

Public Report Sustainable Forest Management System

**Ownership of this report and the information
contained herein remain the property of AJA Europe**



AJA EUROPE
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 ha

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

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: December 07, 2017

AUDIT END DATE: December 14, 2017

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: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Abdullah Mujahid

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 7

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
HO PT Itci Hutani Manunggal	Kabupaten Penajam Paser Utara, Propinsi Kalimantan Timur	December 07, 2017
PT Itci Hutani Manunggal	Sepaku – Kecamatan Loa Kulu, Kabupaten Kutai Kertanegara, Propinsi Kalimantan Timur	December 08 to 10, 2017
PT Itci Hutani Manunggal	Senoni – Kecamatan Sebulu, Kabupaten Kota Bangun, Kecamatan Muara Wis, Kecamatan Muara, Kecamatan Tenggarong, Kabupaten Kutai Kartanegara, Propinsi Kalimantan Timur	December 11 to 13, 2017
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	
PT Itci Hutani Manunggal	Terunen – Kecamatan Sepaku, Kabupaten Penajam Paser Utara, Propinsi Kalimantan Timur	



Brief Description of the concession

PT ITCI Hutani Manunggal received its forest management permit per Decree of the Minister of Forestry of the Republic of Indonesia Number 184 / Kpts-II / 1996 dated April 23, 1996. The operational implementation of the Company's working area is based on the Timber Forest Product Utilization Plan in Industrial Timber Plantations (RKUPPHK-HTI). This document may be revised in the case of changes in forest management. The latest document is RKUPPHK-HTI Revision of PT ITCI Hutani Manunggal based on IHMB Year 2012. The period of 2008 - 2017 and its attachment has been approved per Decree of Minister of Forestry No: SK.55 / VIBUHT / 2012 dated 14 August 2012 and revised again in 2014 through SK Kepmenhut Number SK.53 / VI-BUHT / 2014 dated September 26, 2014. Short-term implementation is per the Annual Work Plan of Timber Forest Product Utilization..

Management of PT ITCI Hutani Manunggal forest area of 161,127 ha divides the work area into three (3) management units, namely: Senoni Sector (76,204 ha), Sepaku Sector (43,437 ha) and Terunen Sector (41,486 ha). The Management Unit has determined the spatial arrangement of the total working area of 161,127 hectares to be: 1) Protected Areas of 17,443 ha (10.83%), 2) Production Areas, consisting of: Staple Crop Area of 91,887 ha (57.03%), Seed Plant Area of 19,261 ha (11.95 %) and Livelihood Plant Area of 20,873 ha (12.95%), 3) Area Unsuitable for Production of 11,663 ha (7.24%).

There has been no conversion of natural forest to plantation forest since December 31, 2010, and thus the scope of the IFCC certification is for a total area of 161,127 hectares.

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, and is bounded as follows:

- North: Mahakam River, Other Use Areas (APL)
- South: The road of Bukit Bangkirai Penajam, Production Forest (HP), Other Use Areas (APL)
- West: IUPPHK-HA PT ITCIKU, Other Use Areas (APL)
- East: Balikpapan Bay, Production Forest (HP), Other Use Areas (APL)

From the aspect of governmental administration, the work area of PT ITCI Hutani Manunggal is included in the two regencies of Kutai Kartanegara and Penajam Paser Utara with details as follows:

- Senoni Sector: 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, North Penajam Paser Regency, East Kalimantan Province, Indonesia
- Sepaku Sector: Sepaku District, Kutai Kartanegara Regency, East Kalimantan Province, Indonesia

The topography of PT ITCI Hutani Manunggal's work area is mainly flat (44.93%), slight slope (29.41%), somewhat steep (21.80%), steep (3.22%) and very steep (0.64%) at an altitude of 0 to 800 meters above sea level.

The area has a type A climate with a Q value of 0% to 4.3% and annual rainfall of 1,998 mm on average. The species cultivated are *Acacia mangium*, and *Eucalyptus sp*

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

There are 28 villages spread throughout the six districts and two regencies in which the PT ITCI Hutani Manunggal plantation is located. The communities surrounding the concession are mainly from Kutai and Pasir ethnic groups as well as Javanese migrants from the transmigration program. The livelihoods of the population are mostly in agriculture, plantation, forestry, hunting and fisheries, as well as the mining and other sectors. The two local trade sectors consist of restaurants and provision of accommodation services. The Company has maintained generally good relationships with the local community through a series of cooperation agreements (SPK) for the development of livelihood plants.



The Company has a conflict resolution process set in place that chronologically maps and records full details of areas of conflict and minutes of meetings. Agreements have been reached between the Management Units and the local communities on the procedures for these conflict resolution mechanisms.

