

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 I

TOTAL HECTARES: 10,976.40

SCOPE OF REGISTRATION: Sustainable Forest Management of 10,976.40 hectares of Plantation Forest in East Kalimantan Province

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 (REMOTE)

AUDIT START DATE: October 23, 2020
AUDIT END DATE: October 27, 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

AUDITOR LEAD: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Amen Kadeni

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: -

MINOR CARS: -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Pesab District	Kongbeng District, East Kutai Regency, East Kalimantan Province, Republic of Indonesia	October 23, 24, 26, 27, 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	

Brief Description of the concession

PT Sumalindo Hutani Jaya I obtained a forest management permit based on the Minister of Forestry Decree No. 407 / Kpts-II / 1996 dated August 5, 1996 on the Decree Granting Industrial Plantation Forest Concession Rights over a forest area of about 10,000 hectares in the Province of East Kalimantan to PT Sumalindo Hutani Jaya. Based on Decree of the Minister of Forestry Number 273 / Menhut-II / 2007 dated August 7, 2007 concerning the Determination of Working Area Boundary for the Business Permit for Utilization of Timber Forest Products in Industrial Plantation Forest of PT Sumalindo Hutani Jaya of 10,976.40 hectares in East Kalimantan Province.

There has been no conversion of natural forest to plantation forest after December 31, 2010, so that the total area registered for IFCC certification is 10,976.40 ha.

PT Sumalindo Hutani Jaya I has a RKUPHHK-HTI document that was ratified based on the Decree of the Minister of Forestry Number SK.85 / VI-BPHT / 2010 dated August 16, 2010 on the Approval of Revision of Business Work Plan for Utilization of Timber Forest Products in Industrial Plantation Forest (RKUPHHK-HTI) for a 10-year period from 2010 to 2019 years on behalf of PT Sumalindo Hutani Jaya (Unit I) in East Kalimantan Province. The Management Unit is currently applying for endorsement of RKUPHHK-HTI for 2020 to 2029 based on the Letter of the Director General of PHPL of the Ministry of LHK no. S.487 / UHP / RKUPHT / HPL.1 / 6/2020 dated June 19, 2020.

PT Sumalindo Hutani Jaya I has carried out the spatial arrangement of the working area: Protected Area of 1,485.66 ha (13.54%), and the Cultivation Area of 9,490.74 ha (86.46%). Cultivation Area consists of Staple Plants Area of 6,803.30 ha (61.98%) and Livelihood Plant Area of 2,687.44 ha (24.48%).

Work area boundaries of PT Sumalindo Hutani Jaya I are: North side with ex PT Basuimex IUPHHK-HA, South side with Pesab River, East side with PT Cahaya Mitra Wiratama IUPHHK-HT, and West side with Wahau River.

Geographical location of the company is at 01° 10' 0.0" to 01° 19' 0.0" South and 116° 57' 0.0" to 117° 08' 0.0" East. It is included in government administration of Kongbeng District, East Kutai Regency, East Kalimantan Province. Forestry Administration is included in Long Bau RPH, Muara Wahau BKPH, Muara Wahau KPH, East Kalimantan Provincial Office.

The condition of the land is 9,476 ha (86%) dry and the balance, 1,500 ha (14%) is wet. Topography: flat 0-8% covering 10,656 ha (97%) and sloping 8-15% of 320 ha (3%) at an altitude of 200 meters above sea level. It is included in the Pesab River forest group as permanent production forest. The soil type is mediterranean, podzolic, alluvial, formed by Balang Island, Pemaluan, and Balikpapan formations. The climate characteristics are Schmidt/ Ferguson type A.

Species developed PT Sumalindo Hutani Jaya I based on the site characteristics are *Eucalyptus* sp, *Gmelina arborea*, *Acacia mangium*, *Paraserianthes falcataria*, and *Tectona grandis*.

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

The Management Unit of PT Sumalindo Hutani Jaya I has a Social Impact Study Report (SDS) document that was carried out in 2014. The document discusses the socio-economic conditions of the community around the concession area (livelihoods, health, education, environment) and analyzes the social impact of the company's activities and presence on the communities around the concession area. Based on these documents, there are no indigenous peoples in the concession area. Administratively, the concession area of PT Sumalindo Hutani Jaya Unit I is included in the areas of Miau Baru, Suka Maju and Marga Mulia Villages, Kongben District, East Kutai Regency, East Kalimantan Province.

During the Surveillance 1 Audit, there is collaboration on livelihood plants and the Desa Makmur Peduli Api (DMPA) Program with the community.

