

Public Report Sustainable Forest Management System

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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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: September 28, 2022
 AUDIT END DATE: October 5, 2022
 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: Andri Wibisono

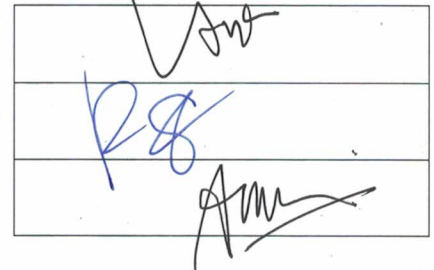
SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Agung Utama Lubis

SIGNATURE:



MAJOR CARS : 0

MINOR CARS : 3

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office	Jl. 1519 Simpang Empat Terunen, Desa Bumi Harapan, Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Provinsi Kalimantan Timur	September 28 2022
Senoni Sector	Kecamatan Sebulu, Kecamatan Kota Bangun, Kecamatan Muara Wis, Kecamatan Muara Muntai, Kecamatan Tenggarong, Kabupaten Kutai Kertanegara, Provinsi Kalimantan Timur	September 29 to October 1, 2022
Sepaku Sector	Kecamatan Loa Kulu, Kabupaten Kutai Kertanegara, Provinsi Kalimantan Timur	October 3 to 5, 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	
Terunen Sector	Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Provinsi Kalimantan Timur	

Brief Description of the concession

PT ITCI Hutani Manunggal received IUPHHK-HTI based on Minister of Forestry Decree No. 184/Kpts-II/1996 dated April 23, 1996 concerning the Granting of Industrial Plantation Forest Concession Rights Over 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, there is Decree No. 838/Menlhk/Setjen/HPL.0/10/2019 concerning the Amendments 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 City of the Republic of Indonesia and the settlement of IUPHHK assets (Plants) of PT ITCI Hutani Manunggal located in the excluded area shall follow the applicable provisions.

There are some decrees issued related to PT ITCI Hutani Manunggal:

- Decree No. 109/MENLHK/SETJEN/PLA.0/2/2020 dated February 18, 2020 concerning 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.
- Decree No. 198/MENLHK/SETJEN/HPL.2/3/2022 dated March 10, 2022 concerning the second amendment to the Decree of the Minister of Forestry No. 184/Kpts-II/1996 dated April 23, 1996. Thus, the concession area is 114,830 hectares.
- Decree No. 456/Menlhk/Setjen/PLA.0/5/2022 dated May 10, 2022 concerning the extension and approval for the forest area use and determination of working area boundaries, partial use of forest area for coal production activities and supporting facilities in the Permanent Production Forest Area of 3,829.28 hectares on behalf of PT Multi Harapan Utama in Kutai Kertanegara District and Samarinda City, East Kalimantan, of which an area of 1,751 hectares is part of PT ITCI Hutani Manunggal concession area.
- Amendment of Forest Utilization Business Work Plan (RKUPH) namely Decree No. 6265/MenLHK-PHPL/PUPH/HPL.1/7/2022 dated July 27, 2022 concerning the approval for the amendment of the Forest Utilization Business Work Plan, Forest Utilization Business Permit of 2018 to 2026 on behalf of PT ITCI Hutani Manunggal in the East Kalimantan Province.
- Decree No. 7103/MENLHK-PHL/PUPH/HPL.1/9/2022 dated September 13, 2022 concerning the approval for the utilization of plant assets in the Nusantara Capital City (IKN) area on behalf of PT ITCI Hutani Manunggal. According to this decree, the Management Unit is still carrying out forest protection and timber utilization obligations over the IKN allocated area, so that timber claims from the area remain 100% PEFC Certified.

There is no conversion of natural forest into plantations after December 31, 2010. In this recertification audit, the working area of 114,830 Ha and Leasehold of Forest Area License (IPPKH) area of 1,751 hectares does not change the scope of certification. Thus, the IFCC certified area in PT ITCI Hutani Manunggal is 161,127 hectares.

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 according to amendment of the RKUPH of 2018 to 2026 is Protected Area of 12,636 Ha (11.01%) and Cultivation Area of 102,194 Ha (88.99%), with a total of 114,830 Ha (100%). The Protected Area consists of KPPN of 4,844 Ha (4.22%), KPSL of 1,067 Ha (0.93%), Slope E of 1,787 Ha (1.56%), and River Border of 4,938 Ha (4.30%). The Cultivation Area consists of Plantation Forest of 66,198 Ha (57.65%), Infrastructure of 3,006 Ha (2.62%), Plantation of 5,425 Ha (4.72%), Community Plantation of 26,369 Ha (22.96%), and Settlements of 1,196 Ha (1.04%).

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:

- 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:

- Senoni Sector: Sebulu District Kota Bangun District, Muara Wis District, Muara Muntai District, Tenggara 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 Recertification Audit conducted in 2 (two) sample sectors namely Senoni and Sepaku.

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 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 are *Acacia mangium*, *Acacia crassicarpa*, *Eucalyptus sp.*, *Paraserianthes falcataria*, and *Casuarina sp.*

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

PT ITCI Hutani Manunggal has recognized and respected the rights of the surrounding community. There are ten assisted villages in Senoni Sector include Villages of Tanjung Harapan, Sanggulan, Senoni, Selerong, Kedang Ipil, Benua Baru, Lebak Cilong, Perian, Muara Leka, and Sarinadi. Meanwhile, in Sepaku Sector there are five assisted villages, namely Villages of Jonggon Desa, Sungai Payang, Lung Anai, Bakungan, and Jonggon Jaya. The livelihoods of the residents are dominated by service sector, followed by agricultural and mining sector. There are no indigenous people around the concessions as stated in the previous audit.

