

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 BINTARA

TOTAL HECTARES: 7,550 ha

SCOPE OF REGISTRATION: Sustainable Forest Management in 7,550 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: October 15, 2019

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: October 17, 2019

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Priyo Handoko

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS : -

MINOR CARS : -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Estate Libo	Minas District, Siak Regency, Riau Province, Republic of Indonesia	October 15 to 17 2019
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	

Brief Description of the concession

PT Bina Daya Bintara obtained its permit to manage the forest area based on the Decree of the Minister of Forestry Number SK.02 / IUPHHK / I / 2003 dated 18 January 2003. The latest decree is Decree of the Minister of Forestry Number SK.64 / Menhut-II / 2007 dated February 23, 2007 is for an area of 7,550 ha.

PT Bina Daya Bintara has a ten-year planning document based on RKUPHHK-HTI Adjustment Document: Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.8912 / MenLHK-PHPL / UHP / HPL.1 / 12/2018 dated 28 December 2018 for the period 2017 to 2026. For the Years of Activity 2018-2019, the spatial layout is: Peat Ecosystem Protection Function Area of 2,988 ha (39.58%), Staple Plant Area of 3,991 (52.86%) and Livelihood Plant Area of 571 ha (7.56%). As there has been no conversion of natural forest to plantation forest since December 31, 2010, the scope of the IFCC certification is thus for an area of 7,550 hectares.

Geographically, the work area is located between 01° 01' 51.0" to 01° 13' 28.0" North and 100° 53' 51.0" to 100° 59' 33.0" East. The work area boundaries are as follows: East: PT Rimba Rokan Perkasa; West: PT Bina Daya Bentala; South: PT Balai Kayang Mandiri; and North: State Forest. Part of the Sei Rangu Forest Group, the work area falls under the governmental administration of the District of Minas, Siak Regency, Riau Province.

The topography of the work area is flat at an altitude of 10-26 meters above sea level, while geologically it is Young Alluvium and Minas Formation. The type of soil is of the Histosol Order (Hemik Organic, Sapik Organic) and the area has a Type A climate classification (Schmidt/Fergusson). In light of the foregoing, the species cultivated is *Acacia crassicarpa*.

In further detail, the soil types in the PT Bina Daya Bintara area are Fluvaquents (alluvial or regosol), Tropaquents (Aluvial, Andosol, Regosol) and Tropohemissts (peat). The depth of the peat in the area ranges from 50 to 270 cm. General soil conditions have limiting zones (swampy), acidic soil pH (4-6) and low to moderate soil fertility. The unit of land and soil in the working area is the oligotropic peat dome. Freshwater is peatland with a thickness of >2 meters, flat and slightly convex.

The detailed plan for the recovery of peat ecosystem functions is explained in the Peat Ecosystem Recovery Plan Document, the Determination of Groundwater Surface Height Control Points and Rainfall Monitoring Station Points of PT Bina Daya Bintara based on Decree of the Director General of Pollution and Environmental Damage Control Number 126 / PPKL / PKG / PKL. 0/11/2018 dated 29 November 2018. PT Bina Daya Bintara is in the process of revising the RKUPHHK Documents based on the these Recovery Documents 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 the Determination, Determination and Management of Peat Dome Peat Based on Peat Hydrological Unity.

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

There are no indigenous peoples with customary rights in the communities around PT Bina Daya Bintara's concession. According to its RKUPHHK HTI document, Bonai Village has a population of 3,200, while Kasang Padang Village has 3,514 inhabitants, almost all (97%) of who work in the agricultural sector.

PT Bina Daya Bintara continues to make efforts to resolve conflicts that occur within its work area in accordance with its standard procedures. These include the mapping and detailed reporting of each case of conflict from initial report through to final resolution and the results of such actions. PT Bina Daya Bintara also maps and reports on areas of potential conflict on an ongoing basis and its current conflict status is Alert.

