

Public Report Sustainable Forest Management System

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CLIENT NAME: PT SUMALINDO HUTANI JAYA II

TOTAL HECTARES: 53,947

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

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

AUDIT START DATE: March 22, 2021

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 26, 2021

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Taryanto Wijaya

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Sei Mao District	Sebulu District, Tenggara Seberang District, Muara Badak District, Kutai Kartanegara Regency, Marang Kayu District, East Kutai Regency, East Kalimantan Province, Republic of Indonesia	March 22 to 26, 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	

Brief Description of the concession

PT Sumalindo Hutani Jaya obtained a Business Permit for the Utilization of Industrial Timber Forest Products (IUPHHK-HTI) based on Decree of the Minister of Forestry: SK.675/Kpts-II/1997 dated October 10, 1997 concerning the Granting of Concession Rights for Industrial Plantation Forests over a forest area of 70,300 (seventy thousand three hundred) hectares in the Province of Level I, East Kalimantan, to PT. Sumalindo Hutani Jaya. In 2019, there were changes to the IUPHHK-HTI namely by the Decree of Minister of Environment and Forestry No. SK.135/Menlhk/Setjen/HPL.0/2/2019, which change the area of the concession. PT Sumalindo Hutani Jaya covers the area of work to 54,490 ha after the new decree was issued. 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 is in the process of revising the RKUPHHK-HTI. The draft of the Revised RKUPHHK-HTI contains spatial planning of the work area which consist of the protected area of 13,803 ha (25.33%), IPPKH (Borrow-to-Use Forest Area Permit) of 8,098 ha (14.86%), and cultivation area of 32,589 Ha (59.81%), which is divided to self-management area of 21,444 Ha and partnership area of 11,145 Ha. The total area is 54,490 Ha (100%).

The geographical location of the work area is between 00° 06 ' 00" North to 00° 19' 00" South and 117° 09' 00" to 117° 21' 00" East. Administratively It is located in Sebulu District, Marang Kayu District, Tenggara Seberang District, Muara Badak District, Kutai Kertanegara Regency, East Kalimantan Province. Based on the forestry administration it is located in the Santan KPHP (Production Forest Management Area) area, East Kalimantan Forestry Service. The latest decree of the Minister of Environment and Forestry causes the work area of PT Sumalindo Hutani Jaya II to be divided into 2 blocks, namely:

- Block A with an area of 41,099 hectares. Geographically located between 117° 6' 19.79" to 117° 23' 35.05" East and 0° 6' 49.96" North to 0° 10' 32.28" South. Boundaries of block A:
 - North: PT Sumalindo Hutani Jaya
 - East: APP
 - South: PT Bhineka Wana
 - West: PT Sumalindo Hutani Jaya
- Block B with an area of 13,391 Ha. Geographically located between 117° 9' 19.28" to 117° 17' 24.56" East and 0° 8' 59.69" to 0° 19' 51.09" South. Boundaries of block B:
 - North: PT Bhineka Wana
 - East: APP
 - South: APP
 - West: PT Bhineka Wana

The working area belongs to the Sebulu forest group, with a dry land condition. Topographical conditions is relatively flat, some gently sloping and some rather steep. The altitude place 17 to 290 meters above sea level. Climate type A (very wet), Q = <14.3%, based on the climate of Schmidt and Ferguson. Hydrologically part of the Santan watershed, with rivers of Pekat, Tabor, Mao Kiri, Niam, Haur, Marang Kayu Kiri, etc. The soil type is Tropaquepts; Fluvaquents; Tropudults; Dystropepts, etc. Geologically formed of Lake Deposits, Dangan Sandstone, Bebuluh Formation, Balikpapan Formation, Palau Balang Formation, Pamaluan Formation. Based on the soil type of the working area, the species of the plant developed for production is *Eucalyptus pellita*.

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

PT Sumalindo Hutani Jaya II has identified and respected the rights of village communities around its concession area. There are 2 (two) assisted villages around the concession, namely Air Sugihan Village and Suka Maju Village, Kongben

District, Kutai Timur Regency. Based on the report on the Identification of the Rights of Indigenous/Local Communities, there is no indigenous community around the concession but local community namely Dayak Kayan tribe.

To prevent encroachment and conflict with the community, the Management Unit aids the community adjacent to the company, especially the local community (Dayak Kayan). The assistance is in the form of the Desa Makmur Peduli Api (DMPA) Program. The company implements a livelihood plant agreement with the villages. The community has access to non-timber forest resources such as honey (collected according to the season for sale) and fish (collected continuously and for sale and self-consumption).

