

Public Report

Sustainable Forest

Management System

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CLIENT NAME: PT Adindo Hutani Lestari

TOTAL HECTARES: 123,772

SCOPE OF REGISTRATION: Sustainable Forest Management of 123,772 hectares of Plantation Forest in North Kalimantan Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: May 29, 2022

AUDIT END DATE: June 03, 2022

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: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Adindo Hutani Lestari	Jl. Raja Panditha No. 88 B, RT. V, Kecamatan Malinau Kota, Malinau Regency, North Kalimantan Province, Indonesia	May 29, 2022
Sembakung Sector	Kecamatan Malinau Utara, Malinau Regency, Kecamatan Sebuku, Lumbis, Sembakung, Sembakung Atulai, Nunukan Regency, North Kalimantan Province, Indonesia	May 30 to 1 June, 2022
Sebakis Sector	Kecamatan Sebuku, Sembakung, Nunukan, Nunukan Regency, North Kalimantan Province, Indonesia	June 2 to 3, 2022
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	
Sesayap Sector	Kecamatan Sekatak and Tanjung Palas Utara, Bulungan Regency, Kecamatan Sesayap and Sesayap Hilir, Tana Tidung Regency, North Kalimantan Province, Indonesia	

Brief description of the concession

PT Adindo Hutani Lestari obtained the IUPHHK-HTI of its concession area in the Regencies of Malinau, Nunukan, Bulungan and Tana Tidung, North Kalimantan Province through the Decree of the Minister of Forestry No. through Addendum SK No. 935/Kpts-II/1999 dated October 14, 1999, of 191,487 Ha. There are some areas inside the concession which is not IFCC certified of 67,715 Ha consisting of; converted natural forest after December 31, 2020 of 20,325 Ha, area with natural forest cover of 32,539 Ha, infrastructure of 572 Ha, mining in the forest area (IPPKH) of 13,486 Ha and transmigration area of 793 Ha. After the reduction of those areas, the area of PT Adindo Hutani Lestari certified by IFCC is 123,772 Ha.

According to the Revised Work Plan for the Utilization of Timber Forest Products in Industrial Plantation Forests (RKUHHK-HTI) for the 2017 to 2026 period, PT Adindo Hutani Lestari is the manager of a forest concession of 191,487 ha consisting of 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.

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 crassicaarpa*,
- 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 crassicaarpa*,
- 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 crassicaarpa*.

This Recertification Audit sample sites was in Sembakung and Sebakis Sectors.

The site condition of the working area is dry/mineral soil and peat. It has a flat topography to very steep with an altitude of 75 to 280 meters above sea level. The soil types are Alluvial, Podsollic, Plintik, Gleisol, Organosol, Kambisol. The geology is composed by new river deposits (fresh), Rhyolite, Andesite, Dolorite, Basalt, Alluvial, Gleisol hydric, Mud, Silt, Marl, Pendotite, Likenite, Sandstone, and Peat. The climate classification is type A (Schmidt and Fergusson), with the highest rainfall of 650.57 mm/year and the lowest rainfall of 87.4 mm/year. The watersheds (DAS) in the concession are Sebakis watershed, Sebuku watershed, Sekatak watershed, Sekatak Bengara watershed, Sembakung watershed, Sesayap watershed and Tabur watershed. The species of production plants developed by PT Adindo Hutani Lestari are *Acacia crassicaarpa* and *Eucalyptus pellita*.

The Management Unit has complied with regulations related to peatland management. PT Adindo Hutani Lestari has carried out revision of RKUPHHK in order to improve peat management based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia SK 6046/MenLHK-PHPL/UHP/HPL.1/6/2019 dated June 28, 2019. They have compiled the Report on the Implementation of Peat Ecosystem Restoration and Forest and Land Fire Control based on the Decree of the Director General of Pollution and Environmental Damage Control SK.98/PPKL/PKG/PKL.0/9/2018 dated September 21, 2018. There is a Peat Dome Peak area of approximately 11,209 Ha which is spread over the former area of Staple Plant of 211 Ha and Protected Area of 10.998 Ha.

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

The livelihoods of residents around the concession are dominated by the agricultural sector, including oil palm farmers, vegetable farmers, honey farmers, rubber farmers, upland rice farmers and working in companies around the village such as in PT Adindo Hutani Lestari and oil palm companies around the village (Potential Mapping and Conflict Resolution Report 2021). There are indigenous people occupies surrounding the concession area. This was evidenced by the Decree of Regent of Nunukan regarding the Recognition of the Territory of Indigenous Peoples in Nunukan Regency, namely MHA Tidung Pagun Pelaju in Pelaju Village, Sembakung District, MHA Dayak Agabag Pagun Maunjung Tangkalon in Tujung Village, Sembakung District, MHA Dayak Agabag Pagun Nansiung Nangkoyob in Kekayap Village, Sebuku District, and MHA Dayak Agabag Pagun Obolan Tompokan, Lumbis Ogong District.

