

Public Reports Sustainable Forest Management System

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CLIENT NAME: PT Adindo Hutani Lestari

TOTAL HECTARES: 123,182

SCOPE OF REGISTRATION: Sustainable Forest Management of 123,182 Hectares of Plantation Forest in North Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: May 24, 2023

AUDIT END DATE: May 29, 2023

In signing this document the Audit team confirmed that they 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

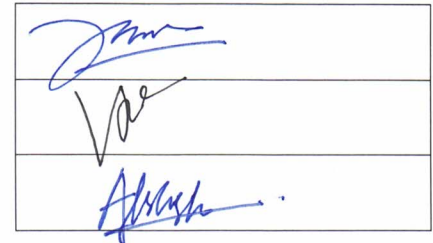
SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Abdul Salam

SIGNATURE:



MAJOR CARS: 0

MINOR CARS: 6

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office	Jl. Raja Panditha No. 88 B, RT. V, Kecamatan Malinau Hulu, Malinau Kota, Kabupaten Malinau, Provinsi Kalimantan Utara, Indonesia	May 24, 2023
Sebakis Sector	Sebakis - Sebuku, Sembakung, Nunukan, Kabupaten Nunukan	May 25 to 26, 2023
Sesayap Sector	Sesayap - Sekatak, Tanjung Palas Utara, Sesayap, Sesayap Hilir, Kabupaten Bulungan, Tana Tidung	May 27 to 29, 2023
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	
Sembakung Sector	Sembakung - Malinau Utara, Sebuku, Lumbis, Sembakung, Sembakung Atulai, Kabupaten Malinau, Nunukan	

Brief Description of the concession

PT Adindo Hutani Lestari has a Forest Utilization Business Permit (PBPH):

1. Timber Forest Product Management Business Permit (IUPHHK) through the Decree of the Minister of Forestry No. 88/Kpts-II/1996 dated 12 March 1996 with a concession area of approximately 201,821 Ha.
2. Decree of the Minister of Forestry Number 935/Kpts-II/1999 dated 14 October 1999 concerning the determination of the working area of PT Adindo Hutani Lestari with a boundary length of 799,249.50 meters with an area of 191,486.90 Ha.
3. Decree of the Minister of Environment and Forestry No. 703/Menlhk/Setjen/HPL.0/9/2021 dated 13 September 2021 concerning Amendment to the second Decree of the Minister of Forestry No. 88/Kpts-II/1996 dated 12 March 1996 with a concession area of approximately 201,821 Ha. The working area became 181,437 Ha.
4. Decree of the Minister of Environment and Forestry No. 1454/Menlhk/Setjen/HPL.0/12/2021 dated 31 December 2021 concerning Permits for Forest Utilization (PBPH) for PT Adindo Hutani Lestari with an area of 181,437 Ha. There was a change in the nomenclature of IUPHHK-HT to PBPH.

PT Adindo Hutani Lestari has a Forest Utilization Business Work Plan (RKUPH) with a period of 10 years from 2017 to 2026 which is approved based on the Decree of the Minister of Environment and Forestry Number: SK.8859/Menlhk-PHPL/UHP/HPL.1/10/2019 dated 17 October 2019. The layout of 191,487 ha of PT Adindo Hutani Lestari based on the RKUPH is 96,925 ha (50.62%) of Staple Plant Area, 41,502 ha (21.67%) of Livelihood Plant Area, and 53,060 ha (27.71%) of Protected Areas. There are non-IFCC areas based on SK.703/Menlhk/Setjen/HPL.0/9/2021 dated 13 September 2021 of 58,255 Ha. These areas were converted from natural forest above 31 December 2010. The areas are spread in Sembakung Sector of 19,801 ha, Sebakis Sector of 11,617 ha, and Sesayap Sector of 26,837 ha. Thus, the IFCC certified area changed from 123,772 ha to 181,437 Ha - 58,255 Ha = 123,182 Ha

Administratively, PT Adindo Hutani Lestari is in Regencies of Nunukan, Malinau, Tana Tidung, and Bulungan. It divides its working area into three (3) operational sectors, namely Sectors of Sesayap, Sebakis, and Sembakung. The details of each sector are as follows:

