

Public Report Sustainable Forest Management System

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CLIENT NAME: PT Surya Hutani Jaya**TOTAL HECTARES:** 156,398 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 156,398 hectares of Plantation Forest in East Kalimantan Province

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM**TYPE OF AUDIT:** Surveillance 2 (REMOTE)**AUDIT START DATE:** March 15, 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

AUDIT END DATE: March 22, 2021**AUDITOR LEAD:** 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:
Head Office of PT Surya Hutani Jaya	Sebulu District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	March 15 and 22, 2021
Sebulu District	Sebulu District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	March 16 to 18, 2021
Muara Bengkal District	Muara Bengkal District, East Kutai Regency, East Kalimantan Province, Republic of Indonesia	March 19 to 20, 2021
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	
Santan District	Muara Kaman District, Kutai Kartanegara Regency, and Muara Bengkal District, East Kutai Regency, East Kalimantan Province, Republic of Indonesia	

Brief Description of the concession

PT Surya Hutani Jaya obtained its concession based on the Decree of the Granting of Industrial Plantation Forest Concession Rights over a forest area of 183,300 hectares in the Province of East Kalimantan to PT. Surya Hutani Jaya from the Minister of Forestry Decree No.156/Kpts-II/1996 dated April 8, 1996. There was a delineating of concession boundaries (in 1999 and 2011) as well as GIS (Geographical Information System) measurement, and the revision of Timber Forest Product Utilization in Plantation Forest Business Plan (RKUPHH-HTI) for the 10-year period 2009 to 2018, dated December 21, 2012 decree No. SK.90/VI-BUHT/2012, the concession area changed to approximately 156,398 ha. There has been no conversion of natural forest to plantation forest since December 31, 2010, so that the scope of the IFCC certification remains 156,398 ha.

The spatial planning according to RKUPHHK-HTI of 2017 to 2026, PT. Surya Hutani Jaya, East Kalimantan Province, legalized by Decree of MenLHK 553/Men LHK-PHPL/UHP/HPL.1/2/2018 dated February 12, 2018, is Peat Ecosystem Protected Function Area of 5,188 ha (3.32%), Local Protection Area and Other Protected Areas of 25,930 ha (16.58%), Staple Plant Area of 96,429 ha (61.66%) and Livelihood Plant Area of 28,557 ha (18.26%).

The geographical location of the concession is at 00° 4' to 00° 20' North and 116° 47' to 117° 14' East; Based on the government administration area, it is included in Sebulu District, Muara Kaman, Kutai Kartanegara Regency and Muara Bengkal District, Kutai Timur Regency, East Kalimantan Province.

The boundaries of the PT Surya Hutani Jaya working area are as follows :

- North side: IUPHHK-HTI PT Permata Hijau Khatulistiwa and Kutai National Park
- East side: Kutai National Park, IUPHHK-HT PT Sumalindo Hutani Jaya Unit II and PT Indominco Mandiri Mining
- South side: APL / Community Land / Oil Palm Plantation PT Teguh Jaya Abadi
- West side: APL / Community Land / PT Khaleda Oil Palm Plantation
- Oil Palm Plantation of PT Anugerah Urea Sakti inside the concession, but not a part of it.

Climatic conditions based on Schmidt-Ferguson classification is included in type A (Very wet) with a value of Q = 11.2% and an annual rainfall of 2,265.9 mm. The work area of the Management Unit has the following topography: 38.70% slope class A (0 - 8%), 32.72% slope class B (8 - 15%), 18.67% slope class C (15 - 25%), 10.82% slope class D (25 - 40%), and 1.09% slope class E ($\geq 40\%$). Geological formations consist of Alluvial Deposits (Qa), Lake Deposits (Qal) Palaubalang formation (Tmpb), Pemaluan formation (Tomp), while soil types are: Tropaquepts, Fluvaquents, Tropoquents, Placaquods, Tropopsaments, Tropohemists, Tropofibrits, Fluvaquents, Tropodults, Troposaprist, Distropets.

The species of plants cultivated by the Management Unit as staple plants are *Acacia crassicarpa*, *Acacia mangium* and *Eucalyptus* sp.

The Management Unit referring to the Minister of Environment and Forestry Regulation Number P.17/MENLHK/SETJEN/ UM.1/2/2017 in in the Revised RKUPHHK-HTI of 2017 to 2026. According to the peat function map, part of PT. Surya Hutani Jaya is included in the Peat Ecosystem Protection Function (FLEG) of 1,886 hectares, Peat Ecosystem Cultivation Function (FBEG) of 3,596 hectares, and mineral land of 150,916 hectares. This area includes the area for other uses (APL). The Peat Ecosystem Protected Function Area (FLEG) is in the form of river border and thickets. Thus, the Management Unit submitted a request to carry out field verification related to the peat ecosystem area. Soil types in the Peat Ecosystem Cultivation Function (FBEG) are Ultisols and Inceptisols.

Detailed plans for restoring the function of the peat ecosystem are described in the Peat Ecosystem Recovery Plan Document, Determination of Groundwater Level Compliance Points and Rainfall Monitoring Station Points for PT Surya

Hutani Jaya based on the Decree of the Director General of Pollution Control and Environmental Damage No. SK101/PPKL/PKG/PKL.0/9/2018 dated September 21, 2018. PT Surya Hutani Jaya is in the process of revising the RKUPHHK Document by referring to the Recovery Document above and Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.10/Menlhk/Setjen/Kum.1/3/2019 in Determination, Determination and Management of Peat Dome Peak Based on Peat Hydrological Unit.