The Management Unit has submitted a report on the implementation of the RKL/RPL for the second semester of 2020, to the BLH and the East Kalimantan Provincial Forestry Service, which includes the implementation of monitoring in the social, economic, and cultural fields under the matrix in the RKL/RPL document.

According to the employees, local communities around the company are allowed to work at PT Sumalindo Hutani Jaya II. This was also confirmed by the village heads. Every employee of PT Sumalindo Hutani Jaya is bound by a contract agreement whose articles have been agreed upon by each party. The agreement regulates assignments and placements, remuneration, wage payment systems, work and rest time, rules, occupational health and safety, Jamsostek, leave, sick leave, and medical assistance.

Description of the Ecological conditions of the concession

PT Sumalindo Hutani Jaya II follows the APP Sinarmas commitment to implement the Forest Conservation Policy (FCP), as follows:

- APP and its suppliers will not develop natural forest areas in accordance with the results identified in the independent HCVF and HCS assessments,
- APP will support the Indonesian government's strategy and targets for low emission development and greenhouse gas reduction,
- APP will actively seek and engage suggestions and input from various stakeholders including civil society to avoid and resolve social conflicts throughout its supply chain,
- APP sources of wood fiber come from all over the world and APP is currently developing procedures to ensure that this supply supports the principles of responsible forest management.

PT Sumalindo Hutani Jaya II allocate a protected area in the concession of 13,803 ha (due to rounding) consisting of KPSL (Wildlife Conservation Area) of 4,881 Ha, KPPN (Germplasm Conservation Area) of 4,628 Ha, River Border Area of 2,368.2 Ha, Buffer Zone of 311.2 Ha, Soil Conservation Area of 34 Ha, Slope E area of 1,528 ha, springs area of 52 ha.

The Management Unit has identified forest management activities that have an important impact on physical, chemical, and biological components and conducts an environmental impact assessment that analyses these potential impacts on the environment and plans their management, and monitors the impact of its operational activities on the environment. The activity is stated in AMDAL, RKL, RPL documents of PT Sumalindo Hutani Jaya II.

Animal monitoring has not been carried out in the first semester of 2020 (according to the RKL and RPL documents, monitoring once a year). PT Sumalindo Hutani Jaya II has carried out an inventory of protected, endemic, rare, and threatened/near-extinct species of flora and fauna and their habitats throughout the management unit area following applicable regulations/stipulations. PT Sumalindo Hutani Jaya II has made efforts to maintain protected flora and fauna habitats, namely by allocating protected areas, providing signage, marking boundaries, installing no hunting signs, and patrolling protected areas security. In addition, monitoring of flora and fauna is always carried out to monitor the dynamics of species and their abundance.

Dipterocarpaceae plants are dominant in the conservation area of PT Sumalindo Hutani Jaya II, such as *Shorea leprosula*, *Dipterocarpus tempes*, *Dipterocarpus humeratus*. While the species of animals found are Orangutan (*Pongo pygmaeus*), Proboscis monkey (*Nasalis larvatus*), Pangolin (*Manis javanica*), Clouded leopard (*Neofelis nebulosa*), etc.

In the protection status of species of animals, reptiles, and amphibians under the protection of PP. No. 106 of 2018 there are 11 (eleven) protected species, of which are included in Appendix II, and Appendix I in CITES. In the IUCN status, there are 2 (two) species that fall into the category of endangered and vulnerable.

The Management Unit implements security activities to protect and secure the forest and the assets in it is the provision of a security team to secure the area from theft, forest encroachment, and illegal logging. As for securing the area from the dangers of forest and land fires, the Management Unit formed a core team and a fire brigadier reserve team who were always on standby 24 hours in guarding the area, conducting routine patrols, installing traffic sign planks, installing forest fire warning planks, building fire tower facilities. For plant protection from pests and plant diseases, intensive plant checks are carried out, both in the nursery and in the field. This is done to prevent pest and disease attacks.

Results of the Public Consultation

Before carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing March 1, 2021, 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.

There was input from a stakeholder who collaborates with the Management Unit in securing the concession area. The stakeholder is thankful to PT Sumalindo Hutani Jaya II for the good attention and cooperation in preserving the forests. This input had been verified and submitted to the Management Unit as positive feedback from the stakeholders.

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.

The results of the Surveillance 2 Audit are No Findings.

Conditions under which the certificate is issued

The certificate is valid until September 28, 2022, provided that PT Sumalindo Hutani Jaya II maintains its Surveillance schedule and does not have any potential Major non-conformities in the next Surveillance.