

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 Plantation Forest covering 53,947 hectares in East Kalimantan Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: June 18, 2019

AUDIT END DATE: June 22, 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: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
Sei Mao District	District of Sebulu, Tenggarong Seberang, and Muara Badak, Kutai Kartanegara Regency, and District of Marang Kayu, Kutai Timur Regency, East Kalimantan Province, Republic of Indonesia	June 18 to 22, 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	
N/A		

Brief Description of the concession

PT Sumalindo Hutani Jaya II obtained its Business Permit for Timber Forest Product Utilization (IUPHHK HT) through the Decree on the Granting of Concessions for Industrial Plantation Forest over 70,300 hectares of forest area in Dati I Province of East Kalimantan to PT. Sumalindo Hutani Jaya per Minister of Forestry Decree No.675 / Kpts-II / 1997 dated October 10, 1997.

PT Sumalindo Hutani Jaya II has a Business Plan for Timber Forest Product Utilization Work Plan (RKUPHHK-HT) for the 10-year period 2018 – 2027 on behalf of PT. Sumalindo Hutani Jaya Province of East Kalimantan, per Decree of SK ratification No. SK 111 / MenLHK-PHPL / UHP / HPL.1 / 1/2018 dated January 18, 2018. Short-term plans for one (1) year are made in the Annual Work Plan for the Utilization of Timber Forest Products (RKTUPHHK-HT) business plan.

PT Sumalindo Hutani Jaya Unit II Work Area Spatial Planning Plan for the 2018-2027 period is as follows: Local Protected Areas and other Protected Areas covering 18,023 ha (25.64%), Staple Crop Area covering 21,469 ha (30.54%), Livelihood Plant Area covering an area of 24,287 ha (34.55%), and IPKKH covering 6,521 ha (9.28%); total percentage of 100.01% due to rounding.

Local Protected Areas and other Protected Areas consist of: Wildlife Protection Areas of 5,260 ha (7.48%), Germplasm Conservation Areas of 6,371 ha (9.06%), Riparian Zone of 3,059 ha (4.35%), Buffer Zone of 576 ha (0.82%), Soil Conservation Area of 75 ha (0.11%), E Slope of 2,630 ha (3.74%), 52 ha of Water Springs (0.07%); total percentage (25.63%) due to rounding.

There had been conversion of an area of 544 ha of natural forest to plantation forest after December 31, 2010. Moreover, the Management Unit has a new IUPHHK-HTI decree, namely Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.135 / menlhk / Setjen / HPL.0 / 2/2019 regarding changes to the previous Minister of Forestry Decree No.675 / Kpts -II / 1997 dated October 10, 1997 for an area: of 70,300 ha in Province Level I East Kalimantan Province to PT Sumalindo Hutani Jaya. Based on the new decree, the work area is now defined as being 54,490 ha. Thus the scope of the IFCC certification is for an area of 54,490 ha - 543 ha = 53,947 ha

The location of the work area is located between 00° 05' 57.66" to 00° 22' 16:40" South and 117° 06' 14.56" to 117° 24' 27.92" East. The work area boundaries are as follows: west - PT Surya Hutani Jaya; east - PT Inhutani I HPH and PT Perkebunan XXVI; north - Production Forest (HP) and Protected Forest of Bontang; south – Ex-HPH PT Kayu Mahakam.

Administratively, PT Sumalindo Hutani Jaya II falls under Sebulu Subdistrict, Muara Kaman Subdistrict, Tenggaraong Seberang Subdistrict and Muara Badak Subdistrict, Kertanegara District and Muara Bengkal Subdistrict, East Kutai Regency.

The Work Area has a climate type A with value of $Q = <14.3\%$ based on the Schmidt-Fergusson classification, with an average temperature of 31.9°. The topography is dominant slope class A (13.22%), slope class B (38.60%), slope class C (37.19%), slope class D (8.67%), and slope E (2.32%) at an altitude of 17 to 290 meters above sea level. Geology: the dominant formations are Pamaluan, lake deposits, bring sandstone, Beb formation, Balikpapan formation, Palaubalang formation. Soil Types: dominant types are Tropudults and Dystropepts. Hydrology: Estuary of the Mahakam river. Sambera watershed, Santan watershed, Marangkayu watershed, Mahakam watershed. Species cultivated for wood production are *Acacia mangium* and *Eucalyptus pellita*.