PT ITCI Hutani Manunggal has made efforts to resolve conflicts with the surrounding community. According to the Village Officials, there are land claims from communities, stated that the land has been managed for generations. According to the 2022 Claim Area Report, the company has made efforts to resolve land conflicts through livelihood plant partnership cooperation between the company and the community with the Community Forest Management (PHBM) pattern.

PT ITCI Hutani Manunggal has collaborated with the surrounding community. In Senoni Sector, the cooperation agreement with the community is in the form of livelihood plant cooperation, cooperation as local contractor partners, as well as the utilization of non-timber forest products with groups of palm sugar seekers, honey seekers, and bamboo craftsmen. Meanwhile, in Sepaku Sector, the cooperations include the collaboration with local contractor partners, utilization of non-timber forest products with groups of rattan seekers, and down payment fee for PHBM wood.

PT ITCI Hutani Manunggal has implemented corporate social responsibility program to the surrounding community. There is a Community Development Program Report of 2022 (until August). According to the report, the programs include the sectors of education, health, religious, economy, social, environment, infrastructure, as well as youth and sports. In Senoni Sector, the company has provided assistance in the form of assistance for village road repair,

assistance for construction of village mosques and head office villages, assistance for clean water needs, as well as assistance for *Eid al-Adha* and *Isra Mi'raj*. Meanwhile, in Sepaku Sector, the company has also provided guidance and assistance to the community in rice farming and harvesting.

Description of the Ecological conditions of the concession

PT ITCI Hutani Manunggal 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. The Protected Area consists of KPPN of 4,844 Ha (4.22%), KPSL of 1,067 Ha (0.93%), Slope E of 1,787 Ha (1.56%), and River Border of 4,938 Ha (4.30%).

The Management Unit identified and allocated areas that function for soil and water protection. The Management Unit also monitored the impacts, including erosion rate, soil density, topsoil thickness, river water debit and quality, generator emissions and ambient air, as well as developed and implemented a Documented Procedure for *Reduced Impact Logging* (RIL) and the controlled use of B3 (Hazardous and Toxic Material).

The Management Unit informed identification of protected, endemic, rare and threatened/near-extinct species and their habitats as well as migration patterns in the area in accordance with applicable regulations through the inventory activities. There are key species in the concession area, namely rangkong badak (*Buceros rhinoceros*) and macan dahan (*Neofelis diardi borneensis*). The implementation of protected area management includes carrying out security patrols, maintaining boundary signboards, monitoring vegetation and wildlife on plots, enrichment or rehabilitation in damaged areas, and socialization to workers, contractors, and communities.

The Management Unit does not cultivate genetically modified species, namely plant species in effective areas for production as well as plant species for enrichment and planting in KPPN and DPSL areas.

The Management Unit carried out identification and monitoring of forest disturbances including encroachment, illegal logging, pest and plant diseases, and forest and land fires. The Management Unit performed integrated pest management and procedures for the use of chemical pesticides. There is no community grazing activity in the work area.

The implementation of protection against forest fires includes creating fire hazard map, establishing Community with Fire Awareness (MPA) and Basic Fire Fighter (BFF) training to contractors and workers, providing firefighting facilities, conducting routine patrols, monitoring hot spot, installing and maintaining fire hazard signboards, maintaining water points, guarding access to concession areas, as well as conducting socialization and increasing awareness of fire hazard to workers and communities.

Results of the Public Consultation

Prior to carrying out the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a public consultation starting August 01, 2022, asking stakeholders to provide feedback and information about PT ITCI Hutani Manunggal. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties by email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia does not receive input from the public consultation.

The audit team also collected information from the mass media about PT ITCI Hutani Manunggal. The reported cases are considered as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, which consists of legal

aspects which include compliance with international regulations and rules and conventions. The management system has been built to cover all activities in the field of certification, registered for certification covering 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 this Recertification Audit is 3 (three) non-conformities in Minor categories. The Management Unit has made improvements. No critical issues occur.

Number	Non-Conformities	Corrective Action Performed	Categories
1	There are many officers at the chemical fertilizer warehouse that do not wear masks, including partners, such as fertilizer truck drivers and their members. The fertilizer warehouse is a dangerous area so masks are mandatory. Indicator I.3.1	The Management Unit has given induction to all people who are active in the fertilizer warehouse regarding the potential dangers in the fertilizer warehouse and the use of standard PPE.	Minor
2	In the activities of making and measuring PSP plots, no soil samples were taken. This is not in accordance with the SOP: IHM-PLG-1008B-SOP published 15 July 2021 Revision 6 concerning Permanent Sampling Plot. Indicator I.5.2	The Management Unit has taken soil samples and analyzed the soil samples every time a PSP plot is made.	Minor
3	The condition of Temporary Storage for Hazardous and Toxic Material (B3) Waste is inadequate. It is still open area and there is no separation of solid waste and liquid waste. Indicator I.6.6	The Management Unit has checked the condition of Temporary Storage for Hazardous and Toxic Material (B3) Waste on a regular basis so that it meets the standards and immediately repairs if there is any damage.	Minor

Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00014/XII/2015 is valid until December 16, 2025, 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 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.