

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



CLIENT NAME: PT Sumalindo Hutani Jaya II

TOTAL HECTARES: 53,947 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 53,947 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: March 16, 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 20, 2020

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Amin Kadani

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
District Sei Mao	Districts of Sebulu, Tenggarong Seberang, Muara Badak, Kutai Kartanegara Regency, District of Marang Kayu, Kutai Timur Regency, East Kalimantan Province, Republic of Indonesia	March 16 to 20, 2020
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	
N/A		

Brief Description of the concession

The total area of PT Sumalindo Hutani Jaya II based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.135 / menlhk / Setjen / HPL.0 / 2/2019 dated 11 February 2019 is about 54,490 ha.

There was a conversion of 543 ha of natural forest into plantation forest after December 31, 2010, thus the scope of the IFCC certification is for an area of 54,490 ha - 543 ha = 53,947 ha.

PT Sumalindo Hutani Jaya II has a Business Plan for Timber Forest Product Utilization (RKUPHHK-HT) for 2018 to 2027 on behalf of PT. Sumalindo Hutani Jaya in East Kalimantan by Decree Number 111 / MenLHK-PHPL / UHP / HPL.1 / 1/2018 dated January 18, 2018. The short-term annual plans are made in the Annual Work Plan for the Utilization of Timber Forest Products (RKTUPHHK-HT).

PT Sumalindo Hutani Jaya II spatial planning for 2018 to 2027 period is as follows: Local Protected Areas and Other Protected Areas of 13,783 ha (25.29%), Staple Plants of 21,977 ha (40.33%), Livelihood Plants of 11,145 ha (20.45%), IPKKH of 7,585 ha (13.92%); total percentage of 99.99% due to rounding.

The location of the work area is located between 00° 06 ' 00" North to 00° 19' 00" South and 117° 09' 00" to 117° 21' 00" East. Boundary of work area: west with PT Surya Hutani Jaya, east with PT Inhutani I HPH and PT Perkebunan XXVI, north with Production Forest (HP) and Protected Forest (HL) of Bontang.

Administratively, PT Sumalindo Hutani Jaya II falls under the Districts of Sebulu, Muara Kaman, Tenggarong Seberang and Muara Badak, Kertanegara Regency and Muara Bengkal District, East Kutai Regency. There are 10 villages in the work area, but based on PT Sumalindo Hutani Jaya Unit II RKUPHHK HTI Documents, Period 2018 - 2027, there are 14 villages around the company,

The Work Area has climate type A value of Q = <14.3%, and an average temperature of 31.9° C. Topography: dominant slope class A (0-8%) - 13.22%, slope class B (8-15%) - 38.60%, slope class C (15-25%) - 37.19%, slope class D (25-40%) - 8.67%, and slope E (≥40%) - 2.32%, at an altitude of 17-290 meters above sea level. Geology: the dominant formations are Pamaluan, lake deposits, sandstone dangkan, Balikpapan formation, palaubalang formation. Soil Type: dominant types of Tropudults, Dystropepts. Hydrology: Estuary of the Mahakam river, Sambera watershed, Santan watershed, Marangkayu watershed, Mahakam watershed. Species of plants for wood production are *Acacia mangium* and *Eucalyptus* sp.

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

Residents living around the PT Sumalindo Hutani Jaya II concession are local people. Based on RKUPHHK HTI data, more than 60% of the population living around the concession earn their livelihood in the agricultural sector. Based on interviews with village officials, in addition to farming, local residents also work in the coal mining sector, but now that trend has begun to diminish because many coal mines are now closed.

PT Sumalindo Hutani Jaya Unit II has made conflict resolution efforts, and there is a Report on the Potential Mapping and Conflict Resolution in December 2019, with a Conflict Area Map Scale of 1: 300,000.

PT Sumalindo Hutani Jaya Unit II has made an agreement with the surrounding community in the form of Desa Makmur Peduli Api Program, Agreement on the Utilization of Non-Timber Forest Products in fisheries, manon and pakar root seekers, and vegetables.

PT Sumalindo Hutani Jaya Unit II has carried out corporate social responsibility activities for the surrounding community. There is a plan and realization of the CSR Program in 2019. These programs conducted cover economic, educational, health, social and cultural aspects, as well as assistance with infrastructure. There is a PT Sumalindo Hutani Jaya II Community Development Project Project Document in 2020. The CSR activity plan for 2020 consists of

economic, education, health, socio-cultural, and infrastructure activities.

