

# Public Report Sustainable Forest Management System

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CLIENT NAMES: PT ITCI HUTANI MANUNGGAL

TOTAL HECTARES: 161.127 Ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 161,127 hectares of Plantation Forest in East Kalimantan Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

START DATE AUDITS: November 23, 2020  
 END DATE AUDITS: November 30, 2020

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 AUDITORS: Riyadi Sigit Pamungkas

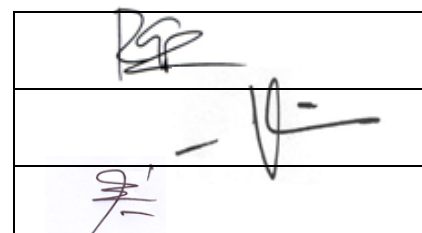
SIGNATURES:

TEAM AUDITS: Amen Kadeni

SIGNATURES:

Tata Sumitra

SIGNATURES:



MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office	Loa Kulu District, Penajam Paser Utara Regency, East Kalimantan Province, Republic of Indonesia	November 23, 2020
Senoni Sector	Kota Bangun District, Muara Muntai District, Muara Wis District, Sebulu District, Tenggara District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	November 24 to 26, 2020
Terunen Sector	Sepaku District, Penajam Paser Utara Regency, East Kalimantan Province, Republic of Indonesia	November 27 to 30, 2020
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	
Sepaku Sector	Loa Kulu District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	

#### Brief Description of the concession

The area of PT ITCI Hutani Manunggal according to the forest management permit of Decree of the Minister of Forestry of the Republic of Indonesia Number 184/Kpts-II/1996, dated April 23, 1996 is 161,127 ha. There was no conversion of natural forest above December 31, 2010, thus the IFCC certified area is 161,127 ha.

The company operational works refer to the Long-Term Plan of Business Utilization of Timber Forest Product in Industrial Plantation Forest (RKUPHHK-HTI of) 2018 to 2027 ratified by Decree of the Minister of Environment and Forestry Number SK 4940/MenLHK-PHPL/HPL.1/9/2017 dated September 26, 2017. According to the RKUPHHK HTI, the Management Unit had spatial planning layout for its work area as Local Protected Areas and Other Protected Areas of 18,826 Ha (11.68%), Staple Plant Area of 95,605 Ha (59.34%), and Livelihood Plant Area of 46,696 Ha (28.98 %). PT ITCI Hutani Manunggal divides its working area into 3 management units, namely Senoni Sector of 61,590 Ha, Sepaku Sector of 58,051 Ha and Terunen Sector of 41,486 Ha. This Surveillance Audit conducted in 2 (two) sample sectors, Senoni and Terunen Sector.

PT ITCI Hutani Manunggal is geographically located between 00°23'04" to 01°06'29", and 116°25'21" to 116°52'15". Meanwhile, the geographical location by sector is as follows:

- Terunen Sector at 00° 47' 15.35" to 01° 06' 21.93" South and 116° 34' 59.87" to 116° 52' 13.75" East,
- Sepaku Sector at 00° 32' 42.39" to 00° 50' 46.91" South and 116° 34' 27.10" to 117° 03' 01.26" East,
- Senoni Sector at 00° 16' 56.57" to 00° 39' 10.78" South 116° 24' 59.00" to 117° 00' 18.92" East

with the boundaries as follows:

- North side: Mahakam River, Other Use Areas (APL)
- South side: Bukit Bangkirai Penajam Road, Production Forest (HP), Other Use Areas (APL)
- West side: IUPHHK-HA PT ITCIKU, Other Use Areas (APL)
- East side: Balikpapan Bay, Production Forest (HP), Other Use Areas (APL)

According to the government administration, the work area of PT ITCI Hutani Manunggal is included in 2 regencies, namely Kutai Kartanegara Regency and Penajam Paser Utara Regency, by sectors are as follows:

