

Public Report Sustainable Forest Management System

Ownership of this report and the information contained within remain the property of
AJA Europe



AJA EUROPE

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

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

AUDIT START DATE: October 18, 2021
AUDIT END DATE: October 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

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan Zubaidi

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

| SITE NAME (Legal Name): | ADDRESSES OF COMPANY SITES VISITED including country | DATE OF EACH SITE VISIT: |
|----------------------------|---|--------------------------------|
| Pesab District | Kongbeng District, Kutai Timur Regency, East Kalimantan Province – Republic of Indonesia | October 18,19, 21, 22, 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 | |
| N/A | | |
| | | |
| | | |

Brief Description of the concession

PT Sumalindo Hutani Jaya I obtained a forest management permit based on the Decree of the Minister of Forestry No. 407/Kpts-II/1996 dated August 5, 1996 regarding the Decree on the Granting of Industrial Plantation Forest Concession Rights over a forest area of 10,000 hectares in the Province of East Kalimantan to PT Sumalindo Hutani Jaya. Then, a new Decree of the Minister of Forestry Number 273/Menhut-II/2007 dated August 7, 2007 was issued, concerning the Determination of the Working Area Boundary for the Utilization of Industrial Timber Forest Products in PT Sumalindo Hutani Jaya Plantation Forest of 10,976.40 Ha in East Kalimantan Province. There is no conversion of natural forest to plantation forest, thus, the registered area for IFCC certification is 10,976.40 Ha.

PT Sumalindo Hutani Jaya I has the Work Plan for Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) which is ratified based on the Decree of the Minister of Environment Number SK.6145/MenLHK-PHPL/UHP/HPL.1/11/2020 dated November 16, 2020 concerning Approval of Business Plans for Utilization of Industrial Timber Forest Products for a Period of ten years of 2020 to 2029 on behalf of PT Sumalindo Hutani Jaya (Unit I) in East Kalimantan province. The spatial planning of its working area based on the RKUPHHK-HTI is Protected Area of 1,485.66 Ha (13.54%), and Cultivation Area of 9,490.74 Ha (86.46%). The cultivation area consists of Staple (self-managed) Plant area of 6,803.30 ha (61.98%) and Livelihood (partnership management Plant area of 2,687.44 Ha (24.48%).

The work area boundaries of PT Sumalindo Hutani Jaya I are:

- North : former plantation of PT Basuimex,
- South : Pesab River,
- East : IUPHHK-HT PT Cahaya Mitra Wiratama,
- West : Wahau River.

The concession is geographically located at 01° 10' 0.0" to 01° 19' 0.0" South and 116° 57' 0.0" to 117° 08' 0.0" East. The work area is in Kongbeng District, Kutai Timur Regency, East Kalimantan with forestry administration included in RPH Long Bau, BKPH Muara Wahau, KPH Muara Wahau, Provincial Office of East Kalimantan.

The land condition of the field is mostly dry with flat topography and the altitude is 200 meters above sea level. It is part of Pesab River Forest group as permanent production forest and crossed by Pesab River. The soil type is mediteran, podzolic, alluvial with Balang Island, Maluan and Balikpapan geological formation. The climate is included in Schmidt and Ferguson type A. Based on the land condition, the species being developed are *Eucalyptus sp*, *Gmelina arborea*, *Acacia mangium*, *Paraserianthes falcataria*, *Tectona grandis*.

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

Administratively, the concession area of PT Sumalindo Hutani Jaya I is included in the area of Miau Baru, Suka Maju and Marga Mulia Villages, Kongben District, Kutai Timur Regency, East Kalimantan Province. Based on interviews with the community and the Village Head, there are indigenous peoples in Miau Baru Village, namely the Dayak Kayan people. This is evidenced by the existence of traditional *lamins* (house). The Management Unit identifies, recognizes, and respects the tenure system and the legal rights of the communities surrounding the concession area.

The company provides access to the community to enter the area to look for fish in swamps or small lakes within the company and look for grass for cattle feeding. During this Surveillance 2 Audit, there was no new agreement with the community in livelihood plant or Desa Makmur Peduli Api (DMPA) program.

PT Sumalindo Hutani Jaya I has documented procedure in Land Conflict Resolution with respect to avoid conflicts with indigenous peoples' rights based on customary law and/or local community property rights. The Management Unit also performed Potential Mapping and Conflict Resolution based on Perdirjen PHPL No. P.5/PHPL/UHP/PHPL.1/2/2016

concerning Guidelines for Mapping Potential and Conflict Resolution for IUPHHK-HP holders, with the result that the potential conflict status is medium/alert, and has reported to the authorized forestry service.

