

Public Report Sustainable Forest Management System

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ORGANIZATION NAME: PT ITCI Hutani Manunggal

TOTAL HECTARES: 94,351

SCOPE OF REGISTRATION: Sustainable Forest Management of 94,351 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: 13 November 2024

AUDIT END DATE: 20 November 2024

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

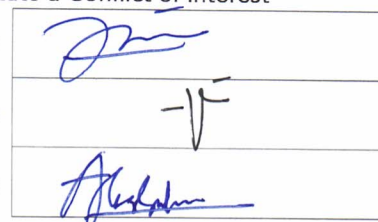
SIGNATURE:

AUDIT TEAM: Amin Kadeni

SIGNATURE:

Abdul Salam

SIGNATURE:



MAJOR CARS: 0

MINOR CARS: 1

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED including countries	DATE OF EACH SITE VISIT:
Head office	Jl. 1519 Simpang Empat Terunen RT.10, Desa Bumi Harapan, Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Propinsi Kalimantan Timur, Indonesia	13 November 2024
Sepaku Sector	Kecamatan Loa Kulu, Kabupaten Kutai Kertanegara, Propinsi Kalimantan Timur	November 14-16, 2024
Terunen Sector	Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Propinsi Kalimantan Timur	17, 19-20 November 2024
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	Kecamatan Sebulu, Kecamatan Kota Bangun, Kecamatan Muara Wis, Kecamatan Muara Muntai, Kecamatan Tenggarong, Kabupaten Kutai Kertanegara, Propinsi Kalimantan Timur	

Brief Description of the concession

PT ITCI Hutani Manunggal holds the Industrial Plantation Forest Business Rights (IUPHHK-HTI) in East Kalimantan. Several key decrees and amendments have impacted the work area and forest management activities. The initial Decree of the Minister of Forestry No. 184/Kpts-II/1996, issued on April 23, 1996, granted industrial plantation forest rights over the 161,127 hectares to PT ITCI Hutani Manunggal. In October 2019, Decree 838/Menlhk/Setjen/HPL.0/10/2019 amended the original decree by excluding areas for Grand Forest Park (*Tahura*), Permanent Production Forest (HP), and Other Use Areas (APL), including 42,150 hectares allocated for the prospective Capital City of the Republic of Indonesia (IKN). The IUPHHK assets (plants) located in the excluded area are subject to applicable provisions. In February 2020, Decree .109/MENLHK/SETJEN/PLA.0/2/2020 changed the function of some forest areas from Limited Production Forest (46.84 hectares) and Permanent Production Forest (41,358.70 hectares) to Convertible Production Forest in Penajam Paser Utara and Kutai Kartanegara regencies. In March 2022, Decree .198/MENLHK/SETJEN/HPL.2/3/2022 amended the area under PT ITCI Hutani Manunggal's management, reducing it to 114,830 hectares. A further amendment in September 2022 (Decree .7103/MENLHK-PHL/PUPH/HPL.1/9/2022) approved the use of plant assets in the IKN area. However, the company still carries out forest protection and wood utilization in the IKN area, with all wood sourced from the IKN area remaining 100% PEFC Certified.

The area certified by IFCC has changed from 161,127 ha to 94,351 ha. The certified area is divided into three main sectors: Terunen, Sepaku, and Senoni. Calculation of certified area and forest area as follows:

1. Work area based on permit:

- SK No. 184/Kpts-II/1996 dated 23 April 1996 of 161,127 Ha.
- Decree No. SK.198/MENLHK/SETJEN/HPL.2/3/2022 on March 10, 2022, revised the previous decree, reducing the area to 114,830 hectares.
- Utilization Decree SK .7103/MENLHK-PHL/PUPH/HPL.1/9/2022 dated September 13, 2022 of 36,751 ha
- Area removed from the forest area: Core Area of the central government, other mining and oil palm companies, Rehabilitation of Protected Forests (KLHK) and APL with the total area of 66,776 ha.

2. Forest area and IFCC certified area

The area of the Organization included in the forest area of 94,351 ha with the following calculation:

- Addendum Decree = 114,830 ha - 47,495 ha = 67,335 ha
- IKN Utilization Decree: 36,751 ha - 9,734 ha = 27,016 ha

The total area of 114,830 Ha is divided into 12,636 Ha (11.01%) for conservation and 102,194 Ha (88.99%) for production. The conservation area includes KPPN at 4,844 Ha (4.22%), KPSL at 1,067 Ha (0.93%), Slope E (steep slopes) at 1,787 Ha (1.56%), and Riverbank Area at 4,938 Ha (4.30%). The production area consists of 66,198 Ha (57.65%) for forest timber utilization, 3,006 Ha (2.62%) for infrastructure, 5,425 Ha (4.72%) for plantations, 26,369 Ha (22.96%) for community farming, and 1,196 Ha (1.04%) for settlements. No natural forests converted into plantations after December 31, 2010. The area included in the certification scope is 94,351 ha divided into 3 Sectors, namely Terunen of 21,389 ha, Sepaku of 36,730 ha, and Senoni of 36,232 ha. The sample sectors in this audit were Terunen and Sepaku Sectors.

