

# 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  
ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: September 24, 2019  
 AUDIT END DATE: September 27, 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: Ardi Prasetyo

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 4

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
District of Pesab	Kongbeng District, Kutai Timur Regency, East Kalimantan Province – Republic of Indonesia	September 24 to 27, 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	
NA		

#### Brief Description of the concession

PT Sumalindo Hutani Jaya I obtained its operating permit based on Decree of Minister of Forestry Number .407/Kpts-II/1996 dated August 05, 1996 concerning the Decision Letter Granting the Rights of Industrial Plantation Forest Utilization of ten thousand (10,000) hectares of Forest Area in First Level Region of East Kalimantan Province to PT Sumalindo Hutani Jaya I.

This was later followed by the issuance of the Decree of Minister of Forestry Number 273/Menhut-II/2007 dated August 07, 2007 on Boundary Arrangement on Working Area of Timber Forest Product Utilization on Industrial Plantation Forest Permit in Plantation Forest of PT Sumalindo Hutani Jaya covering 10,976.40 ha in East Kalimantan Province. There has been no conversion of natural forest to plantation forest, so the total area registered for IFCC certification is 10,976.40 ha.

PT Sumalindo Hutani Jaya I has RKUPHHK-HTI document issued by the Decree of Minister of Forestry Number SK.85/VI-BPHT/2010 dated August 16, 2010 concerning the Agreement of Revision of Work Plan of Timber Forest Product in Industrial Plantation Forest Utilization for the 10-year period 2010 to 2019 on behalf of PT Sumalindo Hutani Jaya I in East Kalimantan Province.

PT Sumalindo Hutani Jaya I had made the following spatial arrangement: Protected Area of 783 ha (7.13%), Staple Plant Area of 7,699 ha (70.14%), Indigenous Plant Area of 961 ha (8.76%), Livelihood Plant Area of 508 ha (4.63%), Area Ineffective for Production, including infrastructure of 1,025 ha (9.34%),

PT Sumalindo Hutani Jaya I work area boundaries are, North side: Ex. IUPHHK-HA PT Basuimex, South side: Pesab River, East side: PT Cahaya Mitra Wiratama, IUPHHK-HT, West side: Wahau River.

The concession area is geographically located between 01° 10' 0.0" to 01° 19' 0.0" South and 116° 57' 0.0" to 117° 08' 0.0" East, while it falls under the governmental administration of Kongbeng District, East Kutai Regency, East Kalimantan Province. Forestry Administration is included in Long Bau RPH, BKPH Muara Wahau, KPH Muara Wahau, Forestry Provincial Office of East Kalimantan.

The field condition is divided into a 'dry' location of 9,476 ha (86.33%), and a 'wet' location of 1,500 ha (13.67%). The topography is mainly flat (0-8% slopes) covering 10,656 ha (97.08%), with the balance of 320 ha (2.92%) having 8-15% ramps, at an altitude of 200 meters above sea level. The concession area is included in the Pesab River forest group, which functions as Permanent Production Forest. The soil type is Mediterranean, podsollic and alluvial, while its geology consists of Balang Island formation, Pemrasi formation, and Balikpapan formation. The climate according to the Schimidt/ Ferguson classification is Type A.

Based on the foregoing, the species developed by PT Sumalindo Hutani Jaya I 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 communities that are adjacent to the concession area of PT Sumalindo Hutani Jaya I are indigenous residents (Dayak Kayan), although there are also transmigration communities in addition. There are three target villages around the company's concession: Miau Baru Village, Suka Maju Village and Marga Mulia Village, Kongben District, East Kutai Regency. Based on interviews with the company staff, there are no indigenous peoples around the concession area of PT Sumalindo Hutani Jaya I, although according to one Village Head, the indigenous people residing in the vicinity are Dayak Kayan. This is evidenced by the presence of customary *Lamin* house. Communities in the vicinity of the PT

Sumalindo Hutani Jaya I concession generally make their living as oil palm and rubber tree farmers.

Based on an interview with the company staff, the land claim issues that occur within the concession area of PT Sumalindo Jaya I are always resolved by deliberation and consensus and involve elements of the District Head, Police Sector Head, the Head of *Koramil* and the claimant community. This is to avoid friction that will harm both parties.

Based on a document review at PT Sumalindo Hutani Jaya I, there are several agreements with the community in regard to the MoU on the Allocation of Public Facilities Areas, and Minutes of the Handover of the Desa Makmur Peduli Api Program (DMPA) with joint farmers groups. At this time, there is agreement on a MoU of the Livelihood Plant Area Between PT Sumalindo Hutani Jaya and the village, which is the first step before a notarized agreement is signed giving it permanent legal force.

PT Sumalindo Hutani Jaya I has provided support and assistance to the three villages around the concession through its CD / CSR program. This covers several fields including the creation of business opportunities and other forms of community economic advancement, education, health, social and cultural, as well as meeting infrastructure needs. The Management Unit always pays close attention to the needs of the communities in the target villages providing assistance to the best of the company's capabilities.