- Sector Senoni : Kota Bangun District, Muara Muntai District, Muara Wis District, Sebulu District, Tenggarong District, Kutai Kartanegara Regency, East Kalimantan Province, Indonesia
- Terunen Sector : Loa Kulu District, Penajam Paser Utara Regency, East Kalimantan Province, Indonesia
- Sepaku Sector : Sepaku District, Kutai Kartanegara Regency, East Kalimantan Province, Indonesia

PT ITCI Hutani Manunggal work area has a topography of mostly sloping (44.93%), flat (29.41%), slightly steep (21.80%), steep (3.22%) and very steep (0.64%). It is located in an altitude of 0 to 800 meters above sea level with climate type A with a value of Q = 0 % - 4.3%. The average rainfall is 1,998 mm/year.

The species of plants developed as staple plants are *Acacia mangium* and *Eucalyptus* sp.

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

The Management Unit has identified the rights of the indigenous people living in the villages which are classified as circle 1, and circle 2 in all sectors. The communities around the concession are mostly from the Kutai and Pasir tribes as well as migrants from Java who are following the transmigration program.

The identification and acknowledgment of the rights of the indigenous peoples of the community around the concession has been carried out by the management unit of PT ITCI Hutani Manunggal as evidenced by a social impact assessment studies and social baseline data in the concession area. The scope of the social impact assessment are:

- Updating and elaborating basic information from previous surveys on social aspects to provide a database that impacts on communities around concessions.
- Identify and analyze indigenous peoples and their rights and possible impacts on socio-cultural aspects and other

related contexts.

- Understand how the socio-cultural, institutional, historical, and local political contexts affect investment projects and company operations.

The Management Unit of PT ITCI Hutani Manunggal has provided access to the community in terms of using roads that connect between sub-districts, either for the transportation of agricultural products or ordinary transportation. Based on information from the management unit and village officials, information was obtained that there were no resources for ecologically important functions, cultural values (including spiritual).

The company has conducted a Community Development program and agreement with indigenous peoples and/or local communities to manage forest areas in the form of development of livelihood plants, Community Forest Management (PHBM), establishment of Community with Fire Awareness (MPA), and utilization of Non-Timber Forest Products.

The Community with Fire Awareness (MPA) regulates the rights and obligations of each party, namely:

- Protect forests and the environment.
- Prevent forest and land damage due to fires.
- Coordinate and provide information in preventing forest and land fires.
- Provide counselling either independently or jointly regarding forest and land fires.

To ensure the fulfilment of workers' rights as stipulated in the legislation, the Management Unit has a Collective Labor Agreement (PKB) document that has been agreed by both parties. In the document, the rights and obligations of each party are discussed, starting from the employment relationship, placement, assignment, rank and position, performance appraisal, working days, working hours, vacation hours, leave, remuneration, care and treatment, Social Security, training programs, company rules, freedom of association, Holiday Allowance (THR), etc.

PT ITCI Hutani Manunggal has provided a safe and healthy work environment and has taken effective measures to prevent accidents and injuries to the health of workers by minimizing the causes of hazards that could potentially occur in the work environment for all sectors. It is evidenced by the procurement of General Occupational Safety and Health Expert (AK3) who has attended SMK3 training and has been appointed by the Ministry of Manpower and Transmigration of the Republic of Indonesia Directorate General of Manpower Development and Supervision.

### **Description of the Ecological conditions of the concession**

The main targets of ecological impacts are environmental components in Protected Areas, Ineffective Areas for Production Units and Effective Areas for Production Units, as well as human resources as actors in environmental management and monitoring. To protect and maintain the forest base don its ecological functions, the Management Unit has divided the concession as Local Protected Areas and Other Protected Areas which consists of Buffer Zone Tahura 885 ha (0.55%), KPPN of 5,675 ha (3.52%), KPSL of 1,751 ha (1.09%), area with Slope E of 2,960 ha (1.84%) and river border of 7,554 ha (4.69%).