The Management Unit has procedures for resolving land conflicts and has made mapping documents and conflict resolution as well as progress on conflict resolution implemented in 2019. The Management Unit has made a conflict identification report attached to which is the PT Sumalindo Hutani Jaya I Potential Conflict Identification Map and a mapping report. Potential conflict and resolution has been reported to the Head of the East Kalimantan Provincial Forestry Service in 2019.

There is a CD-CSR program in 2020, which includes types of CD-CSR program activities, activity descriptions, budget plans and potential recipient locations. Based on the CD realization report for the January to September 2020 period, programs were realized in the form of: rattan weaving technique training, Youth Red Cross (PMR) assistance at SMK NI Wahau, CSR goes to school, TPA guidance, student scholarships, notebook assistance, teacher honoraria, student transportation, staple food assistance (Covid-19 prevention) and construction of tendon houses.

Description of the ecological conditions of the concession

The Management Unit has carried out identification of forest management activities with significant impacts, and conducted environmental impact assessments through: AMDAL RKL & RPL documents HPHTI PT. Sumalindo Hutani Jaya I, (Central Commission for AMDAL, Ministry of Forestry Number 191 / DJ-VI / AMDAL / 95 dated September 25, 1995). The draft of RKUPHHK-HTI for 2020 to 2029 and implementation of environmental management and monitoring every semester are presented in the Environmental Permit Implementation report (RPL / RKL).

Other activities carried out include:

- Reduced Impact Logging Activities, although no harvesting activities have been carried out for the past five years due to technical problems, the last harvesting activity was carried out in 2012.
- Identification of areas that function to protect land and water were allocated in Local Protection Areas and other Protected Areas of 1,485.66 ha (13.54%), consisting of KPSL covering an area of 117.60 ha (1.07%), KPPN covering an area of 454.75 ha (4.14%) and Riverine Areas of 913.32 ha (8.32%).
- Monitoring of negative impacts of forest management activities in concession areas is carried out in accordance with the AMDAL RKL and RPL Documents, which have documented procedures that serve as guidelines for monitoring negative impacts due to forest management activities for Monitoring Protected Areas, Debits and Water Quality, and Erosion Monitoring.

The Management Unit has carried out Biodiversity Management activities through the identification and inventory of protected, endemic, rare and threatened flora & fauna within the concession area. Flora and fauna that are protected, endemic, rare and endangered species and their habitats in the area have been identified in accordance with applicable regulations through an inventory activity accompanied by maps distribution of flora and fauna.

- Protected Area management is carried out in accordance with the Environmental Permit Implementation Report every semester as well as SOP for Protected Area Monitoring.
- Identification of protected and endangered key species, their habitats and their migration patterns. Based on this identification there are key species, Bornean orangutan (*Pongo pygmaeus morio*).
- The staple plants cultivated are not genetically modified tree species, being the species *Eucalyptus* sp, *Gmelina arborea*, *Acacia mangium*, *Paraserianthes falcataria*, *Tectona grandis*.

The Management Unit has carried out Forest Protection activities, whether these are due to human or natural causes.

- Documents on the identification of forest management disturbances found in the area of PT. Sumalindo Hutani Jaya I, namely: AMDAL Documents, RKL, RPL, 2020 to 2029 RKUPHHK Draft and Environmental Permit Reports per semester.

- Has documented procedures for the Integrated Pest and Disease Management, Weed Control, Handling of Spills of Fuel, Lubricants and Chemicals, and for the Management of Hazardous and Toxic Waste (B3).
- Has implemented forest protection measures against fire hazards.
- In the work area there is livestock grazing in areas that have been encroached upon and become community gardens. Illegal grazing is a side effect of forest and land encroachment activities. The current effort taken by the Management Unit is to collect data on areas encroached upon or claimed by the community.
- The Management Unit has implemented appropriate steps in forest protection activities.

Results of the Public Consultation

Before carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting October 8, 2020, asking stakeholders to provide feedback and information about PT. Sumalindo Hutani Jaya I. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties by email or postal mail, and published in local newspapers. PT AJA Certification Indonesia did not receive input from the Public Consultation.

The audit team also collected information from the mass media about PT. Sumalindo Hutani Jaya I, 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 necessary for this certification process, which consist of legal aspects that include compliance with international rules and regulations and conventions. A management system has been established to cover all activities in the area of certification, which is registered for an area of 10,976.40 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, there were no Non-Conformities of either Major or Minor category identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until February 23, 2023, provided that PT. Sumalindo Hutani Jaya I does not have any problems at the next Surveillance visit. If any non-conformities are not closed at the next Surveillance visit, the certificate will be suspended until such time as AJA is able to perform a closeout visit.