

Public Report Sustainable Forest Management System

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AJA EUROPE SRL

PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE ORGANIZATION, IFCC AND TO AJA EUROPE



ORGANIZATION NAME: PT Korintiga Hutani

TOTAL HECTARES: 94,384

SCOPE OF REGISTRATION: Sustainable Forest Management of 94,384 Hectares of Plantation Forest in Central Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: October 21, 2024

AUDIT END DATE: October 25, 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: Agung Utama Lubis

SIGNATURE:

AUDIT TEAM: R. Sigit Pamungkas

SIGNATURE:

Andri Wibisono

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 3

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED including countries	DATE OF EACH SITE VISIT:
Site	Base Camp Pellita, Desa Nanga Mua, Kecamatan Arut Utara, Kabupaten Kotawaringin Barat, 74152, Provinsi Kalimantan Tengah, Indonesia	21-25 October 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	
Legal Office	Wisma Korindo Lt. 12, Jl. M.T Haryono Kav. 62, PO BOX : 3646,4463,4281, Jakarta Selatan 12780, Indonesia	

Brief Description of the concession

PT Korintiga Hutani has received a forest utilization permit since 1998 and has undergone several Addendums, the latest being the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.717/MENLHK/SETJEN/HPL.0/9/2021 dated September 13, 2021 concerning the Fifth Amendment to the Decree of the Minister of Forestry Number 219/Kpts-II/1998 dated February 27, 1998 concerning the Granting of Industrial Pulp Plantation Forest Business Rights over a forest area of \pm 92,150 ha in the province of Central Kalimantan to PT Korintiga Hutani. This decision only changed the nomenclature from IUPHHK-HTI to Forest Utilization Business Permit (PBPH) and the working area is 94,384 Ha. There was no conversion of natural forest into plantation forest after 31 December 2010. The area of work based on the permit (PBPH) SK.717/MENLHK/SETJEN/HPL.0/9/2021 dated September 13, 2021 is 94,384 Ha.

Forest Area is 94,384 Ha,
Certified area is 94,384 Ha.

The Organization has a document of the Annual Forest Utilization Work Plan (RKTTPH). The 2023 RKTTPH was approved by the President Director with Decree No. 91-1B/KTH-BC/XII/2022 dated December 26, 2022. As for the RKUPH (Forest Utilization Business Work Plan) document, it was ratified by the Decree of the Minister of Environment and Forestry Number SK.6422/MenLHK-PHPL/UHP/HPL.1/11/2020 dated November 27, 2020 concerning the Approval of the Industrial Plantation Forest Timber Product Utilization Business Work Plan (RKUPHHK-HTI) for a 10 (Ten) Year Period of 2021-2030 of PT Korintiga Hutani in Central Kalimantan Province.

The Organization has arranged the spatial arrangement of its work area. The total area of 94,384 Ha (100%) is divided into:

1. Protected Area: 18,992 Ha (20.12%)
 - River Boundaries: 7,540 Ha (7.99%)
 - Germplasm Conservation Area (KPPN): 300 Ha (0.32%)
 - Wildlife Conservation Area (KPSL): 11,152 Ha (11.81%)
2. Cultivation Area: 75,392 Ha (79.88%)
 - Self-management pattern: 66,024 Ha (69.95%)
 - Partnership pattern: 6,252 Ha (6.62%)
 - Facilities and infrastructure: 3,116 Ha (3.11%)

PT. Korintiga Hutani is geographically located at 111° 28'00" - 111° 55'00" East and 10°62'30" - 20°20'00" South. Administratively, it is located in the Districts of Mentohi Raya, Bulik, Sematu Jaya, Arut Selatan and Arut Utara in the Regency of Kotawaringin Barat and Lamandau, Central Kalimantan Province. The site can be accessed from the provincial capital, Palangkaraya, by land, river, or air. The travel time from Pangkalanbun City to the site is approximately 1.5 hours. Based on the 2024 Social and Environmental Impact Assessment Report, there are 25 villages/sub-districts around the concession. The boundaries of the PBPH area of PT Korintiga Hutani are:

- North: PT Intrado Jaya Intiga,
- East: PT Arut Sawit Mandiri,
- South: PT Mitra Mendawai Sejati,
- West: PT Gemareksa Mekarsari.

