

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 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

AUDIT START DATE: August 06, 2018

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: August 13, 2018

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS:-

MINOR CARS: 4

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Head Office Site PT Surya Hutani Jaya	Sebulu District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	August 6 and 13, 2018
District Muara Bengkal	Muara Bengkal District, Kutai Timur Regency, East Kalimantan Province, Republic of Indonesia	August 7 to 9, 2018
District Sebulu	Sebulu District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	August 10 to 11, 2018
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	
District Santan	Muara Kaman District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	

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Date: 15 September 2016

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Brief Description of the concession

Based on the Decree on the Granting of Industrial Plantation Forest Concession Rights over the Forest area covering an area of 183,300 hectares in the East Kalimantan Province of Dati I to PT. Surya Hutani Jaya from the Minister of Forestry: Minister of Forestry Decree No.156 / Kpts-II / 1996 dated April 8, 1996 area was 183,300 ha. After carrying out the arrangement of the outside boundaries of the concession (in 1999 and 2011) and the measurement of GIS (Geographical Information System) and after the revision of the 10-year RKUPHH-HTI period 2009-2018 dated 21 December 2012 No. SK.90 / VI-BUHT / 2012, this became an area of approximately 156,398 ha. There has been no conversion of natural forest to plantation forest above December 31, 2010, so the scope of IFCC certification is for an area of 156,398 ha.

Spatial planning according to the Business Work Plan for Utilization of Timber Forest Timber Plantation Products (RKUPHHK-HT) For the Period of 2017-2026. PT. Surya Hutani Jaya, East Kalimantan Province, as approved by the Decree of the Minister of Environment and Forestry 553 / Men LHK-PHPL / UHP / HPL.1 / 2/2018 dated February 12, 2018 is the Area of Protection of Peat Ecosystems covering an area of 5,482 ha (3.51%), the Local Protection area and Other Protected Areas covering an area of 25,930 ha (16.58%), Staple Plant Areas covering 96,429 ha (61.66%) and Livelihood Plant Areas covering 28,557 ha (18.26%).

The work area is geographically located between: 00° 32' 00" North to 00° 17' 00" South and 116° 47' 00" to 117° 14' 00" East, and falls under the governmental administration of Sebulu District, Muara Kaman (Kutai Kartanegara Regency) and Muara Bengkal District (East Kutai Regency) East Kalimantan Province. The borders of the working area of PT Surya Hutani Jaya IUPHHK are as follows:

North : Ex. IUPHHK-HA PT Kiani Hutani Lestari and Kutai National Park
East : PT. Sumalindo Hutani Jaya II and Kutai National Park
South : Mahakam River
West : Palm Oil Plantation PT. Khaleda
Inclave : Palm Oil Plantation PT. Urea Sakti Award within the concession area

The working area borders by district are as follows:

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

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

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

Based on the forestry administration included in the working area of BKPH Muara Wahau, Forest Service Branch / Central Mahakam, Forestry Service of East Kalimantan Province. According to the division of the watershed (DAS) the working area includes the Mahakam watershed as well as the sub-watersheds Sebulu, Sabintulung, Sedulang, Santan, Menamang Kanan, Menamang Kiri, Telen.



Climatic conditions based on the Schmidt-Ferguson classification are in type A (Very wet) with a Q value of 11.2% based on 9 years of analysis (2000-2009) with an average annual rainfall of 2,265.9 mm. The working area of the Management Unit has the following topography: dominant class A slope (38.70%), class B slope (32.72%), class slope C (16.67%), class slope D (10.82%), Slope E (1.09%).

The types of plants cultivated by the Management Unit as principal crops are *Accacia crassicarpa*, *Accacia mangium* and *Eucalyptus Sp.*

Plantation forest operational activities on peatlands raise fears of causing damage to the peat ecosystem, characterized by the presence of artificial drainage, exposure to pyrite sediments and the reduction of land cover area. In the peat area identified as damaged, recovery activities will be carried out based on the Minister of Environment Regulation No. P.16 / Menlhk / Setjen / Kum.1 / 2/2017 concerning Technical Guidelines for Restoring the Function of Peat Ecosystems. Specific guidelines have been prepared for recovery of damaged peak ecosystems, which include no replanting of staple or livelihood plants, taking measures to maintain water levels, no further clearing but re-vegetation with right type, species and process for the specific area.

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

The PT Surya Hutani Jaya concession area is included in two districts, Kutai Kartanegara Regency and East Kutai Regency. Of the 23 villages surrounding the concession area, 8 are transmigration villages and 15 original villages, the latter still maintaining the Erau culture, particularly in Menamang Kiri Village in the Muara Kaman sub-district.

The Management Unit collaborates with the surrounding community in forest management, having documented cooperation agreements for:

1. Formation and training of the Community for Fire Concern (MPA) with 8 villages in the Muara Kamam District.
2. Cooperation on livelihood plants with the community of a village, covering an area of 183.3 hectares, of which the local authorities are aware.

The realization of the 2018 CD-CSR program is available with the following details: 1). Productive business and creative economics in Education: CSR goes to school, TPA coaching, scholarships, notebooks, books and teacher fees; 2). Health: Mass treatment, giving additional salaries, fogging, health checks, mass circumcision and posyandu (maternal and child health centre) development; and 3). Social and cultural: religious holidays, assistance with traditional rituals, national holidays.

