

# 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 ITCI HUTANI MANUNGGAL

TOTAL HECTARES: 161,127

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: Additional Surveillance due to Covid-19 Pandemic (REMOTE)

AUDIT START DATE: October 12, 2021

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 19, 2021

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Zaenal Arifin

SIGNATURE:

Agung Utama Lubis

SIGNATURE:


MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office	Loa Kulu District, North Penajam Paser Regency, East Kalimantan Province, Indonesia	October 12, 2021
Sepaku Sector	Loa Kulu District, Kutai Kartanegara Regency, East Kalimantan Province, Indonesia	October 13 to 15, 2021
Terunen Sector	Sepaku District, North Penajam Paser Regency, East Kalimantan Province, Indonesia	October 16,18,19, 2021
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	
Senoni Sector	Kota Bangun District, Muara Muntai District, Muara Wis District, Sebulu District, Tenggarong District, Kutai Kartanegara Regency, East Kalimantan Province, Indonesia	

#### Brief Description of the concession

PT ITCI Hutani Manunggal received the first IUPHHK-HTI (Utilization Permit for Timber Forest Product in Industrial Plantation Forests) based on the Decree of the Minister of Forestry No. 184/Kpts-II/1996 dated April 23, 1996 concerning the Granting of Concession Rights for Industrial Plantation Forests of approximately 161,127 (one hundred sixty-one thousand one hundred twenty-seven) hectares in East Kalimantan Province Level I to PT ITCI Hutani Manunggal.

Then on October 18, 2019, the Management Unit obtained its second decree Number SK 838/Menlhk/Setjen/HPL.0/10/2019 regarding the Amendment to the Decree of the Minister of Forestry No. 184/Kpts-II/1996 dated April 23, 1996. According to this decree, the Forest Park Area (Tahura), Permanent Production Forest (HP), and Other Use Areas (APL) of approximately 42,150 (forty-two thousand one hundred and fifty) hectares are excluded from the concession area of PT ITCI Hutani Manunggal. The excluded area is allocated for the Candidate of the New Capital of the Republic of Indonesia. The settlement of PT ITCI Hutani Manunggal IUPHHK assets (plants) located in the excluded area shall follow the applicable regulations. The reduction of the PT ITCI Hutani Manunggal concession area will be carried out gradually.

There is no conversion of natural forest into plantations above December 31, 2010. Thus, the IFCC certified area in PT ITCI Hutani Manunggal is 161,127 ha.

There are some decrees issued related to the development of the New Capital City of Republic of Indonesia within the area of PT ITCI Hutani Manunggal:

- Decree No. 109/MENLHK/SETJEN/PLA.0/2/2020 dated February 18, 2020, regarding the forest function change of the Limited Production Forest of approximately 46.84 hectares and Permanent Production Forest Area of approximately 41,358.70 hectares into Convertible Production Forest Area in Penajam Paser Utara Regency and Kutai Kertanegara Regency, East Kalimantan Province.
- The long-term business plan for 2018 to 2027 (RKUPHHK-HTI) of PT ITCI Hutani Manunggal was approved based on the Decree of the Minister of Environment and Forestry No. SK 4940/MenLHK-PHPL/HPL.1/9/2017 dated September 26, 2017.
- And the latest decree no. SK.191/MenLHK-PHPL/UHP/HPL.1/1/2021 dated January 14, 2021, concerning the Business Plan for Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) for a period of 6 (six) years for 2020 to 2025 in the area of Candidate of New Capital on behalf of PT ITCI Hutani Manunggal in East Kalimantan Province. This decree divides PT ITCI Hutani Manunggal forest area management plan which will become the new capital area.

The spatial planning according to PT ITCI Hutani Manunggal RKUPHHK-HTI of 2018 to 2027 is Local Protected Area and Other Protected Areas of 18,826 Ha, Livelihood Plant area of 46,697 Ha, Staple Plant area of 95,605 ha, with a total of 161,127 Ha.

