

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



JOB NUMBER: AJA/IFCC-012

CLIENT NAME: PT Bina Daya Bentala

TOTAL HECTARES: 19,377

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest Covering an area of 19,377 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: November 24,2015

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: November 28, 2015

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 1

MINOR CARS: 9

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):

SELECT OPTION

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Bina Daya Bentala	Bonai Darussalam District, Rokan Hulu Regency, Riau Province	24 - 28 November 2015

Brief Description of the concession and its natural and socio-economic conditions.

PT Bina Daya Bentala was granted an operating license by the Decree of the forest management Business License Timber Forest Products in Industrial Plantation Forest of the Forestry Minister: Minister of Forestry Decree No.555 / Menhut-II / 2006 dated December 22, 2006, with an area of: 19,870 ha. In the management of MU PT Bina Daya Bentala have made Spatial working area 19,870 ha to: 1) Protected Areas = 2,364 Ha, 2) Plant Principal = 14,392 Ha, 3) Plant seed = 1,237 Ha, 4) Plant Life = 1,006 Ha, 5) Infrastructure = 871 Ha.

PT Bina Daya Bentala has converted 493 Ha since December 31st, 2010, (344.06 Ha in 2011 and 148.94 Ha in 2012). Based on IFCC ST 1001: 2014 Requirements for Sustainable Forest Management, forest conversion after December 31, 2010 can not be registered for Sustainable Forest Management under the IFCC Certification Scheme. PT Bina Daya Bentala has made a Commitment Letter in 2015 signed by Director (Ir. H. Ficky Zoelfikar Zazoeli) stating that the ineligible conversion areas mentioned above are not registered for IFCC certification. This reduced the scope of certification to 19,377 hectares. PT Bina Daya Bentala has made a commitment to stop the deforestation. PT Bina Daya Bentala has not cut natural forest since 2013.

Based on the geographical location of the work area of PT Bina Daya Bentala is situated 100° 51' 15" - 100° 59' 50" E 01° 01' 45" - 01° 23' 15" N, PT Bina Daya Bentala is located in the district of Bonai Darussalam, Regency of Rokan Hulu, Riau Province. Boundary region, North: Rokan River and Bonai Darussalam Village; South: Sontang Village, PT. Rokinan Adiraya Plantation; East: Ex HPH PT. Kosmar Timur Raya and HPHTI PT. Bina Daya Bintara ; West: Sb DAS Rokan Kiri, Kasang Padang village and Ex. HPH PT. Rokinan Timber.

PT Bina Daya Bentala work area has a flat topography (0-5%) and 21 ± altitude above sea level. Rokan River Forest Group Left - Rangau River. DAS (Watershed) Rokan River Left - Rangau River. According to Schmidt-Ferguson climate classification, PT. Bina Daya Bentala is included in the climate type B with a value of Q = 20. Based on the Geological Map of the PT. Bina Daya Bentala included in geological formations Old Alluvium (Qp). The soil type is the type Organosol (peat) and Gleihumus. The entire working area of PT. Bina Daya Bentala is marshland peat. Based on the results of research PT Bina Daya Bentala, that has been set. PT Bina Daya Bentala decided to develop plantation of the species *Acacia crassicarpa*.

The villages around the work area are Bonai village, Sontang village and Kasang Padang village. The Community is comprised of mostly ethnic Malays (80%). The rest of the community is made up of and the other Javanese, Minang, and Batak people.. Most of the people earn their living through farming/gardening and fishing. PT Bina Daya Bentala has

made an Environmental Impact Assessment (EIA) dated January 7, 2003. Which was authorized by the Environment Agency Head of Rokan Hulu.

The Environmental Management Plan (RKL) contains the following social component parameters:

- Job opportunities and business opportunity.
- Public health services
- Education and community participation in forest management and forest resources and the environment.