- Sector Sesayap; geographically located at 03°05'18,09" to 03°41'27,00" North and 116°53'02,76" to 117°16'29,55" East. It is included in District of Sekatak, Tanjung Palas Utara, Sesayap, Sesayap Hilir, Regency of Bulungan and Tana Tidung. It has an area of 43,827 ha and being planted with *Eucalyptus pellita* and *Acacia crassicarpa*. The boundaries of the sector are Sesayap River and PT Sanjung Makmur to the north, PT. Bulungan Surya Mas, PT. Citra Sawit Lestari to the south, PT. Sanggam Kahuripan Indonesia to the east, and PT Intraca and PT Sanjung Makmur to the west.
- Sector Sembakung; geographically located at 03°31'53,89" to 04°02'28,41" North and 116°30'19,09" to 117°10'14,46" East. It is included in District of Malinau Utara, Sebuku, Lumbis, Sembakung, Sembakung Atulai, Regency of Malinau and Nunukan. It has an area of 63,766 ha and being planted with *Eucalyptus pellita* and *Acacia crassicarpa*. The boundaries of Sector Sembakung are PT. BHP and PT. Comismar PT. Inhutani to the north, PT. Persada Kecana to the south, Sebakis Sector to the east, and PT. Wana Adiprima Mandiri to the west.
- Sector Sebakis; geographically located at 03°59'05,18" to 04°09'23,30" North and 117°02'01,17" to 117°21'16,07" East. It is included in District of Sebuku, Sembakung, Nunukan, Regency of Nunukan. It has an area of 16,179 ha and being planted with *Eucalyptus pellita* and *Acacia crassicarpa*. The boundaries of this sector are PT. Pohon Emas Lestari, PT. Nunukan Jaya Lestari and PT. Karangjuang Hijau Lestari to the north, forest to the south, river to the east, and Sembakung Sector to the west.

This Surveillance 1 Audit sample sites were in Sesayap and Sebakis Sectors.

The condition of the working area of PT Adindo Hutani Lestari is both dry soil and peat.as for its general working area conditions:

- Topography is flat to very steep (0-8%),
- Altitude at 75-280 meters above sea level,
- Soil types include Alluvial, Podzolic, Plintik, Gleisol, Organosol, Cambisol,
- Geology includes New (fresh) river deposits, Rhyolite, Andesite, Dolorite, Basalt, Alluvial, Gleisol hydrik, Mud, Silt, Marl, Pendotite, Likenit, Sandstone, Peat,
- Climate classification includes Type A climate,
- The highest rainfall of 650.57 mm/year and the lowest rainfall of 87.4 mm/year,
- River Basin Areas (DAS) are Sebakis Watershed, Sebuku Watershed, Sekatak Watershed, Sekatak Bengara Watershed, Sembakung Watershed, Sesayap Watershed and Tabur Watershed.

The production plants developed are *Acacia mangium*, *Acacia crassicarpa*, and *Eucalyptus sp.* *Acacia crassicarpa* is planted in areas of peat and areas of transition from minerals to peat. Meanwhile, *Acacia mangium* and *Eucalyptus sp.* are planted in mineral/dry soil areas.

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

Generally, the residents around PT Adindo Hutani Lestari have livelihoods as oil palm farmers, rubber farmers, rice field farmers, traders, and other service sectors. The existence of indigenous peoples around the concession is not acknowledged from the village government. At the village level there are Village Traditional Institutions, at the district level there are Adat heads who oversee several villages, while the main Customary Chairs are the highest leaders of customary institutions located in provinces/regencies.

Regarding the conflict resolution in 2022, The Management Unit has settled 56 cases of conflicts. The categories are land claims and plant compensation request to the company. As those has been settled by the resolution of PHBM and Tali Asih program. For 2023, there were 26 conflicts happened with the type of land claims. All of the conflicts had been resolved through PHBM agreements. There were new cooperation agreements with the community during the Surveillance 1 Audit in the form of Livelihood Plant agreements.

Based on the description above, it indicates that PT Adindo Hutani Lestari has provided adequate support to local communities around the company. In 2022, the realization of Corporate Social Responsibility (CSR) activities had been completed beyond the target. The types of assistance activities consist of six fields, namely the education sector, the health sector, the religious sector, the economic sector, the infrastructure and the social and environmental sector. Requests for assistance from the community were also made during the socialization of the current year's RKT in accordance with adjacent locations and in direct contact with the company.

Description of the Ecological conditions of the concession

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

- Identify forest management activities that have significant impacts, and conduct environmental impact assessments through:
 - AMDAL :
 - a. Decree of the Head of the Investment and One-Stop Service Office of Nunukan Regency No. 188.342/21/DPMPSTP/XII/2019 December 5, 2019,
 - b. Decree of the Head of the Investment and One Stop Service Office for North Kalimantan Province No. 757/3/IL/DPMPSTP.III/III/2021 dated 24 March 2021.
 - Report on the Implementation of Environmental Permits / RKL and RPL for the semesters I and II of 2022 of PT Adindo Hutani Lestari,
 - RKU Revision for the 2017 to 2026.
- Carrying out the Reduced Impact Logging activities before, during, and after logging activities,

- Identification of areas functioning for soil and water protection and allocated the areas as protected areas of 53,060 ha (27.71%). The types of protected areas in the sample sectors are:

Sebakis Sector:

The protected area covers 6,765 ha, consisting of 2,961 ha of river/water bodies, 981 ha of >40% slopes, 2,823 ha of KPPN.