PT Sumalindo Hutani Jaya made a 2014 to 2019 financial highlight, which contained the socio-economic impact of the company's existence for the surrounding community, including food costs, community development, taxes and forest resources provision (PSDH).

Description of the ecological conditions of the concession

The Management Unit has identified those forest management activities with significant impacts, monitoring the negative impacts of forest management activities and conducting an environmental impact assessment through: RKL & RPL AMDAL Documents of PT. Sumalindo Hutani Jaya II, which was approved by the Forestry Department AMDAL Commission No. 249 / DJ-VI / AMDAL / 1996 dated November 4, 1996. Implementation of environmental management and monitoring each semester is presented in the Environmental Permit Implementation (RPL / RKL) report.

Reduced Impact Logging activities are carried out during pre-harvesting, harvesting operation, and post-harvesting. Identification is also made of those areas that function for soil and water protection.

The Management Unit has carried out Biodiversity Management activities through the Identification and Inventory of protected, endemic, rare and threatened / endangered flora & fauna within the concession area. The results of the identification and inventory can be found in: RKL & RPL AMDAL Documents PT. Sumalindo Hutani Jaya II in 1996. Work Plan for Utilization of Timber Forest Products in HTI in Plantation Forests (RKUPHHK-HTI) in 2018-2027. And the RKL / RPL Semester Report (Semesters 1 and 2 of 2019). These include the flora and fauna that are protected, endemic, endangered and threatened / endangered species and their habitat in the area. There are fauna distribution maps, although the flora distribution maps are not yet available.

- Management of Protected Areas is carried out in accordance with the RKL / RPL Implementation Report for each semester of 2019, as well as the SOP for the Establishment of Protected Areas and SOP for Protected Area Monitoring.
- Identification of key species that are protected and threatened / endangered, as well as their habitat and migratory patterns. Based on the diareal identification the key species in the Bornean orang-utans (*Pongo pigmeus*).
- An environmental impact assessment of potential impacts on protected, endemic, rare and endangered and endangered flora and fauna was conducted through the 1996 RKL & RPL AMDAL Document
- Based on the Map of Lndsat 7 Oli Band 542 Path / Row 116/60 Image on April 8, 2017 scale of 1: 50,000, identified a portion of the area is the Mahakam River Basin.
- The main plant species being cultivated are not genetically modified tree species, being *Acacia mangium* and *Eucalyptus pellita*.

The Management Unit has carried out Forest Protection activities, through the following activities:

- Identify and monitor disruption of Sustainable Forest Management. Document the result of identification of forest management disturbance found in the area of PT. Sumalindo Hutani Jaya II, namely: RKL AMDAL Documents, RPL 1996, RKUPHHK-HTI 2017-2026 and RKL / RPL Reports per semester (semester 1 and 2 of 2019)
- Has documented procedures to prevent and handle pest attacks, utilizing manual, biological or chemical methods as appropriate
- Manage the use of chemical pesticides in the field and has standard procedures for the handling of waste management of hazardous and toxic materials (B3), oil spills, lubricants, chemicals, etc.
- PT. Sumalindo Hutani Jaya II has implemented forest protection measures against fire hazards. These include observation of key hotspots and regular patrols, as well notice boards prohibiting the lighting of fires.
- The Management Unit does permit the grazing of livestock in the work area. This is one of the many appropriate steps that PT. Sumalindo Hutani Jaya II has documented procedures for protecting forests.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing March 6, 2020, asking stakeholders to provide feedback and information about PT Sumalindo Hutani Jaya II. 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 did not receive any input from stakeholders as a result of the public consultation.

The audit team also gathered information from the mass media about PT Sumalindo Hutani Jaya II, the reported cases being given material consideration as part of the audit process of PT AJA Sertifikasi Indonesia

The Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international regulations, rules and conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area of 53,947 hectares.

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

Based on the results of the Surveillance 1 Audit of PT Sumalindo Hutani Jaya II, no Non-Conformities of either a major or minor nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until (September 28, 2022), provided that PT Sumalindo Hutani Jaya II maintains its surveillance schedule and does not have any major non-conformities at the time of the next surveillance visit.