

Public Report Sustainable Forest Management System

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ORGANIZATION NAME: PT ITCI Hutani Manunggal

TOTAL HECTARES: 161,127

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

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Transition to IFCC ST 1001:2021 + Surveillance 1

AUDIT START DATE: November 10, 2023
 AUDIT END DATE: November 17, 2023

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: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Andri Wibisono

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED including countries	DATE OF EACH SITE VISIT:
HO PT IHM	Jl. 1519 Simpang Empat Terunen, Desa Bumi Harapan, Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Propinsi Kalimantan Timur, Indonesia	November 10, 2023
Terunen Sector	Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Propinsi Kalimantan Timur	11,13,14 November 2023
Senoni Sector	Kecamatan Loa Kulu, Kabupaten Kutai Kertanegara, Propinsi Kalimantan Timur	15,16,17 November 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	
Sepaku Sector	Kecamatan Sebulu, Kecamatan Kota Bangun, Kecamatan Muara Wis, Kecamatan Muara, Kecamatan Tenggarong, Kabupaten Kutai Kertanegara, Propinsi Kalimantan Timur	

Brief Description of the concession

PT ITCI Hutani Manunggal received its initial IUPHHK-HTI based on the Decree of the Minister of Forestry No. 184/Kpts-II/1996 dated 23-4-1996 issued concerning the Granting of Industrial Plantation Forest Concession Rights Over an Area of ± 161,127 (One Hundred and Sixty One Thousand One Hundred Twenty Seven) Hectares in the Level I Regional Province of East Kalimantan. The latest decree is SK .198/MENLHK/SETJEN/HPL.2/3/2022 dated March 10, 2022, with the working area of 114,830 Ha. Then, issued a 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 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.

There are changes to the RKUPH 2018 to 2026 period according to the SK.6265/MenLHK-PHPL/PUPH/HPL.1/7/2022 dated 27 July 2022 concerning Approval of changes to the Forest Utilization Business Work Plan for Forest Utilization Business Licensing. Spatial arrangement of work areas in changes to the RKUPH document are Protected Areas of 12,636 Ha (11.01%) and Cultivation Areas of 102,194 Ha (88.99%) totaling of 114,830 Ha (100%).

- a. Protected Areas are divided into:
 - 1) KPPN: 4,844 Ha (4.22%),
 - 2) KPSL: 1,067 Ha (0.93%),
 - 3) Slope E: 1,787 Ha (1.56%),
 - 4) River Borders: 4,938 Ha (4.30%).
- b. The Cultivation Area consists of:
 - 1) Utilization of Wood Forest Products: 66,198 Ha (57.65%),
 - 2) Infrastructure: 3,006 Ha (2.62%),
 - 3) Plantations: 5,425 Ha (4.72%),
 - 4) Community garden plots: 26,369 Ha (22.96%),
 - 5) Residential areas: 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, 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 audit was conducted in 2 (two) sample sectors namely Senoni and Terunen.

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 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 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

The residents around the PT ITCI Hutani Manunggal concession area are local people. The livelihoods of the population are dominated by agriculture, plantations, forestry and fisheries. Most of the population's livelihoods are in the agricultural sector at 40.08%, trade and services at 23.82%, mining of 2.34% and others at 12.86%.

PT ITCI Hutani Manunggal has established a mechanism for resolving complaints and disputes relating to local communities and working conditions. Based on the Potential Mapping and Conflict Resolution report for Semester I 2023, namely:

- The types of land claims that occur are quite diverse, ranging from control of plantation, hereditary land, customary land to over lapping areas with other companies with varying areas.
- Several land claim issues by communities around the concession have been resolved using the Social Forestry Partnership Pattern (Livelihood Plants, Community Forest Management, etc.) which was agreed upon with the community, village officials and the local leaders (in the form of an MoU).
- Settlements with other companies have also been made through Joint Agreements and still in process at the Relevant Agency level.

According to the stakeholders around PT ITCI Hutani Manunggal, the Organizations has socialized the mechanism for submitting complaints from the community and workers. The local community will directly contact the Company's public relations if they have complaints or aspirations to the Company. For workers, if there were complaints, they will convey their complaints to the labor union. Currently there are still some residents who work for the Company and there are some residents who have become Company contractors. PT ITCI Hutani Manunggal has implemented community empowerment programs and corporate social responsibility programs for the surrounding community, including education, health, and economic improvement programs.

PT ITCI Hutani Manunggal has made an agreement with surrounding village communities regarding forest management. Collaboration in the form of the Community with Fire Awareness (MPA), Cooperation in the Utilization of Non-Timber Forest Products such as charcoal makers; natural honey and bird's nest, aren sugar, skewer maker, and the livelihood plant cooperation.