Sesayap Sector:

The protected area covers 16,836 ha, consisting of 4,691 ha of river/water bodies, 3,829 ha of >40% slopes, 372 ha of KPPN, 1,754 ha of KPSL, 23 ha of customary/cultural areas and 6,167 ha of Peat Dome Peak.

- Monitoring of negative impacts of forest management activities.

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

- Identification and inventory of protected, endemic, rare and endangered flora and fauna as well as their habitats and migration patterns in the concession area in accordance with applicable regulations. The result of identification is documented in the AMDAL, RKU, distribution maps of flora and fauna.
- Management of Protected Areas in accordance with the RKL/RPL Implementation Report each semester as well as SOPs for Determination of Protected Areas and SOPs for Monitoring Protected Areas.
- Carried out an environmental impact assessment of potential impacts on protected, endemic, rare and threatened/endangered species flora and fauna.
- Not cultivating a genetically modified species but *Eucalyptus* Spp and *Acacia mangium*.

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

- Identification and monitoring of disturbances in Sustainable Forest Management.
- Preventing and dealing with pest attacks in accordance with SOP.
- Regulate the management of chemical pesticides in the field with the SOP.
- Implementing forest protection measures against fire hazard.

Prohibition of livestock grazing activities by the community.

Results of the Public Consultation

Prior to undertaking the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing April 6, 2023, which asked stakeholders to provide feedback and information on PT Adindo 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.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also collected information from the mass media about PT Adindo Hutani Lestari, such reported cases being given material consideration in the audit process conducted by PT AJA Sertifikasi Indonesia.

PT Adindo Hutani Lestari has identified all necessary requirements for this certification process, comprising legal aspects that include compliance with international regulations and conventions. The established management system includes all field activities for certification, which is registered for an area of 123,182 ha.

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

The results of the Surveillance 1 Audit at PT Adindo Hutani Lestari are 5 (five) non-conformities of Minor categories:

No	Non-Conformities	Corrective Action Performed	Categories
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1	<p>Planting activities were carried out without a Micro Planning Plantation (MPP) map and there was no MPP marking in the field.</p> <p>Indicator I.4.3</p>	<p>Management Unit has made improvement of planting activities by adding a Micro Planning Plantation (MPP) map to facilitate field supervision and marking according to the MPP map that has been made. They carry out socialization of SOP and direction to field supervisors as well.</p>	Minor
2	<p>There were many parameters in the Harvesting Check Sheet (LPH) that were not appropriate. Some of the condition in the field did not match the check sheet as well. The results of monitoring from LPH will be used as evaluation material for improvement in subsequent harvesting activities.</p> <p>Indicator I.4.4</p>	<p>The Management Unit conducts outreach and awareness to all field supervisors (foremen) and assistants. Particularly in logging activities to be more optimal in monitoring operational activities.</p>	Minor
3	<p>There are mismatches in the activity of making and measuring the Permanent Sample Plots (PSP):</p> <ol style="list-style-type: none"> 1. Soil sampling was not carried out. 2. The marking of PSP plot boundaries in Sesayap Sector and Sebakis Sector is not uniform. The sorting of wood for marking PSP plot boundaries in the Sebakis Sector was bigger than in the Sesayap Sector. <p>Indicator I.5.2</p>	<p>The Management Unit has performed:</p> <ol style="list-style-type: none"> 1. Taking sample soil to be tested. 2. Uniform the PSP boundary marking in all Sector according to SOP, as well as adjusting and standardizing the timber sorting made for marking the boundaries of PSP plots in each Sector. 	Minor
4	<p>Some SKSHHK timber transport documents are not accompanied by the supporting documents that provide information on the plots of the origin of the timber being transported. The wood cannot be traced to the smallest management level/cutting plot. The IFCC Timber Traceability System is not available in any SOP. This is not in accordance with the SOP of Wood Administration.</p> <p>Indicator III.2.1</p>	<p>The Management Unit has performed:</p> <ol style="list-style-type: none"> 1. Made revision of SOP: AHL-WSH-0009-PR related to the timber traceability system IFCC claims. 2. Socialization of the SOP and direction to supervisors. 	Minor
5	<p>The weighing post building at the Sesayap Sector needs to be repaired.</p>	<p>The Management Unit has prepared a development plan (timeline) and RAB for the construction of a weighing post at the</p>	Minor

	Indicator I.11.8	Sesayap Sector. As well as conducting regular monitoring and evaluation of all company assets.	
6	There are chainsaw workers who did not wear complete PPE such as face shield, ear plug, and saw cap. Indicator I.12.4	The Management Unit has planned to provide PPE (helmets, face shields, earplugs, gloves, saw caps and safety shoes) according to the requirements in the SOP for workers, especially for the chainsaw men. As well as monitoring and evaluating as well as inspecting the use of PPE on a regular basis.	Minor

Conditions under which the certificate is issued

The certificate is valid until September 13, 2025, provided that PT Adindo 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 close-out visit.