The Management Unit has empowered the forest communities through the Fire Aware Prosperous Village Program (DMPA) in 2017 and 2018, namely: catfish farming assistance, cattle cultivation, and rice field planting in three villages.

Description of the ecological conditions of the concession

The management unit has carried out Forest Ecosystem and Hydrological Function Management activities through conducting the following activities:

- Identification of forest management activities that have important impacts, and conducted an environmental impact assessment through: Main Report of AMDAL, RKL and RPL of PT. Surya Hutani Jaya, 1995, Business Work Plan for Timber Forest Forest Product Utilization (RKUPHHK-HT), period 2017-2026 (Decree of Minister of Environment and



Forestry No. SK.553 / MenLHK-PHP / UHP / HPL.1 / 2/2018 date February 12, 2018)

- Reduced Impact Logging activities are carried out in stages before logging (pre-harvesting), during logging operations (harvesting), after logging activities (post-harvesting)
- Identification of areas that function for land and water protection as follows: Peat Ecosystem Protection Area covering an area of 5,482 ha (3.32%) and Local Protection Areas and Other Protected Areas covering an area of 25,930 ha (16.58%), consisting of River shed covering an area of 7,767 (4.97%); E slope > 40% covering 3,828 ha (2.45%) KPSL covering 9,418 ha (6.02%); KPPN covering an area of 1,588 ha (1.02%), buffer zone covering 3,316 ha (2.12%) and springs of 13 ha (0.01%).
- Monitoring of the negative impacts of forest management activities in the concession area is carried out in accordance with the RKL & RPL AMDAL Document (1995), utilizing documented procedures.
- PT. Surya Hutani Jaya also has documented procedures for controlled use of B3 (Hazardous and Toxic Materials).

The Management Unit carries out Biodiversity Management through the following activities:

- Identification and inventory of protected, endemic, rare and threatened / endangered flora & fauna within the IUPHHK-HTI area, the results of which may be found in: Semester I and II RKL and RPL Implementation Reports 2017. There is a fauna distribution map, although not yet for flora.
- In the management of Key Animals (Orangutan) PT Surya Hutani Jaya has formed the Orangutan Task Force Team in collaboration with the Aalam Resource Conservation Agency of East Kalimantan Province, Kutai National Park and the Ecositrop Institute.
- The types of staple plant cultivated are not genetically modified tree species, but *Accacia cracicarpa*, *Accacia mangium* and *Eucalyptus Sp.*

The Management Unit carries out Forest Protection activities through documented procedures for the protection and control of forest disturbances, be these natural such as disease and infestation, or human in nature such as encroachment or illegal land occupation, etc.

In particular, forest protection measures against fire hazards have been implemented and involve members of the local community.

Results of the Public Consultation

Before carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing July 16, 2018, 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 email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received input from stakeholders during the public consultation, the issues being verified during the audit, such as compensation for livelihood crops; agreement with the local community; CSR; local labor and non-timber forest products. During public consultation there was also input from the East Kalimantan Watershed Forum to improve integrated watershed management efforts in the concession area.

The audit team also collected information from the mass media about PT. Surya Hutani Jaya, such reported cases being considered a material part of the audit process carried out by PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements required for this certification process, which consist of legal aspects that include compliance with international rules and regulations and 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 ha.



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

Results of Surveillance Audit 2 PT. Surya Hutani Jaya identified four (4) minor areas of non-conformity. The management system of PT. Surya Hutani Jaya is operating effectively, and no critical problems were identified.

NO	Non-conformities	Corrective Action performed	Category
1.	The Management Unit needs to fill a number of vacancies in various areas to ensure that the system created can be run effectively. This also includes providing training in specific areas so that all operations can be run according to procedures. Clause Ref. I.1.8	The Management Unit has plans to: <ul style="list-style-type: none">- Fill the vacant positions.- Provide training on understanding K3 for supervisors / foremen- Evaluate the implementation of the OSH system	Minor
2.	Operators were still found that lacked K3 Licensing for Transport Lift Equipment (SIO). The Management Unit must ensure that every requisite operator operating in the concession area has an SIO. Clause Ref. I.1.13	The Management Unit has prepared a training plan for the K3 License for the Transport Lift Tool (SIO) in collaboration with the Company / Regency Manpower Office. The Management Unit will ensure that all operators working in PT Surya Hutani have SIO.	Minor
3.	In a workshop in the Muara Bengkal District, oil waste was found that was not effectively contained thus providing a risk of B3 waste spillage to the ground. Clause Ref. I.3.2	The Management Unit has improved the workshop, so that the risk of oil waste spillage has been minimized in accordance with the applicable regulatory standards.	Minor
4.	The Management Unit has carried out special MCU on employees who have the potential for occupational diseases, but has not carried out Cholinesteration (CHE) tests on chemical warehouse officers and spraying officers to ensure that workers have not been exposed to hazardous chemicals (pesticides). Clause Ref. I.12.1	The Management Unit has expanded its special MCU implementation plan to include carrying out the Cholinesterase (CHE) test for those workers who may be exposed to hazardous chemicals.	Minor

Conditions under which the certificate is issued

Certificate is valid until 28/09/2019 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 recertification visit. If the non-conformities are not closed at the next recertification, the certificate will be suspended until such time as AJA is able to perform a closeout visit.