

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. BALAI KAYANG MANDIRI

TOTAL HECTARES: 15,972.46
 hectares

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 1

AUDIT START DATE: February 12, 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: February 15, 2019

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: R Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 1

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 12 to 15, 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 Balai Kayang Mandiri conducts operational activities in the concession area based on the new definitive decree, namely the Decree of the Minister of Forestry Number: SK.57 / Menhut-II / 2013 dated January 23, 2013 with a working area of 16,514 Ha. Final Decree: 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 concerning Amendment to Decree of the Minister of Forestry Number SK.20 / Menhut-II / 2007 dated January 5 2007 Regarding Renewal of Business Permit for Utilization of Timber Forest Products in Plantation Forests on Behalf of PT Balai Kayang Mandiri Over Production Forest Area of approximately 22,250 hectares in Riau Province. In this latest decree, PT Balai Kayang Mandiri covers an area of 16,514 hectares consisting of: Minas I Block with an area of 3,289 hectares, Minas II block with an area of 5,381 hectares and a broad block of 7,844 hectares.

In the operational implementation of forest management, the Management Unit has RKUPHHK-HTI documents, which have been ratified based on: Republic of Indonesia Minister of Environment and Forestry Decree Number SK.5663 / MenLHK-PHPL / UHP / HPL.1 / 9/2018 September 5, 2018 Concerning Approval of Plan Adjustment Work for the Utilization of Timber Forest Products in Industrial Plantation Forest (RKUPHHK-HTI) Period 2017 to 2026 in the Activities of 2018 to 2019 on behalf of PT Balai Kayang Mandiri in Riau Province.

In the RKUPHHK-HTI document, the Management Unit has structured its working space into: Peat Ecosystem Protection Area with an area of 14,104.77 ha (63.39%), Staple Plants with an area of 3,971 ha (17.85%) and Livelihood Plants with area of 4,174 hectares (18.76%), with total area of 22.249.77 hectares (100%).

There was conversion of natural forest to plantation forest after December 31, 2010 covering an area of 541.54 ha. So that the overall scope of certification is 15,972.46 ha.

Description of the location of work area based on geographical location, location of government administration, location of forestry administration, and boundaries in the field in detail are presented in the following table:

Description	Minas I Block	Minas II Block	Tasik Besar Serkap Block
Work area: 16,514 ha	3,289 ha	5,381 ha	7,844 ha
Geographical location	01° 03' 09" to 01° 08' 23" North, and 101° 52' 33" to 101° 55' 30" East	00° 57' 09" to 01° 00' 33" North, and 101° 49' 33" to 101° 57' 30" East	00° 37' 03" to 00° 41' 58" North and 102° 21' 30" to 102° 33' 15" East
Government administration	District of Siak and Sungai Mandau, Siak Regency, Riau Province	District of Siak and Sungai Mandau, Siak Regency, Riau Province	Sungai Apit District, Siak Regency, Riau Province
Forestry administration	Forestry Service of Riau Province	Forestry Service of Riau Province	Forestry Service of Riau Province
Forest group	Giam Siak Kecil	Giam Siak Kecil	Sungai Metas
Boundaries:			
• North	- PT. Dexter Timber (IUPHHK-HA)	- Minas I Block	- IUPPHK-HT of PT. Hutani Seraya Lestari
• South	- Minas II Block	- IUPHHK-HT of PT. Seraya Sumber Lestari	- IUPHHK-HT of PT. Putra Riau Perkasa
• West	- SM Giam Siak Kecil	- SM Giam Siak Kecil	- Planned area of Cagar Alam Tasik Metas
East	- HPK	- HPK	- HPK
Species planted	Forest Conservation Program	<i>Acacia crassicarpa</i>	Forest Conservation Program



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

The concession area, PT Balai Kayang Mandiri falls under the administrative area of Tasik Betung Village, Sungai Mandau District, Siak Regency, Riau Province. No indigenous people were found around the concession area of the company, the local community being predominantly Malay, as well as trans-migrants originating from Java.

The Management Unit has an operational standard for the procedures undertaken in land conflict resolution. This includes the mapping of all conflict areas and complete documentation from receipt of the initial complaint to satisfactory resolution on each occasion. Updated reports on conflict resolution cases are delivered to the requisite authorities on a regular basis.

There is a partnership agreement between PT Balai Kayang Mandiri and the local community in regard to the cultivation of livelihood plants, while there is also cooperation between the two parties in respect of the prevention and control of land and forest fires.

PT Balai Kayang Mandiri meets its responsibility to empower the local community through its Desa Makmur Peduli Api (DMPA) program, which provides assistance in specific areas as required by the community. In 2018, this was in the form of assistance in the process of rice cultivation.

Description of the ecological conditions of the concession

The Management Unit of PT Balai Kayang Mandiri undertakes activities to minimize negative environmental impacts in accordance with RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documentation, the results of which are reported to the requisite authorities on a periodic basis. Among the impacts monitored are various indicators relating to the health of the soil and the quality of air and water. Components that are managed and monitored across the plantation working areas include 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 pests and diseases that could cause disruption of the forest.

While infestation of pests and disease prioritizes treatment by the presence of biological agents rather than the use of chemicals, 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.

The Management Unit has taken steps to reduce the negative impacts of forest management activities on protected flora and fauna that include the management of protected areas through the installation of signboards and boundary markers. Besides monitoring and reporting the presence of flora and fauna each semester, the Management Unit prepares seedlings of local species to rehabilitate degraded flora and fauna habitat. Moreover, it prohibits hunting throughout the whole concession area through posting signboards and regular patrols.

The Management Unit has taken steps to prevent forest and land fires through setting up forest security posts and conducting regular patrols throughout the concession. Hot spots are carefully monitored both from special fire towers and by satellite. Complete firefighting facilities are on hand as well as personnel trained in their use, plus the Management Unit counsels the local community on fire hazards through the Community Fire Awareness (MPA) program.

Results of the Public Consultation

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Prior to undertaking the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing January 25, 2019, which asked stakeholders to provide feedback and information on PT. Balai Kayang Mandiri. 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 Balai Kayang Mandiri, such reported cases being given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

PT Balai Kayang Mandiri has identified all necessary requirements for this certification process, comprising legal aspect that include compliance with international regulations and conventions. The established management system includes all field activities for certification, where the area registered for certification is 15,972.46 ha.

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

Results of Surveillance 1 Audit of PT Balai Kayang Mandiri identified one (1) Minor Non-Conformity (NC) as listed below. No critical issues were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	PT Balai Kayang Mandiri has conducted vegetation analysis at the Giam Siak Kecil Buffer Zone. However, said analysis for the marking of the tree species is incomplete, the trees only being marked with a red ribbon without detailed informations as to species, height, diameter and tree number. Clause Ref I.7.1	The Management Unit will ensure that vegetation and animal identification activities are carried out in accordance with applicable procedures, regulations / provisions.	Minor

Conditions under which the certificate is issued

Certificate is valid until 15/03/2021, provided that PT. Balai Kayang Mandiri complete all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problem in the next Surveillance audit visit. If non-conformities are not closed at the next Surveillance audit, the certificate will be suspended until such time that AJA is able to perform a closeout visit.