The territorial boundaries of PT ITCI Hutani Manunggal's work area are as follows:

- to the north: Mahakam River and Other Use Area (APL);
- to the south: Jalan Bukit Bangkirai Penajam, Production Forest (HP), and Other Use Areas (APL);
- to the west: IUPHHK-HA PT ITCIKU and Other Use Area (APL);
- to the east: Balikpapan Bay, Production Forest (HP), and Other Use Areas (APL).

The work area spans across two regencies in East Kalimantan: Terunen Sector is located in Loa Kulu District, North Penajam Paser Regency; Sepaku Sector in Sepaku District, Kutai Kartanegara Regency; and Senoni Sector in various

districts of Kutai Kartanegara Regency, including Kota Bangun, Muara Muntai, Muara Wis, Sebulu, and Tenggarong. The physical condition of the work area varies, with most of the land being sloping (44.93%), followed by flat (29.41%), rather steep (21.80%), steep (3.22%), and very steep (0.64%). The altitude ranges from 0 to 800 meters above sea level, and the area experiences an average rainfall of 1,998 mm per year. The region has a climate type A, with a Q value ranging from 0% to 4.3%.

During this audit, the main plant species developed in the work area remains *Acacia mangium*, *Eucalyptus sp.*, and *Acacia crassicaarpa*, with the soil type being mineral in all sectors. PT ITCI Hutani Manunggal manages its forest areas responsibly, ensuring compliance with the regulations, contributing to the local communities, and maintaining a sustainable approach to plantation forestry.

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

The population surrounding the concession area of PT ITCI Hutani Manunggal is primarily composed of local communities whose livelihoods are largely based on agriculture, plantations, forestry, and fisheries. The majority of the population is engaged in agriculture (40.08%), with smaller portions working in trade and services (23.82%), mining (2.34%), and other sectors (12.86%).

According to interviews with local leaders, there are no indigenous communities in the area. Most of the villagers around the company are transmigrants from Java and South Sulawesi. However, one village head mentioned that there are indigenous communities, with a Lamin Adat being used as a meeting place for residents, although there has been no formal recognition by the government.

PT ITCI Hutani Manunggal has acknowledged and respected the rights of the surrounding communities. According to the List of Villages/Sub-districts fostered by PT ITCI Hutani Manunggal, the company supports 25 villages, spread across two districts: Penajam Paser Utara Regency (1 sub-district) and Kutai Kartanegara Regency (6 sub-districts). The company has also established a grievance and conflict resolution mechanism, as seen in its Potential Mapping and Conflict Resolution Report for Semester I of 2024.

Regarding potential conflicts, the Terunen Sector has identified possible issues in certain villages, due to encroachment by palm oil plantations. However, the conflict status is considered safe, as the claimed land is now under the ownership of the IKN Authority for the development of Indonesia's capital city. Other villages in the Terunen Sector have not reported any land conflicts with the company. Similarly, the Sepaku Sector has identified several areas where potential conflicts may arise, but these are considered controlled or safe. The company has not faced land conflicts in some other villages.

PT ITCI Hutani Manunggal has also established agreements with surrounding communities for forest management and cooperation. These include joint efforts for fire prevention and management, involving communities in various sectors. The company also works with local communities in the utilization of non-timber forest products, such as charcoal, honey, bird nests, and rattan crafts, in various villages across its operational areas. Additionally, PT ITCI Hutani Manunggal has cooperated with local communities to manage livelihood plants, covering substantial areas in different sectors.

Description of the Ecological conditions of the concession

The Organization has undertaken several activities to manage forest ecosystems and hydrological functions, including the identification of forest management activities with significant impacts and conducting environmental impact assessments. These assessments include:

- The Environmental Impact Analysis based on the Amdal Decree (SK.Menhut HTI) No.466/Kpts-II/92 dated May 22, 1992, for an area of 187,200 hectares, and No.239/Kpts-V/92 dated February 21, 1992, for an area of 4,600 hectares.



- Assessment of High Conservation Value Forest (HCVF) was conducted in 2013 in collaboration with the NGO Tropenbos,
- RKUPHHK period 2018-2027 SK Men LHK no. SK.6265/Men-LHK-PHPL/UHP/HPL.1/7/2022 date 27 July 2022, and
- Report on the implementation of environmental permits for Semester 2 of 2022 and Semester 1 of 2023.

