

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 KELAWIT HUTANI LESTARI

TOTAL HECTARES: 7,802 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 7,802 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: October 26, 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

AUDIT END DATE: October 29, 2019

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Rahmat Safe'i

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS : -

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Kelawit Hutani Lestari	Rikong Village, Siluq Ngurai District, Kutai Barat Regency, East Kalimantan Province, Republic of Indonesia	October 26 to 29, 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

Based on the Decree of the Minister of Environment and Forestry Number SK 644 / MenLHK / Setjen / HPL.0 / 12/2018 dated December 31, 2018, from the concession area an Other Use Area (APL) of approximately 1,953 hectares was issued to be handed over to the regional government and allocated entirely to the local community through the TORA scheme, so that by following the forest area boundary in accordance with the guidelines for the IUPHHK area, the transmigration pattern of PT Kelawit Hutani Lestari becomes an area of about 9,755 hectares. Thus the total area for certification is 9,755 ha - 1,953 ha = 7,802 ha. There has been no conversion of natural forest to plantation forest after December 31, 2010, so the scope of the IFCC certification is for an area of 7,802 ha.

The Management Unit has a ten-year planning document, the Business Plan for Utilization of Timber Forest Products (RKUPHHK-HT) for 2018 to 2027 on behalf of PT. Kelawit Hutani Lestari (SK MenLHK No.762 / menLHK-PHPL / UHP / HPL.1/2/2018 dated February 14, 2018). The spatial planning based on the latest decree issued (SK 644 / MenLHK / General Secretariat / HPL.0 / 12/2018 dated December 31, 2018) is: Local Protected Area and Other Protected Area of 1,851 ha (20.16%), Staple Plant Area of 4,251 ha (46.31%), and Livelihood Plant Area of 3,078 ha (33.53%).

Geographically, the work area is located at 00° 45' 52" to 00° 55' 26" South and 115° 54' 32" to 115° 59' 23" East. The work area is surrounded by APL and is located in the Kelawit River – Jelai River forest group.

Based on the governmental administration, it falls under the region of Siluq Ngurai District, West Kutai Regency, East Kalimantan Province, First Level Region of Forestry Agency of East Kalimantan.

Hydrologically it is located in the Mahakam watershed with Kelawit and Tuang sub-watershed. The topography of the land is sloping to hilly with a slope range of 0% - 25%, at an altitude of 50-150 meters above sea level. The concession area has relatively uneven rainfall with the dry period occurring between June and October, and the rainy season lasting from November to April. Annual rainfall is 1,938 mm, with an average of 179 mm / month, the highest rainfall occurring in April and the lowest in August and September. The geological conditions based on the East Kalimantan Longiram Sheet Geological Map scale of 1: 250,000 consist of the Tomp Formation (Pamalu Formation) and the Tuyu Formation (Toty), with Tropudults soil type; Tropaquepts, Tropudults; Dystropepts and Tropudults, Plinthudults and Paleudults.

Given the foregoing the Management Unit of PT Kelawit Hutani Lestari cultivates *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 Kelawit Hutani Lestari conducted a Social Impact Study (SDS) in 2016. Based on the SDS document, there are four villages in the concession area that are included in the administrative area of Siluk Ngurai Subdistrict, namely: Lendiang Liang Nayuk Village, Kandisiq Village, Penawang Village and Rikong Village.

The majority of the population in the four villages are Dayak Benuaq and Dayak Bentian with a small number of Javanese, Bugis and Kutai migrants. The Benuaq Dayak and Bentian Dayak communities still maintain traditional customs in their daily lives such as for deaths, marriages, medical treatments and a traditional system of fines.

With the existence of customary rights still being recognized by the community and the local government, PT Kelawit Hutani Lestari must obtain approval from the community before planting each new area. There is evidence of cooperation with the local village community as recorded by a notary in regard to the cooperation of HTI plants. In addition there are records of cooperation agreements in the framework of forest management in the form of the formation of the Fire Concern Community (MPA), Desa Makmur Peduli Api (DMPA) and the cooperation in the utilization of Non-Timber Forest Products (HHNK).

Based on interviews with the village heads, PT Kelawit Hutani Lestari has respected the rights of the indigenous Dayak people, where there has been no eviction from cultural sites (graves / sacred sites) or from land previously tilled by the community. Each time there is logging or a new opening of land, the community is always involved.

The Management Unit has standard procedures for resolving land conflicts that explain the conflict resolution mechanism. There are records of land settlement documents together with the minutes of agreement accompanied by payment receipts, letter certifying the ownership of the land, as well as HTI development cooperation accompanied by a location map. There are conflict mapping and resolution reports for period I of 2019 that have been reported to the Head of the Environment and Forestry Office of East Kalimantan Province.