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

The livelihoods of the residents living around the concession are rice farmers and oil palm plantations. Apart from working in the agricultural sector, the surrounding community also makes a living from coal mining. The residents are local people who come from the surrounding area and some are transmigrants. PT Surya Hutani Jaya has made conflict resolution efforts with the surrounding community. Based on the Report on Potential Mapping and Conflict Resolution Semester I of 2020, the conflict situation at the IUPHHK level is at a score of 58% or categorized as alert.

The Management Unit has collaborated with the surrounding community. There were cooperation agreements for the Desa Makmur Peduli Api Program in the two sample districts. This is an effort to reduce forest fires by developing other sources of livelihood and not burning the forest. The agreement is valid for 5 years. The cooperation program implemented in Sebulu District includes the development of micro, small and medium enterprises (MSMEs), in making cassava chips and developing horticulture such as rice, flowers, fruits and vegetables cultivation, and drinking water depot business development. Meanwhile in Muara Bengkal District, the cooperation includes the development of flaked maize farming, palm sugar, and making *salai* fish (smoked fish).

PT Surya Hutani Jaya has carried out a corporate social responsibility program for the communities around the company's concession. The social assistance is in infrastructure sector (road repair), assistance with social services (oil fuel, sacrificial animals, covid-19 response assistance, FPIC activities, Christmas activities for assisted villages, and social assistance to institutions, assistance for MTQ activities.

Description of the ecological conditions of the concession

The Management Unit has carried out Management of Forest Ecosystem and Hydrological Functions through the following activities:

- Identification of forest management activities with significant impacts, and conducting environmental impact assessments.
- Reduced Impact Logging activity is carried out in stages: before harvesting activities (pre-harvesting), during harvesting operations, after logging activities (post-harvesting).
- Identification of areas that function to protect land and water, which are designated as a Local Protection Area And Other Protected Areas. The Management Unit has allocated a Peat Ecosystem Protected Function Area of 5,482 ha (3.51%) and Local Protected Areas and Other Protected Area of 25,930 ha (16.58%). The latter consists of the Riparian Area of 7,767 (4.97%); Slope E> 40% of 3,828 ha (2.45%); KPSL of 9,418 ha (6.02%); KPPN of 1,588 ha (1.02%); Buffer Zone of Kutai National Park of 3,316 ha (2.12%) and springs of 13 ha (0.01%). The protected areas in each sample districts are as follows:
 - Sebulu District: Protected Function Area for Peat Ecosystem of 5,482 ha and Local Protected Areas and Other Protected Areas of 5,202 ha consisting of River Border of 3,5380 ha, Slope E> of 1,416 ha, KPSL of 175 ha, KPPN of 218 ha and springs of 13 ha.
 - Muara Bengkal District: Local Protected Areas and Other Protected Areas of 5,901 ha consisting of Riparian Area of 2,844 ha, KPSL of 1,576 ha and Buffer Zone of 1,481 ha.
- Monitoring of negative impacts of forest management activities in concession areas is carried out in accordance with documented procedures for Monitoring Protected Areas, Monitoring of Discharge and Water Quality and for Monitoring of Erosion.

The Management Unit has carried out biodiversity management activities through the following activities:

- Identification and inventory of protected, endemic, rare and threatened / endangered flora & fauna in the concession areas. There is a map of fauna distribution, although no flora distribution map as yet.
- Protected Area Management is carried out in accordance with the standard procedure for Determining and Monitoring Protected Areas.
- In managing the key species (Orangutan) PT Surya Hutani Jaya has formed an Orangutan Task Force Team in collaboration with the BKSDA of East Kalimantan Province, Kutai National Park and the Ecositrop Institute.
- The staple plant species cultivated are not genetically modified tree species, being *Acacia crassicarpa*, *Acacia mangium* and *Eucalyptus* Sp.

The Management Unit has carried out forest protection activities, be they from human or natural causes:

- Threats for the forest are the danger of forest fires, illegal area encroachment or land occupation. The Management Unit has carried out identification and monitoring activities for PHL disturbances. The Management Unit has established a documented procedure, which includes protection and security, forest fire control, monitoring and control, protection of protected area areas, land conflict resolution, overlapping land settlement, guard post, entry and exit of employees' vehicles, guests and communities.
- Has a documented procedure to prevent and manage pest attacks, utilizing manual, natural or pesticide approaches as deemed suitable.
- Besides Integrated Pest and Disease Management, there are also documented procedures for Weed Control, Handling Spills of Fuel, Lubricants and Chemicals and for the Management of Hazardous and Toxic Waste.
- There are no livestock grazing activities by the community in the concession area.
- Implementation of appropriate steps in forest protection activities are applied including regular patrols.

Results of the Public Consultation

Prior to performing the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing February 25, 2021, asking stakeholders to provide feedback and information about PT Surya Hutani Jaya. The public consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to parties via email or postal mail, and published in local newspapers.

PT AJA Sertifikasi Indonesia received input from a stakeholder during the public consultation. The issues raised were verified during the audit, the inputs being general in nature and considered as positive. The suggestions and inputs from the stakeholder has been passed on to the Management Unit and considered as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements required for this certification process, which consists of legal aspects that include compliance with international rules and regulations and conventions. A management system has been established to cover all activities in the area of certification, which is registered for an area of 156,398 hectares.

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

The results of Surveillance 2 Audit of PT. Surya Hutani Jaya resulted in no Non-Conformities of either a Major or Minor nature being identified by the audit team. The Management system is operating effectively. No critical problems were identified.

Conditions under which the certificate is issued

Sustainable Forest Management Indonesian Forestry Certification Cooperation certificate of PT. Surya Hutani Jaya, certificate number: AJA/IFCC-PEFC/FMC-HT/00030/IX/2016 remains valid until September 28, 2022.