

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 of Forest Management in 156,398 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: June 25, 2019

AUDIT END DATE: July, 02 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

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Site Office PT Surya Hutani Jaya	Sebulu district, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	June 25 and July 2, 2019
Muara Bengkal Distrct	Muara Bengkal District, East Kutai Regency, East Kalimantan Province, Republic of Indonesia	June 26 to 28, 2019
Santan District	Muara Kaman District, Kutai Kartanegara Regency, and Muara Bengkal District, East Kutai Regency, East Kalimantan Province, Republic of Indonesia	June 29, 30 and July 01, 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	
Sebulu District	Sebulu District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	

Brief Description of the concession

The Industrial Plantation Forest Concession Rights over an area of 183,300 hectares in the Dati I Province of East Kalimantan were granted to PT. Surya Hutani Jaya based on Minister of Forestry Decree No.156 / Kpts-II / 1996 dated April 8, 1996. After implementing the concession boundary arrangement (in 1999 and 2011) and the GIS (Geographical Information System) measurement and after the revision of the 10-year RKUPHH-HTI period 2009-2018, on December 21, 2012 No. SK.90 / VI-BUHT / 2012, the concession area now covers around 156,398 ha. There has been no conversion of natural forest to plantation forest since December 31, 2010, and thus the scope of the IFCC Standard Forest Management certification is for 156,398 ha.

Spatial planning according to the Work Plan for the Utilization of Timber Plantation Forest Products (RKUPHHK-HT) for the Period of 2017-2026 of PT. Surya Hutani Jaya, East Kalimantan Province, as ratified by Minister of Environment and Forestry Decree 553 / Men LHK-PHPL / UHP / HPL.1 / 2/2018 dated 12 February 2018 is a Peat Ecosystem Protected Area covering an area of 5,188 ha (3.32%), Local Protection Area and Other Protected Areas covering 25,930 ha (16.58%), Other Use Area of 294 ha (0.19%), Staple Plant Areas covering 96,429 ha (61.65%) and Livelihood Plant Areas covering 28,557 ha (18.26%).

The concession is located between 00° 32' 00" north to 00° 17' 00" south and 116° 47' 00" to 117° 14' 00" east. Based on governmental administration, it falls under the District of Sebulu, Muara Kaman (Kutai Kartanegara Regency) and Muara Bengkal District (East Kutai Regency) East Kalimantan Province.

Along with the operation and development of PT Surya Hutani Jaya's IUPHHK-HTI activities, changes in the social, economic and cultural life of the surrounding community have developed, this can be seen in the following table:

Border	Initial Boundary (in the AMDAL Doc.)	Now
North	Ex-HPH PT. SDC and Kutai National Park	Ex-IUPHHK-HA PT Kiani Hutani Lestari and Kutai National Park
East	Ex-HPH PT. Bhirawa Timber	PT. Sumalindo Hutani Jaya II and Kutai National Park
South	Mahakam River	Mahakam River
West	HPH PT. Persada Bumi Hijau	Palm Oil Plantation PT. Khaleda
Other		Palm Oil Plantation of PT. Anugerah Urea Sakti within the concession area

The work area boundaries by district are as follows:

Muara Bengkal District: to the west with APL / community land, east to Kutai National Park, PT Sumalindo Hutani Jaya IUPHHK-HT, PT Indominco Mining, north to ex-HPH PT Kiani Lestari and Kutai National Park and to the south with ex-HPH PT Kiani Lestari and Kutai National Park.

Santan District: on the west with APL / community land, on the east with PT Sumalindo Hutani Jaya II, on the north with Muara Bengkal district and on the south with Sebulu District

Sebulu District: on the west with APL / community land, on the east with PT Sumalindo Hutani Jaya II, on the north with Santan district and on the south by APL / community land, on the inside with APL / oil palm plantation PT Anugerah Urea Sakti

Based on the forestry administration it is included in the BKPH Muara Wahau work area, the Branch Office of Forestry / KPH Central Mahakam, East Kalimantan Province Forestry Service. According to the division of the

Watershed (DAS) it is included in the Mahakam watershed with the sub-watershed of Sebulu, Sabintulung, Sedulang, Santan, Menamang Kanan, Menamang Kiri, and Telen.