The community around the PT Bina Daya Bentala have access to medical facilities and health care, access to education facilities, access for marketing agricultural product, access to information CD programme, PT Bina Daya Bentala relationship with the community is still a land claim. PT Bina Daya Bentala made a conflict-mapping document in 2013, accompanied by The Forest Trust (TFT) technical assistance programme. As a result, there is now an agreement between PT Bina Daya Bentala and local communities to not expand their plantation into community land that has been already been planted unless there is an agreement with community. PT Bina Daya Bentala has made socialization of conflict resolutions to communities in Village Bonai and Kasang Padang.

The community around the work area is located on the 3 villages: Bonai Village, Kasang Padang Village, and Sontang Village. There is a mutual agreement between the communities with PT Bina Daya Bentala in forest management, including forest protection. PT Bina Daya Bentala has made a letter of mutual agreement, containing rights and obligations of each party. Three communities in the village receive a timber harvesting production fee.

The Environmental Monitoring Plan (RPL) discussed the impact of socio-economic and cultural components to be monitored include:

- The development of local labor force participation rates are located in and around the concession.
- The development patterns and income levels around the area of activity.
- The development of the quality of health care and public education.
- The development dynamics and participation in activities community development forest village (PMDH).
- The development of perceptions, attitudes and appreciation around the concession.

PT Bina Daya Bentala has management for protecting flora and fauna (protected area), large are 2,364 hectares (11,9 %), Germ Plasm conservation area (302 ha), wild life protection area 326 ha, buffer zone river (riparian) are 1,736 ha.

The others activities conducted survey, monitoring and identification vegetation and wildlife per years assessment High Conservation Value Forest (HCVF), Habitat improvement, enrichment planting for local species. PT Bina Daya Bentala also has document environmental management plan and environmental monitoring plan.

PT AJA Sertifikasi Indonesia performed a Public Consultation, starting on October 12, 2015, asking stakeholders for

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feedback about PT Bina Daya Bentala. The Public Consultations was uploaded to the website of PT AJA Sertikasi Indonesia (www.ajaindonesia.com), sent to relevant stakeholders through email and/or postal mail, and announced in local newspapers. From the Public consultation, PT AJA Sertifikasi Indonesia received information regarding the registration of workers unions. The comments from Public Consultation were followed up by the audit team during the Stage 2 Audit. The employees of PT Bina Daya Bentala have formed Pengurus Unit Kegiatan (PUK) which is affiliated with Mitra Abadi Riau Worker Union (SP MAR), and has an organizational structure and the activity of fighting for the rights of workers in negotiations with Management of PT Bina Daya Bentala including to get work facilities, adequate Personnel Protective Equipment (PPE) and good career opportunities. Based on the results of interviews in the field, there is information that the company gives its employees the freedom to join the worker union.

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

Based on the results of the audit stage 2 in PT. Bina Daya Bentala, The audit team found 1 major nonconformity and 9 minor nonconformities. PT Bina Daya Bentala has performed corrective actions for all nonconformities raised and shown serious commitment to sustainable forest management.

The Nonconformities and The Corrective Actions performed are :

NO	Nonconformities	Corrective Action performed	Category
1	MU has not been able to show Permit Operator (SIO) contractor excavator operator. There are 28 exavator operating in the concession area. Clause Ref: I.1.13	<ul style="list-style-type: none"> Plan registration Operator Permit (SIO) for all heavy equipment operators gradually To supervise strictly for administrative completeness contractor for heavy equipment operators. 	Minor
2	Layout plan prepared by PT Bina Daya Bentala has not been fully implemented in the field, it does not guarantee the sustainability of the results. The spatial plan for the staple plant is 14,393 hectares, In factual conditions there is still only 4,484 hectares area of staple plant that can be managed at this time. Clause Ref I.4.1	RKU Revised that ensure sustainability of production taking into account the current conditions	Minor
3	SOP Harvesting HTI Wetland in section 5. Implementation of micro planing in the field, is	<ul style="list-style-type: none"> Implement procedures / SOP micro Planning specifically or 	Minor