The Organization has also conducted Reduced Impact Logging (RIL) activities in stages, which include pre-harvesting, harvesting, and post-harvesting phases. Furthermore, the company has identified areas that function to protect land and water, designating them as Protected Areas. These areas cover a total of 12,636 hectares (11.01%) across various sectors, including:

- Sepaku Sector: The protected area of 4,615 hectares consists of KPPN covering 1,673 hectares, KPSL covering 94 hectares, E slope areas covering 978 hectares, and river boundary areas covering 1,570 hectares.
- Terunen Sector: The 2,135-hectare protected area consists of KPPN covering 1,849 hectares and river boundaries covering 286 hectares.

Monitoring of the negative impacts of forest management activities in the concession areas is conducted in accordance with the AMDAL RKL and RPL IUPHHK-HT documents, 1992. The company follows documented procedures, including SOPs for Protected Area Monitoring, Water Discharge and Quality Monitoring, and Erosion Monitoring. The Organization has established documented procedures for the controlled use of Hazardous and Toxic Materials (B3), including SOPs for B3 Waste Management, Fuel, Lubricants, and Chemical Spill Handling, Weed Control, and Integrated Pest and Disease Management.

Regarding biodiversity management, the Organization has carried out activities such as the identification and inventory of protected, endemic, rare, and threatened/endangered flora and fauna in the IUPHHK-HTI area. The identification process has helped to document protected, endemic, rare flora and fauna species and their habitats. Additionally, the Organization has assessed the potential environmental impacts on these species. No key species have been identified in the area. The Organization has also conducted environmental impact assessments regarding protected, endemic, rare, and threatened/endangered species. The plants cultivated are non-genetically modified tree species.

In terms of forest protection, the Organization has implemented identifying and monitoring disturbances in sustainable forest management, such as forest fire hazards, illegal land encroachment, and illegal logging. The Organization has also documented procedures to prevent and handle pest and disease attacks, including Integrated Pest and Disease Management SOPs. The Organization has promoted positive climate practices in forest management activities, including but not limited to the Organization has identified the sources and levels of emissions.

Results of the Public Consultation

Prior to the Surveillance 2 Audit, PT ACube TIC International made a public announcement to stakeholders through various channels since 7 October 2024, including website www.ajaindonesia.com, local mass media, letters to relevant government agencies, and surrounding villages. One of the key suggestions and inputs received came from the administrators of a community group focused on fire prevention. The group has been involved in cooperation with the company since 2013, with activities that include the opening of a 4 km long agricultural road, the provision of 1,000 meat duck seeds, assistance in composting activities, and training on how to extinguish forest and land fires. However, the group noted that these activities have not been carried out continuously, and as a result, the success of the initiatives could not be properly measured. The community's hope is that all activities can be consistently provided, both in terms of program implementation and ongoing assistance.

Based on field visits and interviews with the Head of the MPA (Community with Fire Awareness) in a village, it was reported that the MPA program, previously run by the company, had a positive impact on the community. Specifically, the opening of the 4 km agricultural road has greatly benefited farmers by facilitating the transport of palm oil and other

plantation products. Additionally, the Head of the MPA mentioned plans to process plastic waste from the IKN and other sources into plastic seeds. A proposal has already been submitted to the company for assistance in purchasing a plastic shredder machine.

In the course of the audit, the team also collected information from mass media sources about PT ITCI Hutani Manunggal. Any reported cases are being considered as part of the audit process for PT ACube TIC International. The Organization has identified all the necessary requirements for the certification process, including legal aspects covering compliance with regulations, rules, and international conventions. The management system has been established to cover all activities related to the certification, which involves 94,351 hectares.

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

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

No.	Non-Conformities	Corrective Action Performed in 2023	Closed in 2024
1	There were some contractor workers who admitted that they did not have BPJS Employment. Clause Ref. 5.3.1.2	The Organization carried out checks and assistance to the Contractor to provide its workers BPJS Employment participation.	All employees, both PT ITCI Hutani Manunggal employees and its partners, completed BPJS Employment and Health requirements for their workers. Verification was performed on several contractors.
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.	There were 2 staffs for the IFCC ST 1001:2021 2021 Internal Auditor training held by RAPP on 20-25 November 2023.

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

The results of the Surveillance 2 Audit at was 1 (one) non-conformity in the Minor category. The Organizations has made improvements.

No.	Non-Conformities	Corrective Action Performed	Category
1	The company needs to review the issuance of SKSHH documents for wood originating from the Sepaku Sector. Because the location of the issuance of SKSHH documents is included in the IKN Utilization Location.	The Organization has planned to establish a TUK Post as a location for issuing SKSHH documents in accordance with permits. This post will be located near the border of PT ITCI Hutani Manunggal's pure	Minor



	Clause Ref 7.3.6.	concession, specifically for issuing documents related to the utilization of wood from the Sepaku and Senoni sectors. Additionally, a TUK Post will be set up in the IKN (National Capital Authority) area, which will issue utilization permits for wood originating from the utilization areas in that region.	
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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 Recertification visit. If the non-conformities are not closed at the next Recertification, the certificate will be suspended until such time as AJA EUROPE SRL is able to perform a closeout visit.