Meanwhile, the spatial planning in the Candidate of New Capital area is Cultivation Area of 35,833 Ha (Self-managed Pattern of 34,209 Ha and Partnership pattern of 1,624 Ha), and Protected Area of 5,079 Ha (Buffer Zone Tahura 177 Ha, Green belt base camp of 50 Ha, KPPN of 1,063 Ha, KPSL of 562 Ha, Slope E of 1,034 Ha, River Border of 2,193 Ha), with a total of 40,912 ha. There are two spatial planning due to the two different RKUPHHK-HTI.

PT ITCI Hutani Manunggal is geographically located between 00°23'04" to 01°06'29" South, and 116°25'21" to 116°52'15" East. 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:

- Northside: Mahakam River, Other Use Areas (APL)

- South side: Bukit Bangkirai Penajam Road, Production Forest (HP), Other Use Areas (APL)
- Westside: IUPHHK-HA PT ITCIKU, Other Use Areas (APL)
- Eastside: 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 two 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

This Additional Surveillance Audit is conducted from two sampled sectors namely Terunen and Sepaku.

The 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 at 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*, *Acacia crassicaarpa*, *Eucalyptus sp.*, and *Paraserianthes falcataria*.

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

There are ten assisted villages in Terunen Sector include Villages of Pemaluan, Bumi Harapan, Karang Jinawi, Sepaku Logdam, Telemow, Bukit Raya, Sukaraja, Maridan, Binuang, and Tengin Baru. Meanwhile, in Sepaku Sector there are four villages, namely Villages of Jonggon, Sungai Payang, Long Anai, and Jonggon Jaya. There are no indigenous people around the concessions as stated in the previous audit. The livelihoods of the residents are in agriculture, plantation, forestry, fisheries, mining, service, etc.

PT ITCI Hutani Manunggal has made efforts to resolve conflicts with the surrounding community. There is a Potential Mapping Report and Conflict Resolution for Semester I of 2021. Conveyed in the Conflict Mapping Report, the plan to move the state capital to East Kalimantan which occupies the PT ITCI Hutani Manunggal concession increases land claims from communities as landowners in the concession. The conflict status in villages around the Terunen Sector is the lowest at 42% or under control. Meanwhile, in the Sepaku sector, the lowest was at 26% or safe.

PT ITCI Hutani Manunggal has collaborated with the surrounding community. In Terunen Sector, the cooperation is in the form of preventing and overcoming forest fires with five villages, utilization of non-timber forest products with eight groups including a group of charcoal makers, honey seekers, and swallow's nest seeker, and also in the Realization of Livelihood Plant (PHBM). Meanwhile, in the Sepaku sector, the cooperation includes the Utilization of Non-Timber Forest Products with two groups of rattan seekers and the Realization of Livelihood Plant (PHBM).

PT ITCI Hutani Manunggal has implemented the corporate social responsibility program for the surrounding community. According to the Report of Community Development in 2021 (until September) and the 2020 report, the programs that have been implemented include the economic, social, infrastructure, improvement of local human resources, youth, culture and sports, community with fire awareness, and coaching utilization of non-timber forest products.

### Description of the Ecological conditions of the concession

PT ITCI Hutani Manunggal has identified forest management activities that have significant impacts and carried out an environmental impact assessment that analyses these potential impacts on the environment, namely AMDAL study (1996), RKL, and RPL (Environmental Management Plan and Environmental Monitoring Plan), conducted a High Conservation Value Forest Assessment (HCVF) in 2013, arranged the spatial layout and allocated a protected area, and establish RKUPHHK-HTI of 2018 to 2027. The Management Unit also monitors the impacts, including erosion rate, soil density, topsoil thickness, river water discharge and quality, generator set emissions and ambient air, vegetation

monitoring, wildlife monitoring, pest and disease monitoring, hot spot monitoring, and developed and implemented a Documented Procedure for the controlled use of B3 (Hazardous and Toxic Substances).