The implementation of the management of B3 materials and waste includes placing B3 materials in a special room in accordance with the requirements, B3 materials and waste are clearly labeled and symbolized on their containers according to the characteristics of the stored materials/waste, renovation/construction of spill containment structures ( bunding/containment structure) in diesel fuel storage areas, construction of chemical warehouses according to procedures. The types of B3 waste from the workshop activities are used oil, hydrocarbon contaminated rags, contaminated soil and used filters. Meanwhile, B3 waste from Plantation and Nursery activities are drums, bottles and jerry cans used for herbicides. The B3 waste that is managed and handed over to the collector/transporter.

The implementation of air management & forest fire protection includes conducting intensive inspections and supervision of all operational activities in the area within the concession by:



- Routine patrols/inspections
- Installing fire hazard signs/boards
- Construction of a water point at a predetermined point as a preparation for water bags during the dry season
- Installation of warning boards prohibiting hunting for animals in the concession area
- Prohibition and monitoring of illegal logging
- Guarding access to the concession area
- Conduct socialization and increase awareness of the dangers of fire to all workers in the field and the community that are integrated with community empowerment programs, resolve existing cases by prioritizing deliberation involving the governments, companies and the community.
- Creating Community with Fire Awareness (MPA) groups in villages bordering the concession. Currently there are 15 MPA formed.

Regarding the wildlife, there are a lot of species found in the concession area. The Management Unit is in accordance with the initial baseline (AMDAL document), this illustrates that the conservation area protected is functioning well as a buffer area and animal enclave, where the availability of food needed by wild animals can still be obtained naturally. However, in Semester I of 2020 several animals were not found, such as Labi-labi, Peladuk, Tong-tong Stork and turtles. This does not mean that these animals do not exist in the concessio area, because the method used is just based on animal encounters, not animal searches/inventory.

### Results of the Public Consultation

Prior to undertaking the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing October 15, 2020, requesting stakeholders to provide input and information on PT ITCI Hutani Manunggal. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to related parties via email or postal mail, and announced in local newspapers

PT AJA Sertifikasi Indonesia received an input from a stakeholder during the public consultation. The suggestion and advice were about human resource, social program and environmental issue. Clarification of the issue fulfillment for the surrounding community has been carried out via Zoom Meeting, the interviews guided by company employees and local village officials and for understanding the input and suggestions from stakeholders. These suggestions and inputs will be used as a reference for the company's operations with the community.

The audit team also collected information from the mass media about PT PT ITCI Hutani Manunggal, such reported cases being given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

PT ITCI Hutani Manunggal 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 161,127 hectares.

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

The result of Surveillance 2 Audit is 1 (one) Minor Non-Conformity. No critical issue found.

No	Non-Conformities	Corrective Action Performed	Category
1	The company cannot show the evidence of submitting the 2019 Work Area Boundary Maintenance and Security Implementation Report to the Forest Area Consolidation Center and in the SOP for the Maintenance	PT Itchi Hutani Manunggal has reported the maintenance and security of the working area boundaries of ± 20.2 km, addressed to the Head of the Forest Area Consolidation Center Region IV Samarinda.  PT Itchi Hutani Manunggal has revised the	Minor



	<p>of Forest Boundary Pals does not include Permenhut No. P.43/Menhut-II/2013 as a reference and/or related documents.</p> <p>It is not compatible with:</p> <p><b>Indicator I.1.2</b></p>	<p>SOP for the maintenance of forest boundaries, to which the Minister of Forestry Regulation No.P.43/Menhut-II/2013 has been added.</p>	
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**Conditions under which the certificate is issued**

Certificate is valid until December 16, 2021, provided that PT ITCI Hutani Manunggal 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 Recertification visit. If the non-conformities are not closed at the next Recertification, the certificate will be suspended until such time as AJA is able to perform a closeout visit.