

Public Report Sustainable Forest Management System

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CLIENT NAME: PT BALAI KAYANG MANDIRI

TOTAL HECTARES: 15,972.46

SCOPE OF REGISTRATION: Sustainable Forest Management of 15,972.46 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: February 04, 2020

AUDIT END DATE: February 07, 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

LEAD AUDITOR: Abdullah Mujahid


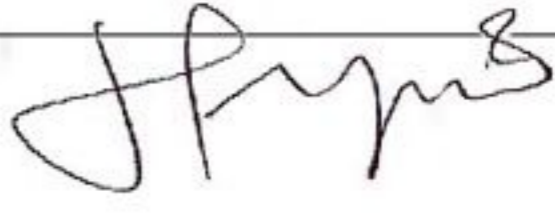
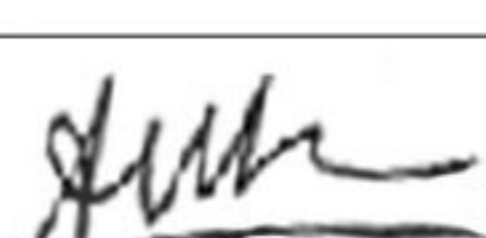
SIGNATURE:

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:
PT Balai Kayang Mandiri	Tasik Betung Village, Sungai Mandau District, Siak Regency, Riau Province, Republic of Indonesia	February 04 to 07, 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	
N/A		

Brief Description of the concession

The total area of PT Balai Kayang Mandiri based on the latest Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.642 / MenLHK / Setjen / HPL.0 / 12/2018 dated December 31, 2018 is 16,514 hectares, consisting of Block Minas I area of 3,289 ha, Minas Block II of 5,381 ha and Serkap Block of 7,844 ha. There has been a conversion of 541.54 ha of natural forest into plantation forest since December 31, 2010, thus the scope of IFCC certification is 15,972.46 ha.

The Management Unit has a ten-year plan based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.6071 / MenLHK-PHPL / UHP / HPL.1 / 6/2019 dated June 28, 2019 regarding the Approval of Revised Business Plan for Utilization of Timber Forest Product from Industrial Plantation Forest (RKUPHHK-HTI) for the Period of 2017-2026 on behalf of PT Balai Kayang Mandiri in Riau Province. The spatial plan is as follows: Local Protected Areas and Other Protected Areas of 11,046.52 ha (66.89%); Staple Plant Area of 3,971.00 ha (24.05%) and Livelihood Plant area of 1,496.48 ha (9.06%).

General description of work area location based on geographical location, government administration location, forest administration location. The detailed location of each block is as follows:

1. Minas-I Block

- o Geographical location: 101° 52' 33" to 101° 55' 30" East and 01° 03' 09" to 01° 08' 23" North
- o Borderline:
 - North: -
 - South: Minas-II Block
 - West: Wildlife Reserve of Giam Siak Kecil
 - East: HPK
- o Government Administration: Siak and Sungai Mandau District, Siak Regency, Riau Province
- o Type of species: Forest Conservation Program (not planted)

2. Minas-II Block

- o Geographical Position: 100° 49' 33" to 101° 57' 30" East and 00° 57' 09" to 01° 00' 33" North
- o Borderline:
 - North: Minas-I Block
 - South: IUPHHK-HT Seraya Sumber Lestari
 - West: Wildlife Reserve of Giam Siak Kecil
 - East: HPK
- o Government Administration: Siak and Sungai Mandau District, Siak Regency, Riau Province
- o Type of Species: *Acacia crassiparpa*

3. Tasik Besar Serkap Block

- o Geographical Position: 102° 21' 30" to 102° 33' 15" East and 00° 37' 03" to 00° 41' 58" North
- o Borderline
 - North: IUPHHK-HT PT. Hutani Seraya Lestari
 - South: PT. Putra Riau Perkasa
 - West: planned area for Nature Preserve of Tasik Metas
 - East: Production Forest
- o Government Administration : Siak and Sungai Apit District, Siak Regency, Riau Province
- o Type of Species: Forest Conservation Program (not planted)

The topographical condition of PT Balai Kayang Mandiri is gentle sloped land between 0-8%. Based on the Schmidt Ferguson climate classification system, the concession is included in the type of wet climate (Type A) with a Q value of

0.11-0.12%. Existing soil conditions including Dystric Type Histosol. Minas Block 2 based on the land map of the Riau Province scale of 1: 500,000 (Soil Research Center and Bogor Agro-climate, 1993) soil types in the Management Unit area are dominated by peat soils (organosol), which produce three types of soil namely fibric, hemic and sapric organosols. The working area is peatland, thus water management is needed. The area of PT Balai Kayang Mandiri is included in the Siak Kecil River Basin and Rawa River Basin.

The Management Unit has a record of peatland management in the form of canal construction and construction of water gates and dams to control water levels. For monitoring the Management Unit has a water level monitoring point, groundwater monitoring with a piezometer (water table) and monitoring subsidence.