The general conditions of PBPH PT Korintiga Hutani are as follows: The forest groups include Sei Mentohi and Sei Arut, with the land type being dry land. The topography consists of 61.4% flat land (0-8%), 12.3% ramp (8-15%), 11.8% wavy



(15-25%), 8.8% somewhat steep (25-40%), and 5.7% steep (>40%). The altitude ranges from 25 to 500 meters above sea level. The soil types present are 1.3% Alluvial, 3.75% Gleisol, 39.24% Cambisol, 0.06% Litosol, 51.64% Podsol, and 4.01% Regosol. The geology is primarily composed of 93.02% Kuayan (TRvk), 6.41% Tonalt Sepauk (Kls), and 0.57% Mandahan Granite (Kgm). The climate type is A, and the site is traversed by several rivers, including the Mentajai River, Peguluman River, Uwah River, and Moa River. The species developed for production are *Eucalyptus sp.*, *Paraserianthes falcataria*, *Acacia mangium*, *Anthocephalus macrophyllus*, and *Anthocephalus cadamba*.

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

The livelihood data from PT Korintiga Hutani's surrounding community is detailed in 2024 Social and Environmental Impact Assessment Report, showing the dominant livelihoods in the region. This data suggests that agriculture is the dominant livelihood for local residents, with a heavy reliance on farming, gardening, and related activities, making up over 80% of the community's economic base.

- Farmers/Gardeners: 80.3%
- Traders: 9.7%
- Gold Miners: 4.1%
- Employees: 2.1%
- Labor Services: 1.8%
- Civil Servants: 1.3%
- Fish Finders: 0.6%
- Swallow Entrepreneurs: 0.1%

PT Korintiga Hutani has established a Grievance Handling Standard Operating Procedure (SOP) to address complaints from both internal and external parties. For internal parties, this includes complaints from employees and labor unions, while for external parties, it covers complaints from local communities, landowners, contractors, government, media, and other stakeholders. The procedure includes a complaint submission form, a logbook for recording complaints, and a notification form for follow-up actions. This SOP ensures that all complaints are handled in a systematic and transparent manner.

The company has submitted multiple Mapping and Conflict Resolution Reports which assess and address the conflict status in the areas surrounding the concession. In the 2023 Semester II Report, a slight decrease was observed in the small-scale conflict areas. This indicates progress in resolving minor conflicts. As of 2024, the conflict status at the PBPH level is classified as Moderate with over six controlled statuses at the village level, showing positive steps towards conflict resolution. Efforts to resolve land claims by PT Korintiga Hutani are such as Land Compensation for former field and growing plant compensation.

PT Korintiga Hutani has established several partnership agreements with local communities, particularly with forest and agricultural groups. These include Forestry Partnership Agreements with 14 villages and Community Plantation Forest Agreements in collaboration with 8 farmer groups across the region. The company is focused on developing long-term relationships with these communities by supporting social forestry initiatives and community plantation agreements that aim to enhance local economies.

PT Korintiga Hutani has a CSR program that supports local communities through various initiatives. Some areas of focus include honorariums for teachers, student scholarships, and contributions to school-related activities, maintenance of access roads, construction of places of worship, and providing clean water facilities, funds for religious holidays, mass circumcisions, and stunting reduction programs, assistance for local events and festivities, including the National Holiday Fund and support for local craftsmen and MSMEs. PT Korintiga Hutani has made significant strides in improving its relationship with surrounding communities. The company focuses on sustainable economic development, conflict resolution, and corporate social responsibility. By creating local employment, fostering partnerships, and actively

supporting the community's welfare, PT Korintiga Hutani demonstrates a strong commitment to its social and environmental obligations. However, there is room for improvement in the CSR spending and resolution of land claims, as well as in maintaining transparency in grievance management.

