area of 19,649.10 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 2 Audit results of PT Bina Daya Bentala, no Non-Conformities of either a major or minor nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until March 15, 2022, provided that PT Bina Daya Bentala maintains its Surveillance schedule and does not have any major non-conformities at the time of the next Surveillance visit.