

Public Report Sustainable Forest Management System

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AJA EUROPE
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 of Plantation Forest covering 7,550 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: August 10, 2017

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: August 12, 2017

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 4

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Bina Daya Bintara	Libo –Minas District , Siak Regency, Province of Riau, Indonesia	August 10-12, 2017
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

PT Bina Daya Bintara was granted a forest management license based on the Decree of the Minister of Forestry Number SK.02 / IUPHHK / I / 2003 dated January 18, 2003. The latest decree is the Decree of the Minister of Forestry Number SK.64 / Menhut-II / 2007 dated 23 February 2007 for an area of 7,550 ha, wherein the forest functions within the working area consist of Limited Production Forest (HPT) of 6,100 ha and Permanent Production Forest (HP) of 1,450 ha.

In respect to its sustainable forest management, PT Bina Daya Bintara has made a master plan, which is Revision of the Work Plan of Timber Forest Product Utilization (RKUPHHK-HTI) in plantation forest for the 10-year period from 2009 to 2018, as approved by Ministry of Forestry Decree 95 / VI-BUHT / 2013 dated December 19, 2013. Spatial Planning consists of: Protected Area of 957 ha (12.68%), Infrastructure Facility of 80 ha (1.06%), Primary Plant Area of 3,994 ha (52.90%), Indigenous Plant Area of 690 ha (9.14%), and Livelihood Plant Area of 1,829 ha (24.23%); total 100.01% due to rounding. There has been no conversion of natural forest to plantation forest after December 31, 2010, and thus the scope of the IFCC certification is for 7,550 hectares.

Based on its location, the working area falls under the governmental administration of Minas District, Siak Regency. The working area is bounded to the North by: State Forest; to the South by: PT Balai Kayang Mandiri; to the East by: PT Rimba Rokan Perkasa; and to the West by: PT Bina Daya Bentala.

The topography of the working area is flat, and it has Climate Type A. The type of tree cultivated is *Acacia crassicarpa*.

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

Based on ANDAL documents and interviews with the village heads of Bonai and Kasang Padang, villages the people living in the concession area are Malay, there being no indigenous people as determined in accordance with the law.

The Management Unit of PT Bina Daya Bintara has in place standard procedures for conflict resolution. The scope of the procedure includes recognition of community rights that can be proven by the former farming, land preparation, village, cemetery complex or cultural heritage. The procedure involves full documentation of the whole process from the initial raising of grievance through the whole resolution procedures and recording of the form of successful settlement. Settlement may be by means of plant growth compensation, partnership pattern, HTR, or CSR program.

There is a Letter of Agreement between PT. Bina Daya Bintara and the Kasang Padang Village Community related to Acceptance of Acacia Wood Fee, dated August 03, 2010.

There is a Letter of Agreement between PT. Bina Daya Bintara and the Bonai Village Community related to Wood Fee Receipt, dated May 20, 2005.

The Management Unit undertakes Corporate Social Responsibility/ Community Development (CSR/ CD) programs with the villages of Bonai and Kasang Padang. The programs cover support activities in the economic field, infrastructure assistance such as road repair, and donations towards religious and social activities.

Description of the ecological conditions of the concession



Per its AMDAL Document, the Management Unit has identified forest management activities that have significant impact on chemical and physical (erosion, sedimentation, water quality, soil fertility, microclimate) and biological (standing potential, species diversity, pests, habitat changes) aspects of forest management. The Management Unit has made efforts to minimize the negative impacts of the RKL (Environmental Management Plan) / RPL (Environmental Monitoring Plan) report, the results of which are reported to the requisite authorities on a periodic basis. Reduced Impact Logging activities are carried out with stages: before harvesting, during harvesting operations, and after harvesting activities. Identification of areas requiring soil and water protection has been made through the allocation of 957 ha of protected areas (2.68%) consisting of 747 ha of riparian areas, 140 ha of KPPN, and 70 ha of DPSL / KPSL.