Description of the Ecological conditions of the concession

PT Korintiga Hutani has identified key species based on the definition of key species from WWF Indonesia. Based on the HCVF study in 2024, the key species in the concession area is the orangutan (*Pongo pygmaeus*). Based on Permenlhk 106 of 2018 and the conservation status according to IUCN, orangutans are one of the species that require protection and management in order to remain sustainable in nature. This is reinforced by the discovery of the existence of natural wildlife with limited distribution and endangered such as the orangutan (*Pongo pygmaeus*) and kelasi (*Presbytis rubicunda*). Based on field observations and information from PT Korintiga Hutani employees, local communities, and BKSDA staff, orangutans were found in the PT Korintiga Hutani conservation area which still has secondary forest cover, for example in Bukit Telawih and Bukit Panjang.

PT Korintiga Hutani has carried out management to minimize the impact of operations on these species, including:

- Establish protected areas in locations identified as orangutan habitat.
- Conducting area patrols and installing prohibition/advice/warning signboards.
- Conducting identification of animal feed vegetation. Based on the report of identification of animal feed vegetation in protected areas.
- Orangutan food phenology survey activities.

PT Korintiga Hutani has identified and monitored disturbances, taking into account natural disturbance events that are a threat to the health and vitality of forest resources. Documents that show the efforts of the Organization are RKUPHHK-HTI PT Korintiga Hutani for the period 2021 - 2030, Protected Area Protection Report and RKL - RPL Report.

The activities regarding forest protection and security carried out are:

1. Socialization of the 2023-2024 RKT protected area, which was carried out at PT Korintiga Hutani.
2. Forest Security and Protection Patrol.
3. Installation of prohibition/warning boards:
 - Fire warning board.
 - Sign prohibiting entry into protected areas.
 - Water reservoir board.
 - Conservation notice board for protected fauna.
 - Protected Area nameplate.
 - Fire hazard level warning board.

PT Korintiga Hutani has a Cooperation Agreement between the company's Forest and Land Fire Control Brigade with the villages' Community with Fire Awareness (MPA) regarding: Control of Forest and Land Fires. The scope of activities is:

1. Facilitate the formation of MPA.
2. Procurement of forest and land fire facilities and infrastructure.
3. Planning of forest and land fire control activities.
4. Increasing human resource capacity.
5. Prevention of forest and land fires.
6. Forest and land fire control.
7. Post-forest and land fire management.
8. Reporting on forest and land fire control activities.

Results of the Public Consultation



PT ACube TIC International has taken proactive steps to inform relevant authorities and the public about its activities, including the announcement of the audit through various channels, such as the website, local media, and official letters to government agencies starting 9 September 2024. Below is a summary of key inputs received from some stakeholders:

1. Central Kalimantan Province Investment and One-Stop Integrated Service Office (October 4, 2024): Provided legal and business documentation, including the Organization’s Business Identification Number, permits, environmental documents, and certificates related to seed procurement and clinical standards. The data and information are part of the scope of the IFCC audit.
2. Manpower and Transmigration Office of Central Kalimantan Province (September 30, 2024): Shared data on the Organization's workforce, including registration in the Mandatory Manpower Report (WLKP), working conditions, wages, and BPJS Employment participants. This was also incorporated into the audit process.
3. Lamandau Regency Agriculture and Fisheries Service (October 15, 2024): The letter highlighted a land dispute between an individual party and PT Korintiga Hutani. In 2022, the party claimed ownership of land that was already part of PT Korintiga Hutani’s concession. This dispute is based on a family inheritance, with the Lamandau Regency Government facilitating mediation.

Chronology of the Land Dispute:

- 2022: The party claimed ownership of some land in a plot, despite it being part of PT Korintiga Hutani’s concession. The land has been planted by the company with eucalyptus since 2022.
- The land, before planted, had previously undergone a legal acquisition process in 2016, with compensation paid to Mr. S (The party's uncle). The party admitted to being the owner of the land and asked for assistance from the Lamandau District Government and PT Korintiga Hutani to resolve the case.
- 2023: A field inspection and mediation were conducted, confirming that the land had been acquired legally by PT Korintiga Hutani. Discussions for resolution were carried out through family mediation between the party and his uncle.
- Supporting Evidence: Documentation includes compensation receipts, meeting minutes, photos of the land, and a land dispute resolution report signed by various parties.

