

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
ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: STAGE 2

AUDIT START DATE: November 15, 2017
AUDIT END DATE: November 18, 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

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Rahmat Safe'i

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: _

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Balai Kayang Mandiri	Minas II - Tasik Betung Village, Sungai Mandau District, Siak Regency, Riau Province, Republic of Indonesia	November 15 to 18, 2017
PT Balai Kayang Mandiri	Minas I - Tasik Betung Village, Sungai Mandau District, Siak Regency, Riau Province, Republic of Indonesia	November 16, 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	
PT Balai Kayang Mandiri	Tasik Besar Serkap - Sungai Apit District, Siak Regency, Riau Province, Republic of Indonesia	

Document: Report Format Public - IFCC

Issue: D

Date: 15 September 2016

Brief Description of the concession

PT. Balai Kayang Mandiri conducts operational activities in the concession area based on a new definitive Letter of Decree of the Minister of Forestry Number: SK.57/Menhut-II/2013 dated 23 January 2013 with a working area of 16,514 ha.

There has been conversion of 541.54 ha of natural forest to plantations since 31 December 2010, thus based on the spatial layout of the actual plantation area of 3,747.00 ha, the scope of IFCC certification in the Staple Plant Area becomes 3,205.46 ha, while the overall scope of certification is 15,972.46 ha

PT. Balai Kayang Mandiri consists of three (3) blocks, of which only Block Minas II is cultivated, while Block Minas I and Tasik Besar Serkap Block are not cultivated and form part of a protected area under the Forest Conservation Program.

Based on Revised RKUPHHK HTI Period Year 2008-2017 PT. Balai Kayang Mandiri in Riau Province, legalized through Decree of the Minister of Forestry No. SK. 135/VI-BUHT/2011 dated October 11, 2011, the spatial arrangement of PT Balai Kayang Mandiri consists of Staple Plant Area of 3,747 ha (22.69%), Livelihood Plant Area of 3,288 ha (19.91%), Protected / Conservation Area of 9,162 ha (55.48%), and Infrastructure of 317 ha (1.92%).

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

No	Description	Block Minas I	Block Minas II	Block Tasik Besar Serkap
1.	Total work area: 16,514 ha	3,289 ha	5,381 ha	7.844 ha
2.	Geographic 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
3.	Governmental Administration	District of Siak and Sungai Mandau, Siak Regency, Riau Province	District of Siak and Sungai Mandau, Siak Regency, Riau Province	District of Sungai Apit, Siak Regency, Riau Province
4.	Forestry Administration	Forestry Service of Riau Province	Forestry Service of Riau Province	Forestry Service of Riau Province
5.	Forest Grouping	Giam Siak Kecil	Giam Siak Kecil	Sungai Metas
6.	Borders: <ul style="list-style-type: none"> • Northern • Southern • Western • Eastern 	<ul style="list-style-type: none"> - PT. Dexter Timber (IUPHHK-HA) - Blok Minas II - SM Giam Siak Kecil - HPK 	<ul style="list-style-type: none"> - Blok Minas I - IUPHHK-HT PT. Seraya Sumber Lestari - SM Giam Siak Kecil - HPK 	<ul style="list-style-type: none"> - IUPPHK-HT PT. Hutani Seraya Lestari - IUPHHK-HT PT. Putra Riau Perkasa - Rencana CA Tasik Metas - HPK
7	Type of Species	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 working area of PT Balai Kayang Mandiri has two adjacent villages, Tasik Betung Village in Mandau Sub-district and Tumang Village in Siak District, both located in Siak Regency of Riau Province. The vast majority of the villagers around the concession work as farmers, with others being fishermen, civil servants or in private enterprise.

PT Balai Kayang Mandiri provides access to local communities to enable them to utilize non-timber forest products. Based on the field documents and verification, the non-timber forest products contained in the company's concession are fish and resin. The recapitulation report for Non-Timber Forest Product Utilization of PT BKM for the period of January to July 2017 noted the non-timber forest products utilized by the surrounding communities being various fish species.

PT Balai Kayang Mandiri has conducted forest management cooperation with the surrounding communities. A Cooperation Agreement was signed between PT Balai Kayang Mandiri and the Tasik Betung Village Community for cooperation in respect to 212 hectares of livelihood plants in the concession area. However, this cooperation cannot be implemented because of government regulation whereby the area is designated as a protected peatland area. In relation to this matter, PT Balai Kayang Mandiri has made a Chronological Report on Plant Life on 31 August 2017, which was signed by the Forest Protection and Head of HTI Unit.

PT Balai Kayang Mandiri has conducted cooperation with the local community to prevent forest fires, signing cooperation agreements for the prevention and control of land and forest fires with representatives of the village leadership of the two villages.

The Management Unit has in place a conflict resolution mechanism that is based on discussion to reach consensus. Where amicable resolution cannot be reached, then the matter is subject to mediation by a third party either from the district or regency level and involving community leaders and local *adat* stakeholders

Description of the ecological conditions of the concession

In carrying out its environmental management, PT Balai Kayang Mandiri has identified forest management activities that have significant impacts and carried out an environmental impact assessment. The impact parameters are managed and monitored, i.e. in the construction stage of the opening up of the forest area, the parameters affected include land subsidence, fire hazards, hydrology and water quality, and wildlife habitat. For land preparation activities, the parameters affected are the physical and chemical properties of the soil, soil degradation, fire hazards, protected species and changes in wildlife habitat. Meanwhile, parameters affecting planting activities include chemical properties of the soil, along with pests and plant diseases.

The Management Unit carries out environmental management responsibilities through an Environmental Management Plan (RKL) and an Environmental Monitoring Plan (RPL) to minimize negative impacts and improve environmental quality in the work area, the documentation being reported to the Regional Environmental Agency (BLHD) each semester. In so doing, the Management Unit carries out the following activities: monitoring of protected areas; monitoring of erosion and soil quality; monitoring of water discharge and quality; management of hazardous and toxic wastes (B3); and management and monitoring of protected flora and fauna.

Results of the Public Consultation

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Prior to carrying out the Stage 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing on November 10, 2017, which asked stakeholders to provide feedback and information on PT. Balai Kayang Mandiri. Public Consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email and / 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 items being considered as material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

PT Balai Kayang Mandiri has identified all the requirements required for this certification process, from the legal aspect and compliance with international regulations or 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.

The results of the Stage 2 Audit of PT Balai Kayang Mandiri revealed two (2) Minor Non-Conformities (NC) as listed below. No critical issues were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	Boundary compartment sign was not clear in the field verification. Clause Ref I.4.1	The Management Unit has prepared a maintenance plan for the plot boundaries to be clearly marked on a periodic basis.	Minor
2	Field verification revealed there were no starting point marking boards in some areas. Clause Ref I.5.2	The Management Unit will monitor the information boards on a periodic basis to ensure the start-point information board has been installed	Minor

Conditions under which the certificate is issued

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