The CD-CSR program for 2021 was being realized and evidenced by realization report for the period January to September 2021. The programs were realized in the form of rattan weaving technique training, CSR goes to school, TPA development, student scholarships, notebook assistance, teacher fees, student transportation, and food assistance (pandemic aid).

Description of the Ecological conditions of the concession

The Management Unit has carried out forest ecosystem and hydrological function management through the following activities:

- identification of forest management activities that have significant impacts, and conduct environmental impact assessments through AMDAL, RKL and RPL HPHTI PT. Sumalindo Hutani Jaya I, (Central Commission on AMDAL, Ministry of Forestry Number 191/DJ-VI/AMDAL/95 dated September 25, 1995), RKUPHHK of 2020 to 2029 and the implementation of environmental management and monitoring every semester are presented in the Environmental Permit Implementation Report (RPL/RKL),
- identification of areas that function for soil and water protection and being allocated as Local Protected Areas and other Protected Areas of 1,485.66 ha (13.54%), consisting of KPSL of 117.60 ha (1.07%), KPPN of 454.75 ha (4.14%) and River Border of 913.32 ha (8.32%)
- monitoring the negative impacts of forest management activities in accordance with the AMDAL RKL and RPL which become reference of documented procedures that serve as guidelines for monitoring negative impacts, namely SOPs for Monitoring Protected Areas, SOPs for Monitoring Discharge and Water Quality and SOP for Erosion Monitoring, as well as documented procedures for the controlled use of B3 (Hazardous and Toxic Materials), SOPs for Management of Hazardous and Toxic Waste (B3), SOPs for Handling Spills of Fuel, Lubricants and Chemicals, SOPs for Weed Control, and SOPs for Countermeasures Integrated Pests and Diseases.

The Management Unit has carried out biodiversity management through the following activities:

- identification and inventory of protected, endemic, rare and threatened/near-extinct flora and fauna and their habitat in accordance with regulations in the IUPHHK-HTI area. The results of the identification and inventory can be found in RKL, RPL, AMDAL documents, RKUPHHK of 2020 to 2029 and Environmental Permit Reports Semester 2 of 2019 and semester 1 of 2020, and maps of distribution of flora and fauna,
- performing management of protected areas in accordance with the Environmental Permit Implementation Report every semester as well as SOPs for Monitoring Protected Areas,
- identification of protected and threatened/ endangered key species as well as their habitats and migration patterns. Based on the identification, the key species is Bornean orangutan (*Pongo pygmaeus morio*),
- carried out an environmental impact assessment on the potential impacts on protected, endemic, rare and threatened/near-extinct flora and fauna, through RKL, RPL, AMDAL documents,
- not cultivating genetically modified tree species but *Eucalyptus sp.*, *Gmelina arborea*, *Acacia mangium*, *Paraserianthes falcataria*, *Tectona grandis*.

The Management Unit has carried out forest protection through the following activities:

- identification and monitoring of disturbances in sustainable forest management which the results are being documented in RKL, RPL, AMDAL documents, RKUPHHK of 2020 to 2029 and Environmental Permit Reports per semester,
- having documented procedures to prevent and handle pest attacks namely SOPs for Integrated Pest and Disease Management, as well as the management of chemical pesticides namely SOP for Weed Control, SOP for Integrated Pest, and Disease Management, dan SOP for the Management of Hazardous and Toxic Waste,
- implemented forest protection measures against fire hazards,

- there are cattle grazing in areas which being encroached and become community gardens. Illegal grazing is a by-product of forest and land encroachment activities. The current effort taken by the Management Unit is to collect data on the areas encroached or claimed by the community to resolve the claims,
- The Management Unit has implemented appropriate steps in forest protection activities.

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting September 6, 2021, 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 Sertifikasi Indonesia does 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 are considered as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, which consists of legal aspects which include compliance with international regulations and rules and conventions. A management system has been established to cover all activities in the field of certification, registered for certification covering 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 Surveillance 2 Audit, there is no non-conformities in either major or minor categories being identified.

Conditions under which the certificate is issued

Certificate is valid until February 23, 2023, provided that PT Sumalindo Hutani Jaya I maintains its Recertification schedule and does not have potential major non-conformities at the next Recertification.