#### Description of the ecological conditions of the concession

The Management Unit's work area is in the form of a lowland tropical rainforest ecosystem. Some of the native ecosystem has been preserved in protected areas and some has been converted into plantation forest with tree species currently developed being *Eucalyptus pellita*.

The Management Unit has identified the forest management activities with the potential to have a negative effect on the forest ecosystem and undertakes measures to minimize such impacts. These include monitoring activities in the areas of:

1. Physical and chemical properties of the soil to determine changes in its health due to losses of organic and other nutrients during land preparation;
2. Soil erosion due to changes in physical properties such as permeability and structure during land preparation;
3. Hydrology and water discharge due to changes in the physical nature of the watershed and land cover because of rainfall, and;
4. Sedimentation caused by soil particles entering the river and being carried out of the watershed area.

The Management Unit reports all its management and monitoring activities to the requisite authorities each semester

The Management Unit has allocated a part of its area to the Protected Area, in the form of KPPN and the borders of the Pesab and Miau Rivers. The area serves to protect the flora and fauna that are threatened or protected along with their habitat. Among the flora species are: the Bornean ironwood or ulin (*Eusideroxylon zwageri*), (*Licania splendens*), (*Maranthes corymbosa*) and (*Octomeles sumatrana*). The fauna, meanwhile, includes the key species for the area, the Bornean orangutan (*Pongo pygmaeus*), as well as grey (or Mueller's) gibbon (*Hylobates muelleri*), otter civet (*Cynogale benneti*), sambar deer (*Cervus unicolor*), blue-eared kingfisher (*Alcedo meninting*), hornbills, etc.

In handling threats to the forest ecosystem, the Management Unit forbids the lighting of fires for land clearance purposes, plus conducts regular patrols to identify cases of encroachment and counter such threats as illegal logging, hunting, etc. It also carries out rehabilitation of degraded areas, taking the appropriate steps to replenish with native species that suit the technical sylvan system.

Not all forest disturbances are due to human causes, however, and the Management Unit counters pest infestation and disease by utilizing manual, mechanical, biological and chemical measures as deemed most effective under the circumstances. Besides handling the use of chemical pesticides in the field, the Management Unit also has standard

procedures for handling fuel oil spills, lubricants and chemicals, as well as waste management of hazardous and toxic materials (B3). Currently, it is applying for a new LB3 TPS construction permit at a new location..

In the prevention and control of forest and land fires, PT Sumalindo Hutani Jaya I has implemented a Zero Accident land preparation policy. The Management Unit has also provided infrastructure, facilities and infrastructure as well as human resources for forestry prevention and mitigation activities. In addition, the Management Unit also involves the local community in being active and participating in these efforts by forming the Fire Concern Community (MPA).

### Results of the Public Consultation

Prior to conducting the Stage 2 Audit, PT AJA Sertifikasi Indonesia carried out a Public Consultation commencing June 8, 2019, requesting 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](http://www.ajaindonesia.com)), sent to parties via e-mail or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during 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 needed for this certification process, which consist of legal aspects that include compliance with rules and regulations and international conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area covering 10,976.40 hectares.

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

Results of the Stage 2 Audit of PT Sumalindo Hutani Jaya I identified four (4) Minor Non-Conformities as listed below:

No	Non-Conformities	Corrective Action Performed	Category
1	PT Sumalindo Hutani Jaya I had carried out maintenance of work area boundaries/ concession boundaries, but had not yet reported the maintenance activities to Samarinda Forest Area Consolidation Center.  Indicator: I.1.2.	The Management Unit has now submitted the maintenance activity report to Samarinda Forest Area Consolidation Center.	Minor
2	PT Sumalindo Hutani Jaya I had not conducted a ground check on the interpretation of the Landsat Mosaic Image on May 3, 2017 to ensure the status of a detected open land area.  Indicator : I.3.4	The Management Unit has now carried out ground checks of the results of the interpretation of Landsat imagery on October 8, 2019 and is preparing a report on the status of the open land area.	Minor
3	PT Sumalindo Hutani Jaya I had not updated the data related to plant assets and land status. The Management Unit also did not have data on the cover of indigenous plant areas and livelihood plant area.  Indicator : I.4.1	The Management Unit has now conducted a ground check and survey to determine the existing plant assets in all concession areas, including the condition of the area cover in areas of livelihood and indigenous plants.	Minor



4	<p>PT Sumalindo Hutani Jaya I had made a Permanent Sample Plot but had not yet collected sample data for soil analysis, and the labels on the tree information did not conform to the SOP.</p> <p>Indicator : I.5.2</p>	<p>Implementation of SOPs in each of the company's operational activities has now been monitored and evaluated. The Management Unit has completed an action plan in regard to the information label for all PSP plots.</p>	Minor	
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**Conditions under which the certificate is issued**

Certificate is valid until 23/02/2023 provided that PT Sumalindo Hutani Jaya I 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 close out visit.