PT Bina Daya Bintara maintains large scale maps of both its own concession area and the surrounding villages as reference for the resolution of any claim to land within the work area. There is also a copy of the Decree of the

President Director of PT Bina Daya Bintara dated January 4, 2019 in regard to the organizational structure for the conflict resolution team.

There annual report on the Realization of Conflict Resolution during 2018 reveals the reporting of encroachments into its work area to the police, socialization to those who have cleared land within the concession area, attended by the village head, and a logbook of claims submitted, as well as complaints, and requests for assistance.

PT Bina Daya Bintara has identified and respects the legal rights of the local community, providing them access to utilize non-timber forest products (NTFPs) for economic purposes. Records of utilization of NTFPs (fish in particular) are kept to ensure this is on a sustainable basis. PT Bina Daya Bintara has entered into an agreement with the surrounding community in regard to forest management, plus there is an Agreement between the Director of PT Bina Daya Bintara and Head of Hamlet and the Community Leader on May 20, 2005.

PT Bina Daya Bintara continues to provide support for the development of the surrounding community. The Community Development Program Agreement for 2019 dated March 5, 2019 was signed by the President Director and includes activities to be carried out in the fields of education, health, religious affairs, economics and infrastructure, as well as social and environmental assistance. The realization report on the previous year's program reveals that almost all planned activities were carried out.

Description of the ecological conditions of the concession

The Management Unit has conducted analysis of forest ecosystem and hydrological function management activities which has identified those that have significant impacts, plus conducted an environmental impact assessment through: implementation of AMDAL activities, RKL RPL of PT. Bina Daya Bintara in 2003. Moreover, implementation of environmental management and monitoring is presented in the Environmental Permit Implementation (RPL / RKL) report that is forwarded to the requisite authorities each semester.

Among the areas monitored according to standard operating procedures are the physical and chemical properties of the soil to determine any changes in its health; soil erosion caused by disturbance during land clearance, etc. that affects such physical properties as permeability; hydrology and water discharge, which is affected largely by rainfall, and; sedimentation, whereby soil particles enter the river.

To further minimize the negative impacts of its operations, the Management Unit has implemented Reduced Impact Logging activities, which are carried out at three distinct stages: pre-harvesting, during harvesting, and post-harvesting. This is to ensure the most effective logging procedures with the minimum of disruption to the forest ecosystem and non-disturbance of protected areas.

Care is also taken in the identification and protection of areas that function for the protection of land and water, which are allocated as protected areas of 957 ha (12.68%) consisting of 747 ha (9.89%) of riparian area, KPPN of 140 ha (1.85%) and DPSL / KPSL of 70 ha (0.93%); difference in percentages due to rounding. The Management Unit also carries out biodiversity management activities, through identification, and an inventory of protected, endemic, rare and threatened / endangered flora and fauna in the concession area. The results of the identification and inventory are reported to the requisite authorities each semester. PT Bina Daya Bintara has not cultivated any genetically modified tree species in the concession, the main plant species cultivated being *Acacia cracicarpa*.

The Management Unit has carried out Forest Protection activities to identify and monitor disturbances in Sustainable Forest Management. The Management Unit has documented procedures for the prevention and management of natural attacks of disease or infestation, which involve the use of chemical pesticides in the field. It also has documented procedures for the handling of chemical pesticides, fuel spills, lubricants and chemicals, plus hazardous waste and toxic materials (B3).

PT. Bina Daya Bintara has implemented forest protection measures against fire hazards through regular patrols and other appropriate preventative measures, together with the necessary equipment to counter outbreaks of fire.

Results of the Public Consultation

Prior to undertaking the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing October 5, 2019, which asked stakeholders to provide feedback and information on PT Bina Daya Bintara. 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 newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also collected information from the mass media about PT. Bina Daya Bintara, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, comprising legal aspects that include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the field of certification, which is registered for an area of 7,550 hectares.

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

Based on the results of the Recertification Audit of PT Bina Daya Bintara, 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 December 26, 2022 provided that PT Bina Daya Bintara maintains its surveillance schedule and does not have any major non-conformities at the time of the next surveillance visit.