Climatic conditions based on the Schmidt-Ferguson classification are included in type A (very wet) with a value of $Q = 11.2\%$. This is based on an analysis of 109 months (2000-2009) with an average annual rainfall of 2,265.9 mm with 98 wet months and just 11 dry months. The work area of the Management Unit has a topography of slope class A dominant (38.70%), slope class B (32.72%), slope class C (16.67%), slope class D (10.82%), and slope class E (1.09%).

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

The detailed plan for restoring the functions of peat ecosystems is explained in the Peat Ecosystem Recovery Plan Document, Determination of the Point of Compliance of Groundwater Levels and PT Surya Hutani Jaya's Rainfall Monitoring Station Point based on the Director General's Decision on Pollution Control and Environmental Damage No. SK101 / PPKL / PKG / PKL.0 / 9/2018 dated 21 September 2018. PT Surya Hutani Jaya is in the process of revising the RKUPHHK Documents based on the above Recovery Documents and the Republic of Indonesia Minister of Environment and Forestry Regulation Number P.10 / Menlhk / Sekretariat General / Kum.1 / 3/2019 regarding Determination and Management of Peat-Based Hydrological Units of Peat Dome.

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

PT Surya Hutani Jaya's Management Unit had a Social Impact Study Report (SDS) conducted in 2016. The document discusses the socio-economic conditions of the community around the concession area (community livelihoods, health, education, environment) and analyzes the social impact of the company's activities and whereabouts of the community surrounding the PT Surya Hutani Jaya concession area.

Based on the foregoing documents, the Management Unit of PT Surya Hutani Jaya has identified the villages that are in direct contact with the concession area spread in two (2) districts, namely:

- a. Kutai Kartanegara Regency consists of two (2) districts, namely: Muara Kaman District with 12 villages: Village of Puan Cepak, Sedulang, Sabintulung, Teratak, Rantau Humpang, Puhun Continent, Bunga Jadi, Panca Jaya, Sidomukti, Menamang Kanan, Cipari and Menamang Kiri, and Sebulu District with 4 villages: Village of Giri Agung, Sumber Sari, Mekar Jaya and Manunggal Jaya.
- b. Muara Bengkal District, Kutai Timur Regency: Village of Benua Baru, Batu Balai, Muara Bengkal Ulu, Muara Bengkal Ilir, Senambah, Ngayau, and Mulupan.

There is a documented cooperation agreement on forest management in the form of livelihood plants, plus the formation of the Community Fire Awareness and Desa Makmur Peduli Api program (DMPA) with the villages.

The Management Unit has a land conflict resolution procedure and has prepared mapping and conflict resolution documentation as well as the development of conflict resolution carried out in 2018. There have been developments in the settlement of land claims in partnership (livelihood plant cooperation) in 2018 and claim of communal rights on land by the community. Report on the results of mapping potential and conflict resolution, as well as the development of settlement of conflicts in accordance with the request of Perdirjen PHPL No. P5 / PHPL / UHP / PHPL.1 / 2/2016 have been delivered to the Head of the Forestry Service Office of East Kalimantan Province and Director General of PHPL cq. Director of Production Forest Business at the end of 2018.

The Management Unit of PT Surya Hutani Jaya has a documented plan for the CD / CSR program in 2018 that covers the fields of economy, education, health, social culture, and infrastructure. Based on the report on the

realization of the 2018 CD / CSR program, there was realization of the Desa Makmur Peduli Api (DMPA) program in the form of activities to improve the community's economy in the form of productive economic assistance and timber transportation transactions.

Description of the ecological conditions of the concession

The Management Unit has carried out forest ecosystem and hydrological function management activities through the following activities:

