

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



JOB NUMBER: AJA/IFCC-042

CLIENT NAME: PT BINA DAYA BINTARA

TOTAL HECTARES: 7,550
hectares

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 7,550 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: July 26, 2016

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: July 28, 2016

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Ardi Prasetyo

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARs: 0

MINOR CARs: 5

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):

NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):

SELECT OPTION

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows):	DATE OF EACH SITE VISIT:
PT Bina Daya Bintara	Libo – Kecamatan Minas, Kabupaten Siak, Provinsi Riau, Indonesia	July 26-28, 2016
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 (If more than 4 additional sites have been registered please add additional rows)	
N/A		
REF No:	ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows)	
N/A		

Brief Description of the concession and its natural and socio-economic conditions.

PT Bina Daya Bintara received its forest management permit under Minister of Forestry No. SK.02 / IUPHHK / I / 2003 dated January 18, 2003, together with the later Decree of the Minister of Forestry No. SK.64 / Menhut-II / 2007 dated February 23, 2007 for an area of 7,550 ha. The functions in the work area consist of Limited Production Forest (HPT) covering an area of 6,100 ha and Permanent Production Forest (HP) covering an area of 1,450 ha. Administratively, the work area is located in the District of Minas, Siak Regency. The topography is a flat working area, with climate type A, while the type of staple plant being developed is *Acacia crassicarpa*.

PT Bina Daya Bintara has created management plans for its sustainable forest management as per the Revised Work Plan for Utilization of Forest Wood Industrial Plantation Forest (RKUPHHK-HTI) for the 10-year period of 2009 through 2018 approved per Decree 95 / VI-BUHT / 2013 dated December 19, 2013 of Kehutanan Dirjen Minister of Forestry Enterprises. The document contained the following Spatial Planing comprising: staple plant area covering 3,994 ha (52.90%); indigenous plant area of 690 ha (9.14%); livelihood plant area of 1,829 ha (24.22%); infrastructure area of 80 ha (1.06%); and protected areas of 957 ha (12.68%). In the short term, the management plan is implemented in line with the Annual Work Plan for Utilization of Forest for Industrial Plantation Forest (RKTUPHHK-HTI). The document RKUPHHK-HTI covers all aspects of production management, environmental governance and social governance.

In regard to achieving sustainability, plans have been set in place for each year in the revision document RKUPHHK-HTI for the period 2009 through 2018, whereby implementation of timber harvesting / production does not exceed the

Document: Report Format Public – IFCC

Issue: B

Date: 02 September 2015

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results of the arranged plan. Harvesting is carried out only on the permitted cutting blocks. The Management Unit has conducted measurements of the Permanent Sample Plot. Non-timber forest products (NTFPs) are contained in an area that cannot be used for commercial cultivation. The Management Unit has a system whereby timber wood products can be clearly identified at each stage and are accompanied by a valid document that corresponds with the legislation.

PT Bina Daya Bintara has carried out an analysis of the significant impacts of its forest management on environmental aspects, which include: 1) Components of Physical Chemistry: microclimate, physical and chemical properties of soil, hydrology and water quality, peat subsidence. 2) Biological Component: vegetation and wildlife, plant pests and principal diseases, and forest fires. The plans of the Management Unit to control the negative impact of its forest management are set out in the RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documents. Management and monitoring activities undertaken include: microclimate monitoring, measuring the chemical content of the soil, discharge measurements and water quality, measurement of peat subsidence and water level, monitoring of flora and fauna, protected area management.

PT Bina Daya Bintara has implemented management of the functions and hydrological aspects of the forest ecosystem, such as environmental impact assessment, application of reduced impact logging (RIL) procedure, the area of land protection, regional water protection, monitoring of negative impacts and the conservation of soil and water, the application procedures for B3 and handling of B3 waste, and the use of fertilizers.

PT Bina Daya Bintara implements its biodiversity management as contained in the RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documents. The Management Unit has conducted an inventory and mapping of flora and fauna, improvement of the flora and fauna habitat, assessment of the negative impact on flora and fauna, mapping of the natural ecosystem, and does not use genetically modified trees (GMO products). Inventory of flora and fauna has not yet been carried out for the entire area of the protected areas such as the wildlife protection areas (KPSL), and the river borders.

PT Bina Daya Bintara carries out activities in relation to forest protection, in the following areas: identification and monitoring of forest disturbances, implementation of procedures for the use of chemical pesticides, fire protection, protection from illegal activities, and restrictions of access for forest protection purposes. The forest areas are facing encroachment and illegal logging activities. The Management Unit seeks to maintain its protection by: utilizing a persuasive approach with the local community, conducting routine patrols and reporting to relevant agencies, and legal proceedings against the perpetrators of encroachment.

PT Bina Daya Bintara has identified the legal rights of indigenous peoples and local communities located around the working area. The Management Unit has implemented respect for the customary rights of the community. This can be seen from the agreements made between the community and the Management Unit whereby access is afforded to the public to utilize non-timber forest resources. The Management Unit has also set in place a clear mechanism for the resolution of any case of conflict.

