

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 BINA DAYA BENTALA

TOTAL HECTARES: 19,649 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of Plantation Forest covering 19,649 hectares in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: October 17, 2018

AUDIT END DATE: October 20, 2018

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: Agung Utama Lubis

SIGNATURE:

Ence Hedi Hasan Z

SIGNATURE:

MAJOR CARS:

MINOR CARS: -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Bina Daya Bentala	Jurong Sub-District, Bonai Darussalam District, Rokan Hulu Regency, Riau Province, Republic of Indonesia	October 17 to 20, 2018
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	
	N/A,	

Document: Report Format Public – IFCC

Issue: D

Date: 15 September 2016

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Brief Description of the concession

The area of PT Bina Daya Bentala according to the Decree of the Minister of Environment and Forestry Number: SK.560 / Menlhk / Secretariat General / PLA.2 / 10/2017, October 17, 2017 concerning Standing of Work Areas for Business Permits for Timber Forest Product Utilization covers an area of 20,142 ha in Rokan Hulu Regency, Riau Province. Of this, an area of 493 hectares of natural forest was converted to plantation forest after December 31, 2010. So the scope for IFCC certification is 20,142 hectares - 493 hectares = 19,649 hectares

PT. Bina Daya Bentala, has undertaken spatial planning based on the HTI RKUPHHK document, period 2017-2026, through the Decree of the Minister of Environment and Environment and Forestry cq. Director General of PHPL Number: SK.6137 / Men LHK-PHPL / UHP / HPL.1 / 11/2017 dated November 14, 2017. Spatial planning is as follows: 19,742 ha (98.01%) of Protected Peatland Area, and 400 ha of Staple Plant Area (1.99%). To achieve the allocation of at least a 20% percentage of livelihood plants, this is fulfilled from the FLEG area for NTFP utilization as stated in PermenLHK No: P.17 / MENLHK / SETJEN / KUM.1/2/2017

The geographical location of the work area lies between 01° 01' 45" to 01° 23' 15" North and 100° 51' 15" to 100° 59' 50" East, and is administratively located in Rokan Hulu Regency, Riau Province.

The topography of the area ranges from 5 to 15 meters above sea level with a slope of 0% to 8% with lowland peat soil type. According to the Schmidt-Ferguson classification, the area has a Type A climate with an annual rainfall of 1,511 mm. The species of staple plants cultivated by PT Bina Daya Bentala is *Acacia cassiarpa*

Based on a 1: 250,000 scale Peat Ecosystem Function Map published by the Ministry of LHK (Appendix Minutes No.BA.046 / UHP / RKUPHT / HPL.I / 3/2017 dated March 20, 2017 the entire work area is classified as peat soil.

Of the total area of 20,142 ha, an area of 19,742 ha (98.01%) overlaps with the designation of peat ecosystem protection function area (KFLEG). Spatial planning of the protected area functions of the peat ecosystem in the field is carried out in stages until the cutting of the previous cycle of crops is completed. Arrangement of the boundaries of the KFLEG area has been made in the field.

Plans for Restoring the Function of Peat Ecosystems. The operational activities of IUPHHK-HTI on peatlands are feared to cause damage to the peat ecosystem. Damage to the function of the peat ecosystem is characterized by the presence of artificial drainage, exposure of pyrite sediments and the reduction of land cover area. In the identified peat areas experiencing damage, recovery activities will be carried out based on LHK Regulation No. P.16 / Menlhk / Setjen / Kum1 / 2/2017 concerning Technical Guidelines for Function Recovery of Peat Ecosystems. Specific guidelines have been prepared for recovery of damaged peat ecosystems, which include the following:

- No replanting of staple plants and livelihood plants in peat protected areas.
- Land not opened for production in unopened cultivation peat areas
- Groundwater levels maintained by blocking canals in accordance with field conditions
- Revegetation on the function of peat protection by type, species and technicalities of the silviculture system in accordance with the results of the company's research
- Maintain area security from incursion by irresponsible parties.

The detailed plan for restoring the functions of the peat ecosystem is explained in the Peat Ecosystem Recovery Plan Document that is being consulted with the Directorate General of Pollution Control and Environmental Damage of the Ministry of Environment and Forestry.



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

PT Bina Daya Bentala is surrounded by three villages, the residents of which are local residents, there being no customary rights of customary communities recognized by the government.

Field investigations reveal, however, that prior to Indonesia's independence, the local people owned customary land that fell within the PT Bina Daya Bentala concession area, although the government has not recognized such customary land claims since independence. Communities around the PT Bina Daya Bentala concession mostly work in the agricultural sector.

PT Bina Daya Bentala has standard procedures for conflict resolution efforts with surrounding communities. This guidance includes procedures for the mapping of land conflicts, formulating strategies and working plans for conflict resolution, implementing work plans for resolving land conflicts, monitoring systems, evaluating, reporting, and updating data systems and information on land conflicts.

PT Bina Daya Bentala has provided adequate support to the local community in capacity building, as well as economic and infrastructure development. The report on the Realization of PT Bina Daya Bentala Forest Village Community Empowerment Program in 2017 and the Operational Plan for Community Empowerment of Forest Villages in 2018 are readily available.

Description of the ecological conditions of the concession

PT. Bina Daya Bentala has identified protected and threatened/endangered key species, as well as their habitat and migration patterns including landscape considerations; and implemented appropriate management practices to minimize the negative impacts of Management Unit operational activities on the species.

Based on the AMDAL Document, PT Bina Daya Bentala has identified the species of flora and fauna that are protected throughout its work area, key species of flora being ramin (*Gonystylus bancanus*) while the tiger (*Panthera tigris*) is the main fauna species. Observation has shown that the tiger is to be found in both the protected and production areas and the Management Unit has protected the riparian areas that are its habitat and movement corridors. These measures include the installation of warning signs, plus a ban on hunting.

PT Bina Daya Bentala implements a no-burn policy in land preparation activities, conducts a compartment system, maintains appeal boards and fire hazard index boards. From the results of observations and field interviews, PT Bina Daya Bentala has implemented forest protection measures against fires.

The Management Unit has implemented participatory steps relating to livestock grazing activities, whereby no livestock grazing by the surrounding communities is permitted thus avoiding negative impacts on forest regeneration, growth and biodiversity.

Forest protection programs are implemented that aim at preventing or limiting forest disturbances, whether caused by human action, such as encroachment, illegal logging, livestock grazing and forest fires, or natural causes such as disease or infestation.

Results of the Public Consultation

Prior to conducting the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing October 3, 2018, requesting stakeholders to provide feedback and information about PT Bina Daya Bentala. The public

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consultation was 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.

Input was received in relation to the existence of an oil palm plantations belonging to the community within the PT Bina Daya Bentala concession. During the field audit, the audit team conducted field verification by visiting the oil palm plantation area and meeting with the chairperson, management and parties related to the stakeholder.

Based on interviews with the Palm Oil Farmers Association, and interviews with the Management Unit, plus support of documentary evidence, land conflicts began in 2012 when the company began to work in the area. The conflict resolution process involved the governments of Bonai Darussalam District and Rokan Hulu District and an agreement was finally reached in 2017 with the provision of sago livelihood plants to members of the palm oil farmers' community in compensation for them handing over 606 hectares of land previously controlled by the community to the company.

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

Based on the results of the Recertification Audit 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 15/03/2022