Conclusion:

The dispute is related to a family inheritance issue between the party and his uncle, with PT Korintiga Hutani’s acquisition process being legally sound. The local government and PT Korintiga Hutani have agreed to resolve the issue through amicable manner.

The Organization has identified all the necessary requirements for this certification process, which consist of legal aspects which include compliance with international rules and regulations and conventions. A management system has been developed to cover all activities in the area of certification, which are registered for the certification area of 94,384 hectares

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

There were five minor non-conformities at Transition to IFCC ST 1001:2021 + Surveillance 2 Audit. The Organization has performed corrective actions. The non-conformities were not repeated in 2024; thus, they are closed.

Number	Non-Conformities	Corrective Action Performed in 2023	Closed Out Recertification Audit 2024
1	The 2023 RKTPh harvest plan was not in accordance with the RKUPH document (RKUPHHK-HTI) related to the plan of the harvest blocks. Indicator 7.1.1.	The Organization has made improvements, there is a Statement Letter from the Director which states that it will revise the RKUPH according to the upcoming 2024 RKTPh	The Organization has made improvements by revising the RKUPH document and is in the process.

		and reorganize the harvest plan until 2030.	
2	<p>The realization of harvest area production cannot be achieved 100%. Based on the monthly report, actual production until October was 80% of the planned. Based on field visits at the nursery, many seeds expired because land ready for planting was not available.</p> <p>Indicator 7.3.3.</p>	<p>The Organization has made improvements:</p> <ol style="list-style-type: none"> 1. Organizations committed to maximizing existing resources to optimize the achievement of wood harvesting targets in November and December 2023. 2. Organizations will donate the expired seeds to government agencies or private institutions (NGOs) that need them for forest rehabilitation activities. 3. Organizations will evaluate the company Risk Management. <p>The consistency of improvements made by the Organization will be reviewed in the next audit</p>	<p>Based on the harvest realization in the 2024 RKT, below:</p> <p>RKT 2024 Production Target and Realization (as of October 23, 2024) PT Korintiga Hutani.</p> <p>In the 2024 RKT, there was an increase in the performance of HOA area achievement as of October 23, 2024 of 84.43%.</p> <p>Based on field visits at the Nursery, there were no expired seeds.</p>
3	<p>The Organization does not have a monitoring sheet in making ITSP plots (Stand Inventory Before Logging) to ensure that the ITSP plots comply with the SOP. During the field visit at ITSP plot, the tree diameter measurements did not use standard measuring instruments.</p> <p>Indicator 8.1.1.</p>	<p>The Organization has made improvements:</p> <ol style="list-style-type: none"> 1. Have created a Worksheet "Monitoring and Evaluation Checklist for Forest Minutes Activities." 2. Provide the standard diameter/height measuring stick/instruments. 	<p>The Organization has conducted monitoring with the Worksheet: Monitoring and Evaluation Checklist for Forest Minutes/ITSP RKT PH 2024 Activities. The monitoring results are made into a Forest Minutes Monitoring Report.</p>
4	<p>The condition of the heavy equipment contractor workers camp's bathroom and toilets did not meet standards, where it does not equipped with a cover/roof.</p> <p>Indicator 5.3.4.2.</p>	<p>The Organization has made improvements:</p> <ol style="list-style-type: none"> 1. Prepare to renovate the toilet and bathroom facilities. 2. Perform socialization to all workers about the importance of toilet facilities as part of sanitation health and 	<p>Based on field verification at the field camp, it was observed that five of the nine contractor partners have toilet and bathroom facilities in good condition that meet occupational health and safety requirements. These facilities include a roof, clean toilets, and access to clean water.</p>