PT Bina Daya Bintara continues to establish good relations with the surrounding community as evidenced by the identification of its social impact, recruitment of local workers, community development program, and established lines of communication with the public. Plans that have been shaped in association with the identification and optimization of positive impacts in accordance with revised RKUPHHK-HTI for the 10-year period from 2009 through 2018, include: (1) provision of opportunities, and (2) boosting income of communities by environmental management such as: (a) prioritizing use of local labor; (B) providing trading opportunities for the local population; (c) allocating work area for livelihood plants; and (d) PMDH assistance (coaching the forest village community).

PT Bina Daya Bintara has fulfilled the rights of workers in accordance with the minimum wage and enrolled them in the BPJS scheme for social security facilities. Workers also acquire housing facilities at the camp site, while the right of workers to organize is stated in the Company Regulations, which also include terms of employment, hours of work, wages, overtime pay, social security for labor, promotion, leave, the right to form trade unions, means of transport, settlement, etc.

PT Bina Daya Bintara has a K3 (Occupational Health and Safety) system in place with an organizational structure P2K3

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(Committee of Occupational Health and Safety). The Management Unit has SOP for K3 in order to maintain a safe working environment. Among the facilities the Management Unit provides is access to clean water to promote a healthy camp for its workers.

PT Bina Daya Bintara carries out monitoring and evaluation activities based on its SOP-based documented procedures that cover aspects of production, as well as environmental and social aspects. The Management Unit also ensures that summaries of its monitoring and evaluation are available to the public. The Management Unit has also identified degraded land in the working area

Prior to performing its Stage 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation, commencing July 14, 2016, asking stakeholders to provide feedback on PT Bina Daya Bintara. The public consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email and / or postal mail, and published in local newspapers. No input was received from stakeholders during the public consultation.

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

The results of this Stage 2 Audit identified five (5) minor items of non-compliance (NC). The Management Unit has already taken remedial action to address these bob-conformities, which are now closed. No critical issues were identified.

NO	Non-conformities	Corrective Action performed	Category
1.	<p>1. Monitoring of vegetation had not yet been carried out in the Wildlife Protection Areas (KPSL).</p> <p>2. In its analysis of the vegetation, the Management has not included types of flora other than the indigenous trees. Field verification, meanwhile, encountered protected flora such as the cane orchid (<i>Grammatophyllum speciosum</i>) and pitcher plants (<i>Nepenthes sp.</i>) that are not trees.</p> <p>3. In the identification of species of flora and fauna, the Management Unit had been using local names and had not yet include the scientific name of the species.</p> <p>Clause Ref: I.7.1</p>	<p>1. Determining the right time to undertake vegetation analysis.</p> <p>2. Include the undergrowth as an area of observation in the next vegetation analysis.</p> <p>3. Browse the internet to obtain the scientific name of the identified protected species.</p>	Minor
2.	<p>PT Bina Daya Bintara preserves a protected species of flora in the area of the base camp, the giant orchid (<i>Grammatophyllum speciosum</i>). Maintenance of protected flora ex-situ is permitted by the government.</p> <p>Clause Ref: I.7.2</p>	<p><i>Grammatophyllum speciosum</i> has been added to the list of protected species in the working area of PT Bina Daya Bintara, which will be disseminated to the workers</p>	Minor
3.	<p>PT Bina Daya Bintara has a Fire Tower for monitoring forest fires. However, its location at the south end of the work area means that it is not most effectively sited for such activities.</p> <p>Clause Ref: I.8.4.</p>	<p>The use of drones is being maximized as a tool to monitor forest disturbances, including fires and illegal activity in the work area in locations that are not covered by the fire watchtower.</p>	Minor

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4.	PT Bina Daya Bintara has a pesticide storage warehouse but it is not properly ventilated. Clause Ref: III.3.3	Before it becomes operational, FCHSE (Fire Control, Health Safety and Environment) department checks to ensure the feasibility of the building in accordance with the plans for its use.	Minor
5.	<ul style="list-style-type: none"> - Small fire extinguishers (APAR) are available at: estate office, fertilizer warehouse, employees residential area, and clinic. - Small fire extinguishers (APAR) had not been inspected for the month of June 2016 in FCHSE office and waste warehouse. - Control label on one fire extinguisher had the wrong date written on it. Clause Ref: I.12.2	<ul style="list-style-type: none"> • FCHSE department performs regular annual inventory to make sure that APAR are available and installed in each relevant building. • At least once a year, FCHSE conducts unannounced inspections to ensure that all installed fire extinguishers are in working order and that all details are correctly entered on the fire extinguishers themselves and the inspection checklist. 	Minor

Conditions under which the certificate is issued

The certificate is valid until 27/12/2019, provided that PT Bina Daya Bintara has completed all corrective actions according to the proposed time schedule and does not have the same problem on the next surveillance visit. If non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time as PT AJA Sertifikasi Indonesia is able to perform a closeout visit.