The Management Units also have in place corporate social responsibility/ community development (GSR/CD) programs in the areas of: Economics (agriculture and agroforestry, fisheries and animal husbandry, as well as small and medium enterprises), Social Services (education, health, religious, national holidays), Infrastructure (village infrastructure, plus infrastructure for culture and sport).

Description of the ecological conditions of the concession

PT ITCI Hutani Manunggal has identified forest management activities that have significant impacts and conducted environmental impact assessments to analyze potential environmental impacts. Activities undertaken include:

- 1) Identification of Significant Impacts in the AMDAL document, including the Component/ Sub-Component Environmental Parameters, as follows: a. Physical-Chemical, including: microclimate, soil physiography (physical and chemical properties, subsidence, erosion), hydrological (surface water flow, fluctuation rate, sedimentation), water quality; b. Biological components include: vegetation (potential and non-timber forest products), wildlife (habitat, property type, density and range), aquatic biota (abundance and diversity).
- 2) Potential Impact Evaluation includes both positive and negative impacts and sources.
- 3) The Environmental Impact Statement includes: key and important impact estimates at all stages of production from livestock to cutting and post-harvest land preparation for replanting; evaluation of key and key impacts such as sustainable ecological functions and production functions.

Environmental management and monitoring is documented in the RKL Implementation Report (Environmental Management Plan) and RPL Report (Environmental Monitoring Plan), which are submitted to the relevant agencies periodically. Environmental management includes: soil fertility management, water management control, pollution control, fire control, pests and plant diseases management, protected area management. Environmental monitoring, includes among others: soil fertility monitoring, water table, water level, peatland degradation, river water quality, hot spots, pests and plant diseases, and monitoring of protected areas. The latest RKL and RPL Implementation Reports are for the second semester of 2016 and the first semester of 2017.

Forest protection efforts include: inspection teams for forest protection, routine patrols, information / dissemination to the public, CD program enhancement, warning signing. Meanwhile, local species are protected by rehabilitation and enrichment planting.

Results of the Public Consultation

Prior to conducting the Surveillance, 2nd Audit PT AJA Sertifikasi Indonesia held a Public Consultation on October 13, 2017, requesting stakeholders to provide input and information on PT ITCI Hutani Manunggal. The public consultation is posted on the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to stakeholders via email or postal mail, and published in local newspapers.

At the time of the public consultation, input was received from three (3) separate parties. The first was in relation to the implementation of an MoU between the company and the local community, the second was in relation to assistance for village development, particularly infrastructure, while the third was in relation to land claims. This input has since been verified with the individual stakeholders. In regard to the land claim issue, the Management Unit has subjected the matter to its conflict resolution mechanism, recording details and following the process. In regard to implementation of the MoU and request for assistance with infrastructure development, meanwhile, the Management Unit has established communication with the respective community representatives.



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 identified seven (7) Minor Non-Conformities as listed below:

No	Non-Conformities	Corrective Action Performed	Category
1	The Management Unit has a Sustainability Report, but it does not include production, labor and infrastructure data Indicator I.2.4	Ensure completeness of the contents of sustainability report	Minor
2	The Management Unit did not monitor HHBK in 2017 Indicator I.5.4	Perform HHBK monitoring regularly every month and document the activities in full	Minor
3	There are no negative impact monitoring samples (erosion, soil fertility, soil compaction, discharge and water quality) representing one area in the Senoni sector. Indicator I.6.5	Conduct environmental monitoring activities throughout the IHM concession area as a whole	Minor
4	There is no biodiversity monitoring sample (analysis of vegetation and wildlife representing one area in the Senoni sector) Indicator I.7.1	Conduct environmental monitoring activities throughout the IHM concession area as a whole	Minor
5	Chemical warehouse workers, chemical toxicants and spray workers have not undergone laboratory tests (cholinesterase test) to determine whether the workers have been subject to contamination by toxic chemicals Indicator I.12.1.	Identify the number of warehouse officers, mixers and spray workers working at IHM and then continuously perform MCUs with blood test parameters and Cholinesterase (CHE) to determine the effect of work on the health conditions of the workers.	Minor
6	The Management Unit does not yet have the facilities to enable workers to thoroughly clean themselves after involvement in spraying activities. Indicator I.12.2.	Ensuring facilities are in place for self-cleaning after spraying activity enabling workers to return home without any toxic residues on the worker's body or clothing.	Minor
7	Result of test of clean water quality and drinking water from laboratory of East Kalimantan Provincial Health Office found parameters above the standard quality threshold The management unit shall ensure that the water used for toilet and drinking water needs is in accordance with the requirements of the regulation. Indicator I.12.5	Ensure proper management of clean water and drinking water and provision of internal training so that WTP officers & water samplers understand the correct water sampling techniques	Minor



Conditions under which the certificate is issued

SFM Certificate IFCC PT. Itci Hutani Manunggal certificate number: AJA/IFCC-PEFC/FMC-HT/00014/ XII/ 2015 remains valid until 16/12/2018