		<p>clean and healthy living behavior.</p> <p>The consistency of the improvements made will be reviewed in the next audit.</p>	
5	<p>The Organization has a Conflict Potential and Conflict Resolution Status Report for Semester 1 2020 with CONTROLLED Category Status (36-52%) with a score of 48.08%.</p> <p>However, for 2023 the Organization has not prepared a Potential Conflict Status Report and Conflict Resolution, as required by the Director General of PHPL Number: P.5/PHPL/UHP/PHPL.1/2016 and -PerMenLHK No.P. 8 of 2021. It must be reported every 6 months to the Provincial Forestry Service and copied to the Director General of PHPL and BPHL.</p> <p>Indicator 6.4.1.</p>	<p>The Organization has carried out a root cause analysis because the potential conflict data is incomplete. The Organization has made a commitment in a Statement Letter from the Director which states that they will make Mapping and Conflict Resolution Report in accordance with Perdirjen PHPL Number: P.5/PHPL/ UHP/ PHPL.1/ 2016 and PerMenLHK No.P.8 of 2021 and will be reported every 6 months to the Environment and Forestry Service of Central Kalimantan Province with a copy from the Director General of PHPL, BPHL</p>	<p>PT Korintiga Hutani has submitted the report to the relevant agencies. There are Report on Potential Mapping and Conflict Resolution of PT Korintiga Hutani for Semester I and II Period in 2023 and Semester I (January – June Period) of 2024 and proof of report receipts from the authorities.</p>

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

There were three minor non-conformities in this Recertification Audit. The Organization has performed and the non-conformities are closed:

Number	Non-Conformities	Corrective Action Performed	Category
1	<p>The Organization has developed a Risk and Opportunity Management document; however, it does not yet include the following components:</p> <ul style="list-style-type: none"> - Risk Management Standard Operating Procedure (SOP) - Designation of work units, departments, or personnel responsible for implementation 	<p>The Organization has made improvements, as evidenced by the following actions:</p> <ol style="list-style-type: none"> 1. The establishment of the Risk Management Organizational Structure, formalized through a Decree of the Board of Directors regarding the determination of the Risk Management Organizational Structure and Personnel at PT Korintiga Hutani. 	Minor



	<p>- Monitoring mechanisms for established controls</p> <p>Indicator 5.1.1.</p>	<p>2. The establishment and publication of a Risk Management Standard Operating Procedure (SOP) in November 2024</p> <p>The improvements made by the organization address this finding, and their consistency will be evaluated in the next audit.</p>	
2	<p>The Organization must immediately undertake rehabilitation activities for degraded protected areas, as the results of the 2023 activities reached only 53.19%, and by October 2024, only 44% of the target had been achieved. This performance is below expectations due to insufficient manpower for these activities.</p> <p>Indicator 7.2.1.</p>	<p>The Organization has made progress in the rehabilitation of protected areas in November 2024, specifically along the River Borders and Wildlife Corridors, using natural seedlings. The rehabilitated areas include the Inap Besar River, Sumber Jaya River, Mentajai River, and the Bukit Harum-Bukit Suayap wildlife corridor.</p>	Minor
3	<p>The organization has established a Cooperation Agreement with the Fire Care Community (MPA) of the surrounding villages concerning the Forest and Land Fire Control Brigade (Brigdalkarhutla). Based on interviews with MPA representatives from the villages, it is recommended that the organization immediately develop a joint program and provide necessary facilities to the MPA to enhance its effectiveness and support its active participation.</p> <p>Indicator 7.2.4.</p>	<p>The organization has made improvements and taken corrective actions regarding non-conformities related to cooperation with the MPA village, as follows:</p> <ul style="list-style-type: none"> • In November 2024, a coordination meeting was held at the village offices to prepare the Forest and Land Fire Prevention Work Plan for 2025. As a result, an agreement was reached on the preparation of the Joint Work Plan. • The organization has procured personal protective equipment (PPE) for the MPA members in the village 	Minor

Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HT/00038/I/2018 is valid until 18 January 2028, provided that PT Korintiga Hutani 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 is able to perform a closeout visit.