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

The Management Unit of PT Sumalindo Hutani Jaya II had a Social Impact Study Report (SDS) conducted in 2016. The document discussed the socio-economic conditions of the community around the concession area (community livelihoods, health, education, environment) as well as analyzing social impacts from the company's activities and presence towards the community around the PT Sumalindo Hutani Jaya II concession area.

Based on the foregoing document, the management unit of PT Sumalindo Hutani Jaya II has identified villages that are located and in direct contact with Management Units spread across four (4) sub-districts, namely: Sebulu District (Segihan and Giri Agung), Tenggara District (Bhuana Jaya, Bukit Pariaman, Mulawarman, Separi), Marang Kayu District (Perangat Baru, Perangat Selatan, Santan Ilir, Santan Tengah, Santan Ulu, and Sebuntai), and Maura Badak District (Sukadamai and Badak Mekar). There are 14 villages in total around the concession area.

Cooperation agreements have been signed between the Management Unit and village communities in regard to livelihood plants, the formation of the Community Fire Awareness (MPA) and the Desa Makmur Peduli Api (DMPA) Program.

The Management Unit has procedures for resolving land conflicts and has prepared conflict mapping and resolution documents as well as the development of conflict resolution that was carried out in 2018. There has been progress on the settlement of land claims under the partnership scheme (livelihood plants cooperation) in 2018 with two villages and the development of the claimed areas was reported to the Head of the East Kalimantan Province Forestry Service in December 2018.

The Management Unit of PT Sumalindo Hutani Jaya II has a 2019 CD / CSR program plan document covering the fields of economic, educational, health, socio-cultural, and infrastructure activities. Based on the report on the realization of the CD / CSR program in 2019 for the period of January through June, the program has been realized for assistance in the areas of education, health and village infrastructure.

Description of the ecological conditions of the concession

The Management Unit has carried out management of forest ecosystems and hydrological functions through the following activities:

- Identification of forest management activities with significant impacts, and assessment of environmental impact through RKL & RPL AMDAL Documents of PT. Sumalindo Hutani Jaya II, as approved by the Forestry Department AMDAL Commission No. 249 / DJ-VI / AMDAL / 1996 dated November 4, 1996. 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.
- Reduced Impact Logging activities is carried out in three stages: pre- harvesting, during harvesting operations, and post-harvesting.
- Identification of areas that function for soil protection are designated as a protected area, namely the Peat Ecosystem Protection Function Area, KPPN / KPSL
- Identification of areas that function for water protection are then allocated and designated as local protected areas and other protected areas.
- PT. Sumalindo Hutani Jaya II has documented procedures for controlled use of B3 (hazardous and toxic materials), namely: SOP for hazardous and toxic waste management (B3), SOP for handling fuel oil spills, lubricants and chemicals, SOP for weed control, and integrated SOP for pests and diseases,

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 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 orang-utan (*Pongo pigmeus*). While the results of the identification and inventory can be found in the RKL/RPL reports each semester, preparation of the distribution maps for flora and fauna has not yet been completed.
- The staple plant species cultivated are not genetically modified tree species, but *Acacia mangium* and *Eucalyptus pellita*.
- 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. Sumalindo Hutani Jaya II has set up a Community Fire Awareness (MPA) with the local community.

Results of the Public Consultation

Prior to carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation commencing June 8, 2019, 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.

The results of this Recertification Audit identified one (1) Minor Non-Conformity. The Management Unit has undertaken corrective action and the minor non-conformity has now been closed. No critical issues were identified.

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit has not yet prepared the revised RKUPHHK-HTI following the issuance of the new IUPHHK-HTI Letter, whereby the working area has been reduced to approximately 54,490 ha. Indicator: I.1.1	Prepare draft RKU Revision based on changes in working area, changes in cycles and / types of plants, etc.	Minor

Conditions under which the certificate is issued



Certificate is valid until September 28, 2022, provided that PT Sumalindo Hutani Jaya II 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.