The origins of the communities around the PT Adindo Hutani Lestari area are divided into two groups, namely the Tidung Dayak Ethnic Group and the Agabag and Belusu Dayak Ethnic Groups. The Tidung Dayak Ethnic Group is a group of people who live in river mouths or fishermen who for generations have lived in the area around the river mouth, namely in Tarakan, Sesayap River Estuary, Sembakung River Estuary. Meanwhile, The Dayak Agabag and Belusu ethnic groups are inland communities or cultivators whose livelihood is as gatherers of forest products and for generations have inhabited the upper reaches of the Sebuku and upper Sesayap rivers.

PT Adindo Hutani Lestari has made efforts to resolve and prevent conflicts with the surrounding community. The Management Unit has an Organizational Structure for Conflict Resolution and compiled Potential Mapping Report and Conflict Resolution in of the second semester of 2021. According to the report, the status of the conflict at the concession level is medium (alert). PT Adindo Hutani Lestari has carried out conflict resolution efforts with the surrounding community, namely by inviting the claimers to cooperate in forest management activities with the community (PHBM) by planting production plants in the claim area and the community receives a fee from the timber harvested in the claim area. These was stated in the Conflict Resolution Process Report, Data on Cooperation with Forest Management with the Community (PHBM) and interviews with the staffs and assisted Village Heads. The Management Unit also submit the Potential Mapping and Conflict Resolution Reports to North Kalimantan Provincial Forestry Service for the last two years.

PT Adindo Hutani Lestari as well collaborated with the surrounding community in forest management (PHBM). This cooperation is part of the company efforts to carry out conflict resolution with land claimers. According to the Village Heads, there are villagers who cooperate with the company by becoming partners with local contractors. These local contractors become partners of the company by providing labour services such as planting, plant maintenance, and nursery.

The company has provided support in Corporate Social Responsibility to the surrounding community. The CSR activities carried out include sports, religious, institutional activities, Forest Management with the Community (PHBM), education, health, clean water, infrastructure, repair of houses of worship. According to the CSR Report of 2021, PT Adindo Hutani Lestari has realized 85% of the CSR program that has been planned.

Description of the Ecological conditions of the concession

PT Adindo Hutani Lestari has established and implemented a Documented Procedure for Reduced Impact Logging (RIL) to minimize negative impacts of the operational activities. The Reduced Impact Logging (RIL) is performed from pre-harvesting activities, during, and after harvesting. These methods were used to protect and maintain the function and condition of soil and ground water in the operational areas. PT Adindo Hutani Lestari as well carried out an assessment (planning section) using the HQA and RWA Forms where there are several parameters that are assessed to show that harvesting activities are ensured to meet standards or in accordance with environmentally friendly harvesting procedures.

The Management Unit has identified areas that function for water protection and has allocated a Protected Area of 53,060 ha (27.71%). The Management Unit conducts water quality testing by taking samples of rivers adjacent to the company operations. The samples were taken in several locations of the same river as the sedimentation sample.

PT Adindo Hutani Lestari performs the regular inventory and mapping of the distribution of protected flora and fauna based on document and field verification of the Environmental Permit Implementation Report for Semester I and II in 2021. The identification is carried out every six months by conducting a survey within the forest area, includes the river border. The Management Unit as well maintained and improved the protected flora and fauna habitat through the following activities:

- a. installation of signboards and boundary signs in Protected Areas,
- b. carry out patrols of protected areas,
- c. nursery and seed maintenance of local vegetation species to improve the habitat of flora and fauna in the Protected Area.

PT Adindo Hutani Lestari has identified the protected and threatened/endangered key species, as well as their habitats and migration patterns. Based on the identification and inventory carried out over the last 5 years, the presence of key species such as the sun bear (*Helarctus malayanus*) is still found.

Forest protection activities are intended to prevent and control all forms of activities that have the potential to cause disturbance to the existence and integrity of forest areas, plantation forests and their ecosystems. To prevent and deal with various forest disturbances, the Management Unit has infrastructures of roads and canals that function for transportation and regular patrol. In addition, security posts, firefighting posts and infrastructure for monitoring and handling forest and land fires were also build. The Management Unit has the Forest Protection Division to conduct forest protection and security activities.

Results of the Public Consultation

Prior to undertaking the Recertification Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing April 25, 2022, 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 123,772 ha.

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

The result of the Recertification Audit at PT Adindo Hutani Lestari is one Minor Non-conformity. The Management Unit has made improvements. No critical issues occur.

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit has facilities and infrastructure for Final Disposal Sites (TPA) and SOP but during a visit to the field, plastic bottles of mineral water was found buried in the ground. This was not justified because plastic waste is a non-decomposed material. This will have an impact on the environment and humans. Indicator I.6.6.	PT Adindo Hutani Lestari will carry out awareness and socialization as well as internal training to all PICs in September 2022, related to the implementation of SOPs, especially in the management of Toxic and Hazardous waste and domestic waste in accordance with SOP. The Management Unit as well submitted a	Minor



	proposal for the construction of waste disposal place in every sectors.	
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Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00060/V/2022 is valid until August 28, 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 closeout visit.