There are documents on Community Development Project Plans (CDs) from 2015 to 2019. The document details the planning and realization of the CD program for each year. The planned CD program is in the form of assistance in the fields of: productive businesses, health, education, social culture and infrastructure. Based on the realization of the 2019 CD program from January to September, the types of programs realized were:

- a. Productive business and creative economy: animal husbandry and agricultural cultivation assistance.
- b. Education: CSR goes to school and school subsidies.
- c. Health: mass treatment, supplementary supplementing with gum, and fogging and health checks.
- d. Social and cultural: traditional ritual assistance, religious holidays, national holidays, youth, natural disasters and fuel assistance.
- e. Infrastructure: improvement of village roads, improvement of construction and signposts.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities that have significant impacts, and conducted an environmental impact assessment through: RKL & RPL AMDAL Documents of PT. Kelawit Hutani Lestari, which were approved by the Chair of the Regional AMDAL Commission Head of the West Kutai Regency Environmental Agency No. 660.5 / 003.3 / AMDAL-VII / 2009 dated July 13, 2009. Meanwhile, the results of the implementation of the environmental management and monitoring are presented each semester in the Environmental Permit Implementation (RPL / RKL) report.

To help counter negative impacts, Reduced Impact Logging activities are carried out in three stages - pre- harvesting, during harvesting operations, and post-harvesting. The Management Unit also monitors the physical and chemical properties of the soil and soil erosion, as well as water quality and discharge.

Identification of areas that function for soil protection are included in Local Protection Area / Other Protected Area of 1,851 ha (20.16%), which consists of KPSL of 607 ha (6.61%), KPPN of 366 (3.99%), and Riparian Areas of 878 ha (9.56%).

The Management Unit carries out biodiversity management activities that include identification and inventory of protected, endemic, rare and threatened / endangered flora & fauna within the concession area. The results of the identification and inventory can be found in the fauna distribution maps, although the flora distribution maps are not yet available. No key species have been identified.

The main plant species being cultivated are not genetically modified tree species, but *Acacia mangium* and *Eucalyptus pellita*.

The Management Unit also carries out Forest Protection activities for disturbances due to human and natural causes. These include the posting of boundary markers and warning notices forbidding the lighting of fires, grazing of livestock, etc. While regular patrols are carried out to swiftly identify the cause of any disturbance, close coordination is also maintained with the local community to keep them aware of the company operations.

The Management Unit has documented procedures to prevent and handle the occurrence of disease or infestation, which include manual, mechanical, natural and the use of chemical pesticides as appropriate. There are also documented procedures for the handling of fuel oil spills, lubricants and chemicals, as well as for the management of hazardous and toxic materials (B3).

The Management Unit also implements forest protection measures against fire hazards in cooperation with the local community as part of the MPA and DMPA agreements.

Results of the Public Consultation

Prior to undertaking the IFCC Stage 2 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing October 8, 2019, which asked stakeholders to provide feedback and information on PT Kelawit Hutani Lestari. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email or postal mail, and announced in local newspapers. The audit team also collected information from the mass media about PT Kelawit Hutani Lestari, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

A response to the public consultation response was received from the district police chief on October 21, 2019, which stated that: coordination with the District Police Station was satisfactory, concern was shown for the local community in terms of labor recruitment, plus coordination and cooperation with the community was satisfactory, as was the handling of forest and land fires.

There was also a response from the District Head that was posted on October 24, 2019. Based on information from the district head on October 25, 2019, communication and consultation were quite good between the company and the community as well as the government apparatus, with the company being quick to respond to proposals from the local community through its CD assistance program.

PT Kelawit Hutani Lestari has identified all necessary requirements for this certification process, comprising legal aspects that include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the field of certification, which is registered for an area of 7,802 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 Kelawit Hutani Lestari identified one (1) Minor Non-Conformity. The management system of PT Kelawit Hutani Lestari is operating effectively and no critical issues were identified.

NO	Nonconformities	Corrective Action performed	Category
1.	The Management Unit has divided the work area into work plots. Based on field verification, however, some compartment pegs were not made from paralon material, resulting in the absence of compartment marking and RKT boundaries with pegs, as well as no maintenance of compartment pegs carried out in the last year's and current year's RKT blocks. In addition, no boundary pegs were found in the area of Livelihood Plants. Clause Ref. I.4.1.	The Management Unit has planned the installation / maintenance of compartment plots that are not made of paralon material, as well as carrying out maintenance of compartment stakes carried out in the last and next year's RKT block. In addition, it has also installed boundary pegs for the area of Livelihood Plants.	Minor



Conditions under which the certificate is issued

Certificate is valid until April 01, 2023, provided that PT Kelawit Hutani Lestari 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.