The allocation of Local Protected Areas and Other Protected Areas of 18,826 ha consists of Buffer Zone Tahura of 885 Ha, KPPN of 5,675 ha, KPSL of 1,751 Ha, Slope E area of 2,960 Ha and River Borders of 7,554 Ha.

The Management Unit has identified through an inventory and mapping of the distribution of protected flora and fauna and maintained and improved the habitats of protected, endemic, rare, and threatened/endangered species of flora and fauna, as well as features for biological importance such as trees. parent/seedling, dead old hollow tree, nesting and feeding places, by:

- map of the distribution of animals and vegetation,
- collecting data on flora and fauna in protected areas,
- installing signboards, in the form of warning and prohibition boards, is quite effective in helping to maintain protected areas,
- seed garden management, land preparation without burning, planting and maintenance following standard operating procedures,
- management of plants and non-timber forest products (standing potential),
- wildlife habitat management,
- the high conservation assessment report,
- preventive measures against soil and water damage,
- implementation of impact assessments and monitoring of environmental management every six months.

PT ITCI Hutani Manunggal does not cultivate genetically modified trees. (GMOs). In general, the impact of plantation forest exploitation activities on the diversity of flora and fauna species in protected areas has not changed significantly.

As for forest protection activities, The Management Unit has implemented effective procedures for forest protection including protection against forest fires, illegal logging, forest encroachment, hunting, and pests. There are measures to protect forests against fires, including initial risk analysis and fire propagation, namely:

- create a fire hazard map with a scale of 1:100,000 of 2020 which explained locations that are categorized as high are locations bordering community settlement,
- establish Community with Fire Awareness (MPA) with the village,
- provide firefighting facilities in the form of firefighting teams and adequate equipment refers to the minister of environmental regulation,
- routine patrols/inspections,
- installing fire hazard signs/boards,
- construction of water points at a predetermined point as preparation for water bags during the dry season,
- installation of a warning sign prohibiting hunting for animals and illegal logging,
- guarding access to the concession area,
- conducting socialization and increasing awareness of the dangers of fire to all workers in the field and the community integrated with community empowerment programs, resolving existing cases by prioritizing deliberation involving the authorized party, community, and the company.

### Results of the Public Consultation

Before undertaking the Additional Surveillance Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing September 15, 2021, 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.

There was feedback from one stakeholder via email who propose to manage the land within the company concession. The stakeholder attached an Indicative Map of Forest Area Allocation for Provision of Land Resources for Agrarian Reform Objects (TORA) of 1993.

PT AJA Sertifikasi Indonesia has clarified with the Management Unit and the conclusion obtained is the stakeholder is one of the parties who claim to be a landowner who arises since the start of the new State capital plan in East Kalimantan. This has been anticipated by PT ITCI Hutani Manunggal with the Report on Potential Mapping and Conflict Resolution in Semester I of 2021. Based on the report, it can be explained as follows:

- according to the overlay of TORA map submitted with the planned map of the new State capital candidate, the location claimed by the stakeholder is within the area of the new State capital candidate,
- related to the plan to relocate the State capital in Penajam Paser Utara Regency and Kutai Kartanegara Regency, the Decree of the Minister of Environment and Forestry Number: SK.838/Menlhk/Setjen/HPL.0/10/2019 dated October 18, 2019, stated that the Regional Government and the holder of the IUPHHK-HTI is obliged to monitor and secure the issued area for the development plan of the State capital in order to avoid encroachment activities, fires, illegal logging, and so on, in accordance with the provisions.

PT ITCI Hutani Manunggal has identified all 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 the Additional Surveillance Audit at PT ITCI Hutani Manunggal is no findings.

#### **Conditions under which the certificate is issued**

Certificate number AJA/IFCC-PEFC/FMC-HT/00014/XII/2015 is valid until December 16, 2022, provided that PT ITCI Hutani Manunggal maintains its Recertification schedule and does not have any potential major non-conformities at the next Recertification.