Description of the Ecological conditions of the concession

The Organizations has carried out forest ecosystem and hydrological function management through the following activities:

- Identification of forest management activities that have significant impacts and carry out environmental impact assessments through Environmental Impact Analysis, based on AMDAL Decree, 1992, High Conservation Value Forest (HCVF) assessment in 2013, RKUPHHK period 2018-2027, and Report on the Implementation of Environmental Permits for Semester 2 of 2022 and Semester 1 of 2023.
- Implementation of Reduced Impact Logging before, during, and after harvesting.
- Identify areas that function to protect land and water to be designated as a Protected Area of 12,636 ha (11.01%) spread across the sample sectors visited as follows:

1. Terunen Sector with 2,135 ha of Protected Area consists of 1,849 ha KPPN and 286 ha River Borders.
 2. Senoni Sector of 5,886 ha consists of KPPN of 1,322 ha, KPSL of 973 ha, Slope E of 809 ha and the River Border of 2,782 ha.
- Monitoring of negative impacts of forest management activities in concession areas is carried out in accordance with the environmental impact document and SOP for Monitoring Protected Areas, SOP for Monitoring Discharge and Water Quality and SOP for Erosion Monitoring.
 - PT ITCI Hutani Manunggal has documented procedures for the controlled use of B3 (Hazardous and Toxic Materials), namely SOP for Management of Hazardous and Toxic Waste (B3), SOP for Handling Spills of Fuel, Lubricants and Chemicals, SOP for Weed Control, and SOP for Pest Management and Integrated Diseases.

The Organizations has carried out biodiversity management through the following activities:

- Identification and inventory of protected, endemic, rare and threatened/endangered flora and fauna as well as their habitat in the concession area.
- Identify key species along with their habitats and migration patterns. Based on this identification, there are no key species in the area.
- Has carried out an environmental impact assessment of the potential impact on protected, endemic, rare flora and fauna and threatened/endangered species, through the initial environmental assessment in 1992.
- The types of staple crops cultivated are not genetically modified tree species.

The Organizations has implemented appropriate and measurable steps in forest protection activities, namely:

- Identify and monitor disturbances in Sustainable Forest Management. Based on document review and field verification, forest disturbances generally include danger of forest fires, illegal land encroachment and illegal logging.
- Having documented procedures to prevent and handle pest and disease attacks, namely SOPs for Integrated Pest and Disease Management.
- Regulate the management of chemical pesticides in the field with documented procedures and MSDS.
- Has implemented forest protection measures against fire hazards.
- Prohibition of livestock grazing activities by the community

Results of the Public Consultation

Prior to carrying out the Transition to IFCC ST 1001:2021 + Surveillance 1 Audit, PT ACube TIC International conducted a public consultation starting September 25, 2023, asking stakeholders to provide feedback and information about PT ITCI Hutani Manunggal. The public consultation was uploaded to the PT ACube TIC International website (www.ajaindonesia.com), sent to parties by email or postal mail, and published in local newspapers.

There was an input from a village head in the form of suggestions to improve the company CSR program. During field verification, the auditor conducted interviews with the village head and the company public relations and verified the CD/CSR program report documents. The result was the company has carried out a CSR program in the village, including making PDAM water meters. In the previous year, the company had also helped build water wells for the residents. For 2023, the village proposes re-building wells for residents' needs. The proposal from the residents is currently in the process of being approved by the organization's management to be implemented.

The audit team also collected information from the mass media about PT ITCI Hutani Manunggal. The reported cases are considered part of the PT ACube TIC International audit process. The Organizations has identified all the requirements necessary for this certification process, which consists of legal aspects that include compliance with regulations and international rules and conventions. A management system has been built to cover all activities in the certification area, which is registered for certification covering an area of 161,127 hectares.

Organization progress record related to corrective action on findings of nonconformities in previous audit

The organization has carried out improvements to the Recertification Audit non-conformities and has been validated on November 17, 2023, as follows: (still using IFCC 1001:2014 Standard)

No	Non-Conformities	Close out	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 Organizations 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 Organizations has taken soil samples and analysed 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 Organizations 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

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

The results of the Transition to IFCC ST 1001:2021 + Surveillance 1 Audit at were 2 (two) non-conformities in the Minor category. The Organizations has made improvements, and the findings can be closed.

No	Non-Conformities	Corrective Action Performed	Categories
1	There were some contractor workers who admitted that they did not have BPJS Employment. Clause Ref. 5.3.2.1	The organization carries out checks and assistance to the Contractor to provide its workers BPJS Employment participation.	Minor
2	The organization has carried out internal audit activities which include the ISO 14001:2015, ISO 45000:2018, SMK3 standards but does not yet cover the IFCC ST 1001:2021 Standard, and the Auditor has not participated in internal audit training on the IFCC ST 1001:2021 Standard. Clause Ref. 8.2.1	The organization has sent 2 (two) staff in the Sustainability Section to take part in the IFCC ST 1001:2021 training.	Minor



Conditions under which the certificate is issued

Certificate 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 EUROPE SRL is able to perform a closeout visit.