The plantation forest area managed in the Minas-II Block gets its water supply from rainfall (precipitation), depletion from the forest area to the south (outside the concession) and the PEMDA canal with a large enough watershed. There is no main river flowing in the location but tributaries which flow towards the *Tasik* (lake) of Air Hitam. Within the staple plant area, a canal network has been built with two outflows also leading to the lake. Hydrological monitoring is carried out at two locations in accordance with the water system in the area, namely; out-flow (canal outflow-1) to the Tasik Banyan and upstream of the Tasik Air Hitam (outflow-2), while the Tasik Air Hitam and Tasik Beringin are not monitored because the only entry is from Siak Kecil river.

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

The community living around the PT Balai Kayang Mandiri concession is a local community, and there are no customary law communities around the company's concession. Based on the PT Balai Kayang Mandiri Forest Village Community Empowerment Operational Plan, the residents' livelihoods are as oil palm, rubber, and rice farmers. In addition to plantations, the community also fish in the company's canals.

PT Balai Kayang Mandiri has made conflict resolution efforts with the surrounding community. There is a Standard Operational Procedure for Land Conflict Resolution dated May 1, 2017, signed by the company board. There is a Document of Report on the Conflict Mapping of PT Balai Kayang Mandiri, which provides evidence of conflict resolution efforts undertaken by PT Balai Kayang Mandiri.

PT Balai Kayang Mandiri has entered into an agreement with the surrounding community, there being Minutes of Agreement between PT Balai Kayang Mandiri and the Tasik Betung Village Community, on January 30, 2020, signed by company representatives, the Village Head, the Village Consultative Body (*Bapekam*), and community figures. The agreement covers: CD program, CSR, PMDH, utilization of NTFPs; concession boundary arrangement; Annual Work Plan 2020; socialization of Vision and Mission, company policy, environmental policy, occupational health and safety; dissemination of forest and land fires and the presence of protected areas.

There are Minutes of Approval and Agreement on PT Balai Kayang Mandiri's 2019 concession boundary with Tasik Betung Village, cooperation agreement on Non-Timber Forest Product utilization, cooperation agreement on prevention and management of forest and land fires dated the same date as the formation Fire Concerned Community Groups.

PT Balai Kayang Mandiri has carried out corporate social responsibility activities for the surrounding communities, namely community empowerment covering economic, social and cultural, religious, educational and human resources development, infrastructure and community empowerment of the forest village (social management) activities in 2019.

Description of the ecological conditions of the concession

The Management Unit has conducted forest ecosystem and hydrological function management activities, which have identified forest management activities that have significant impacts, plus conducted an environmental impact assessment through the implementation of AMDAL activities, RKL RPL of PT Balai Kayang Mandiri in 2003. Furthermore, the implementation of management and monitoring the environment is presented in the Environmental Permit Implementation (RPL / RKL) report each semester.

Reduced Impact Logging activities are carried out in stages: before harvesting (pre-harvesting), during harvesting, and after harvesting (post-harvesting). Identification of areas that function for the protection of land and water is allocated in the Local Protection Areas and Other Protected Areas of 11,046.52 ha (66.89%), which consist of Riparian Zones of 411.44 ha (2.49%); KPPN of 433.00 ha (2.62%); DPSL of 291.00 (1.76%); HL GSK buffer zone of 2,239.00 ha (13.56%); Peat Protection Area of 7,672.08 ha (46.46%).

Based on the RAL and RPL ANDAL documents of PT Balai Kayang Mandiri, 2003, the Management Unit has documented procedures that guide the monitoring of negative impacts due to forest management activities, These include monitoring of protected areas, discharge monitoring of water quality, and for monitoring density and soil erosion.

The Management Unit has carried 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 in the Environmental Permit Implementation Report each semester. The staple plant species cultivated at PT Balai Kayang Mandiri are not genetically modified tree species but *Acacia cracicarpa*.

The Management Unit has conducted forest protection activities, which have identified and monitored disturbances in Sustainable Forest Management, be they of a human or a natural source. The Management Unit conducts regular patrols as well as maintains boundary markers and warning notices, plus regularly socializes the company's annual work plan. The Management Unit also has documented procedures to prevent and deal with natural attacks, such as pest infestation and diseases. When natural methods will not suffice it has documented procedures for the use of chemical pesticides in the field, as well as SOPs for handling the spillage of fuel oil and chemicals, and SOP for the storage and handling of hazardous and toxic waste materials (B3)

PT Balai Kayang Mandiri has implemented forest protection measures against fire hazards and works together with the local community through the Fire Care Society it has set up with the local villagers.

Results of the Public Consultation



Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing January 25, 2020, requesting stakeholders to provide feedback and information about PT Balai Kayang Mandiri. The public 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. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultation.

The audit team also collected information from the mass media about PT Balai Kayang Mandiri, 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 rules and regulations and international conventions. The management system has been established to cover all activities in the field of certification, which is registered for an area of 15,972.46 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 Surveillance 2 Audit, 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, 2021).