- Identify forest management activities that have important impacts, and conduct environmental impact assessments through: Main Report on AMDAL, RKL and RPL of PT. Surya Hutani Jaya, 1995. Work Plan for Utilization of Timber Forest Plantation Products (RKUPHHK-HT), period 2017-2026 (LHK Ministerial Decree No. SK.553 / MenLHK-PHP / UHP / HPL.1 / 2/2018 dated February 12, 2018).
- Reduced Impact Logging activities are carried out in three stages: pre-harvesting, during harvesting, and post-harvesting.
- Identification of areas functioning for land and water protection is the area designated as a local protected area and other protected area, namely, the Management Unit protected area has allocated a Peat Ecosystem Protected Area of 5,482 ha (3.51%), while Local Protection Area and Other Protected Areas cover an area of 25,930 ha (16.58%) consisting of River Border covering an area of 7,767 (4.97%); Slopes E >40% covering 3,828 ha (2.45%); KPSL covering 9,418 ha (6.02%); KPPN is 1,588 ha (1.02%); Bufferzone covers 3,316 ha (2.12%) and springs covering 13 ha (0.01%).
- Monitoring of the negative impact of forest management activities in the concession area is carried out in accordance with the RKL & RPL AMDAL Document (1995), which has documented procedures that guide the negative impact monitoring process. These include protected area monitoring, debit and water quality monitoring and erosion monitoring. Reports on the implementation of environmental management and monitoring (RPL/RKL) are submitted to the requisite authorities each semester.
- PT. Surya Hutani Jaya has a documented procedure for controlled use of B3 (Hazardous and Toxic Materials), namely: SOP for Management of Hazardous and Toxic Waste (B3), SOP for Handling of Fuel Spills, Lubricants and Chemicals, SOP for Weed Control, and SOP Integrated Pest and Disease Management,

The management unit has carried out biodiversity management activities, namely through the following activities:

- Identification and Inventory of protected, endemic, rare and endangered flora & fauna within the IUPHHK-HTI area. This includes identification of key species that are protected and threatened / endangered, as well as their habitat and migratory patterns. The identified key species is the orangutan (*Pongo pygmaeus*), But while there is a fauna distribution map, the flora distribution map has yet to be completed. The results of the identification and inventory can be found in the RKL/RPL reports that are delivered to the requisite authority each semester,
- In the management of key species (orangutans) PT Surya Hutani Jaya has formed the Orangutan Task Force Team in collaboration with the Nature Conservation Agency of East Kalimantan Province, Kutai National Park and the Ecositrop Institute.
- The type of staple plant cultivated is not a genetically modified tree species, but *Acacia cracicarpa*, *Acacia mangium* and *Eucalyptus* Sp.
- Forest protection measures implemented include the erection and maintenance of border markers and signs prohibiting the grazing of livestock, illegal incursion, illegal logging, lighting of fires, etc. The Management Unit

also employs regular patrols to ensure compliance and early warning of any potential threats to the well-being of the forest. As part of its measures to combat fire hazards, PT. Surya Hutani Jaya has set up a Community Fire Awareness (MPA) with the local community.

Results of the Public Consultation

Prior to carrying the recertification audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing June 14, 2019, asking stakeholders to provide feedback and information about PT. Surya Hutani Jaya. 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 received input from stakeholders during public consultations. Public consultation of stakeholders is carried out prior to the audit and the issues raised are verified during the audit: compensation for livelihood plants; agreement with the community; CSR; local labor and non-timber forest products. During the public consultation there was input from a stakeholder regarding improvement of the integrated watershed management efforts in the concession area.

The audit team also collected information from the mass media about PT. Surya Hutani Jaya, 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, which consists of legal aspects which include compliance with rules and regulations and international conventions. The management system has been built to cover all activities in the field 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 the Recertification Audit of PT. Surya Hutani Jaya identified two (2) Minor Non-conformities. The management system of PT. Surya Hutani Jaya operates effectively. No critical problems were identified.

NO	Non-conformities	Corrective Action performed	Category
1.	Wood transport vehicles were still carrying their loads transversely with a length of 4 meters and without the use of lashing straps. Clause Ref I.12.2.	Management Unit will ensure that no wood transport vehicles carry their load transversely, plus that lashing straps are used.	Minor
2.	Chainsaw operators were found to be wearing rubber boots. Clause Ref I.12.4.	Management Unit will ensure that chainsaw operators use their PPE in accordance with the SOP instructions.	Minor

Conditions under which the certificate is issued



Certificate is valid until September 28, 2022, provided that PT Surya Hutani Jaya completes all corrective actions according to the time schedule proposed in its corrective action responses and does not have the same problems at the next surveillance visit. If the non-conformities are not closed at the next surveillance, the certificate will be suspended until such time as AJA is able to perform a closeout visit.