Components that are managed and monitored across the plantation working area comprise physical, chemical and biological components. Physical and chemical components include; microclimate, air quality, soil fertility, soil erosion, river discharge, sedimentation, water quality and fire hazards. Biological components, meanwhile, include not only protected plant and animal species, but also the health of all plant species. The main plant species cultivated in PT Bina Daya Bintara is not a genetically modified tree species. but *Acacia cracicarpa*.

Besides activities to socialize the importance of the forest areas and the need to maintain security, the management unit has undertaken forest protection activities to identify and monitor disturbances to its sustainable forest management. These include routine patrols to guard against the likes of incursions, illegal land clearance, lighting of fires, etc., as well as to identify any indication of disease or infestation by pests.

PT. Bina Daya Bintara has also implemented forest protection measures against the outbreak of forest or land fires, implementing appropriate measures to monitor potential hotspots and swiftly combat any outbreaks that may occur.

The Management Unit implements standard methods for the handling of hazardous waste materials (B3), which include an inventory of waste, source, and estimated amount. All such waste is regularly collected and retained in temporary storage until its collection by a licensed disposal company.

Results of the Public Consultation

Prior to performing the Surveillance Audit 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing August 1, 2017, asking stakeholders to provide feedback and information on PT Bina Daya Bintara. The public consultation was uploaded to PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper.

There was a public consultation response posted by the Bonai Darussalam Sub-district Head to PT AJA Sertifikasi Indonesia dated August 9, 2017, the results of the field verification being as follows:

At a meeting with the sub-district secretary at the Bonai Darussalam District Government offices on August 11, 2017, the need to improve communication and coordination between PT Bina Daya Bintara and the district government in regard to handling forest and land fires was raised, as this had been touched on by the task force for forest and land fire prevention at the sub-district level. In addition, the district government had submitted a proposal to PT Bina Daya Bintara but as of this date had yet to receive any response.

The public relations department of PT Bina Daya Bintara confirmed that the Company was addressing its communication and coordination with the district government of Bonai Darussalam, the current hiatus being caused by the appointment of new public relations staff just 2 weeks previously who did not as yet know either the terrain or the government personnel at the district level; this is exacerbated by the fact that access to the sub-district office entails a 3 to 4 hours journey. This notwithstanding, the Company will improve communication and coordination with the government at both village and sub-district level. In regard to the proposal from the sub-district, a review will be undertaken to determine whether it has received approval from Head Office. If such budgetary approval has been granted then the proposal will soon be realized.



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

The results of Surveillance Audit 1 of PT Bina Daya Bintara revealed four (4) Minor Non-Conformities, as follows:

NO	Non-conformities	Corrective Action performed	Category
1.	The Management Unit was unable to show that all heavy equipment operators had the necessary licenses to operate the equipment. Indicator : I.1.13	<ul style="list-style-type: none"> - On September 12, 2017, PT Bina Daya Bintara terminated its cooperation with the contractor. - The Management Unit will ensure every heavy equipment operator of its partners / contractors holds the necessary license for the foreseeable future 	Minor
2.	The Management Unit has not yet carried out any further identification of the land claimed by the community and has no settlement plan for the land occupied by the people of Kasang Padang and Pauh villages Indicator : I.9.5	FCHSE has identified the land claims and conducts periodic monitoring of the entire area, either directly or indirectly (using drones) in addition to installing bans for encroachment in several strategic locations.	Minor
3.	The Management Unit has not been able to show the results of the morning-specific MCU of chemicals-related workers (warehouse officers, media mixers and spraying operators) Indicator : I.12.1	The Management Unit plans MCUs for spraying workers and chemical mixers to take place by June 2018	Minor
4.	<ul style="list-style-type: none"> - Heavy equipment operators did not use masks and glasses when operating the equipment as required by the SOP. - Spraying officers did not use the mask as required by the SOP Indicator : I.12.4	The Management Unit will procure the use of PPE according to the requisite SOPs	Minor

Conditions under which the certificate is issued

Certificate is valid until (27/12/2019), provided that PT Bina Daya Bintara completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problems at the next Surveillance visit. If the non-conformities are not closed at the next Surveillance, the certificate may be suspended until such time as AJA is able to perform a closeout visit.