	not regulated clearly marking attributes. Clause Ref: I.5.1	not incorporated in SOP Harvesting <ul style="list-style-type: none"> To monitor the implementation of micro planning conformity with SOP 	
4	Implementation of Permanent Sample Plots is not in accordance with the SOP, Numbering of trees in the plot is not appropriate where the information on the label is not appropriate in every tree, and the color of the label is not regulated in SOP. Clause Ref: I.5.2	Revise procedures / SOP inventory of forests in this regard the implementation of the PSP	Minor
5	SOP about Administration of forest products (lumber) is not in accordance with the implementation because the SOP is not up to date following the new regulations (P.42/Menhut-II/2014) concerning the administration of timber forest products on plantations. Clause Ref: III.2.1	<ul style="list-style-type: none"> Monitoring and evaluation of the procedures available, to be always updated according to the latest regulations Uploading the revised SOP of Administration of forest products (wood) on SOP Online 	Minor
6	There is still oil and fuel spills directly into the ground in the generator room, which are located close to the canal S 7 and fuel drums placed directly on the ground in forest TPK case this is not in accordance with SOP Waste Management B3. Clause Ref: I.6.	<ul style="list-style-type: none"> Socialization of managing and handling in accordance with the procedures of labor contractors and documented evidence of its implementation Conduct periodic inspections in the handling of B3 in the work area contractors and documented evidence of implementation To monitor and evaluate the management and handling of waste routinely 	Minor
7	MU PT Bina Daya Bentala has not entered monitoring of social impact report into the document reports on the implementation of	<ul style="list-style-type: none"> Incorporate social impact monitoring for the preparation of the report documents the 	Minor

	<p>RKL / RPL for the first semester of 2015 were reported to the relevant agencies.</p> <p>Clause Ref: I.10.2</p>	<p>implementation of the RKL / RPL first semester of 2016 and the next semester</p> <ul style="list-style-type: none"> To evaluate the semi-annual report on RKL / RPL to conform to the EIA recommendations 	
8	<p>Wood-cutting chainsaw operator and timber loading excavator operator in TPK not use PPE in accordance with the standard. These PPE chain saw only use short rubber boots and gloves, and the excavator operator does not use a helmet and shoes. This is not in accordance with HIRADC Document (cutting and stacking wood) PPE used are: helmets, goggles, masks, ear plugs, glove and shoes) and (withdrawal and loading timber onto a truck) PPE used are: shoes, helmet and glove.</p> <p>Clause Ref: I.12.4</p>	<ul style="list-style-type: none"> Create a document monitoring and evaluation of the implementation of K3 in the scope of the MU, where all employees and contractors working monitored, evaluated and analyzed that serve as remedial measures and planning K3 To supervise strictly and provides strict sanctions against violations in the use of PPE 	Major
9	<p>a. Found a garbage can still mix between organic and inorganic waste.</p> <p>b. APAR is not yet available in the housing employees and placement of portable fire extinguisher that is not in accordance with the provisions of government (height 120 cm).</p> <p>c. P3K box office fixtures not yet complete in accordance with the standards (only available plaster and gauze).</p> <p>Clause Ref I.12.6</p>	<ul style="list-style-type: none"> To monitor and evaluate the handling of household waste Provide adequate bins and sufficient in the area of the base camp Conduct an inventory availability and needs APAR in the camp and supervise the installation of portable fire extinguisher while doing so in accordance with the provisions of the government (height 120 cm) Perform routine checking to the availability of drugs and medical devices lightly on the box P3K 	Minor
10	<p>a. UM has not made P2K3 report quarterly periods 1, 2 and 3 in 2015 to the relevant</p>	<ul style="list-style-type: none"> Create a document monitoring and evaluation of the 	Minor



	agencies (Manpower Rokan Hulu). b. UM has not had an annual evaluation report of the implementation and effectiveness of the implementation of K3. Clause Ref I.12.7	implementation of K3 in the scope of the MU, where all employees and contractors working monitored, evaluated and analyzed that serve as remedial measures and planning K3	
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Conditions under which the certificate is issued

Certificate is valid until 28/11/2018, provided that PT. Bina Daya Bentala completes all of corrective action according to the time schedule proposed in their corrective action responses and does not have the same problems at the next Surveillance visit. If the nonconformities are not closed at the next Surveillance, the certificate will be suspended until such time as AJA is able to perform a closeout visit.