

# **Public Report**

# **Sustainable Forest**

# **Management System**

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# AJA EUROPE

## PUBLIC AUDIT REPORT - SFM

### TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



**CLIENT NAME:** PT Korintiga Hutani

**TOTAL HECTARES:** 94,384 ha

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

**STANDARD/CRITERIA:** IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

**TYPE OF AUDIT:** Surveillance 1

**AUDIT START DATE:** November 26, 2018

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

**AUDIT END DATE:** November 30, 2018

**LEAD AUDITOR:** Agung Utama Lubis

**SIGNATURE:**

**AUDIT TEAM:** R. Sigit Pamungkas

**SIGNATURE:**

Utomo

**SIGNATURE:**

**MAJOR CARS:** 0

**MINOR CARS:** 7

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Korintiga Hutani	Arut Utara District, Kotawaringin Barat Regency, Central Kalimantan Province, Republic of Indonesia	November 26 to 30, 2018
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	
NA		

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#### **Brief Description of the concession**

PT Korintiga Hutani's IUPHHK-HTI was originally a joint venture between PT Inhutani III, PT Berkat Cipta Abadi, and PT Aspex Paper. This company was established on October 8, 1998 with the composition of shareholding consisting of PT Inhutani III (40%), PT Berkat Cipta Abadi (45%), and PT Aspex Paper (15%).

The acquisition of the concession began with the publication of the Recommendation of the Governor of Central Kalimantan Province Number 503/073 / Ek dated 18 January 1996 on an area of 64,630 hectares to PT Aspex Paper. Principal approval of the reserve area was granted by the Minister of Forestry based on Letter No. 98 / Menhut-IV / 1996 dated January 25, 1996 for an area of 95,450 ha.

Then on February 27, 1998 the Minister of Forestry issued Decree Number 219 / Kpts-II / 1998 concerning the Granting of Concession of Pulp Plantation Forest for approximately 92,150 ha in the Province of Central Kalimantan to PT Aspex Paper. PT Aspex Paper's name change became valid from the issuance of the Minister of Forestry Decree (First Amendment) Number 68 / Kpts-II / 2000 dated December 21, 2000 concerning the Name Change of PT Aspex Paper to PT Korintiga Hutani covering  $\pm$  92,150 ha.

Changes in the area of IUPHHK-HTI from approximately 92,150 ha to approximately 95,420 ha were determined based on the Decree of the Minister of Forestry (Second Amendment) Number 119 / Menhut-II / 2006 dated May 4, 2006 concerning Amendment to Decree of Minister of Forestry Number 219 / Kpts-II / 1998 dated February 27 1998 concerning Provision of Concession of Pulp Industrial Plantation Forest Area of approximately 92,150 ha in Central Kalimantan Province to PT Korintiga Hutani.

Subsequent changes were made based on the Decree of the Minister of Forestry (Third Amendment) Number 286 / Menhut-II / 2009 dated 13 May 2009 concerning Amendment to Decree of the Minister of Forestry Number 219 / Kpts-II / 1998 dated 27 February 1998 concerning Granting of Pulp Industrial Plantation Forest Concession Rights of Area of approximately 92,150 ha in Central Kalimantan Province to PT Korintiga Hutani.

There was then another change in the area of IUPHHK-HTI from approximately 97,850 ha to approximately 94,384 ha. This change in area was determined based on the Decree of the Minister of Forestry (Fourth Amendment) Number 201 / Menhut-II / 2011 dated April 8, 2011 concerning Amendment to Decree of the Minister of Forestry Number 219 / Kpts-II / 1998 dated February 27, 1998 concerning Granting of Pulp Industrial Plantation Rights Forest Area of approximately 92,150 ha in Central Kalimantan Province to PT Korintiga Hutani (formerly PT Aspex Paper).

As a result of the fire in the area of PT Korintiga Hutani's IUPHHK-HTI of approximately 1,332.77 ha, on June 21, 2018, Letter No. S.346 / PHPL / UHP / HPL.1 / 6/2018 concerning Advanced Management of Burned Areas was issued by the Director General of PHPL granting PT Korintiga Hutani, the opportunity to continue plantation forest utilization activities in the burned area of 1,332.77 hectares in accordance with the IUPHHK-HTI and RKUPHHK-HTI decrees that had been determined by technical adjustments and field conditions.

Thus, PT Korintiga Hutani concession covers approximately 94,384 hectares, all of which are included in the SFM-IFCC certification as there has been no conversion of natural forest to plantation forest after December 31, 2010.

PT Korintiga Hutani spatial arrangement was as follows:

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- A. Protected Area of 11,245 ha (11.91%)
  - B. Area Ineffective for Production of 3,215 ha (3.41%)
  - C. Effective Area for Production of 79,924 ha (84.68%)
- Total 94,384 ha (100%)

Effective Area for Production includes Staple Plants area of 65,118 ha (68.99%) Livelihood Plants area of 4,958 ha (5.25%), and Indigenous Plants area of 9,848 ha (10.43%); difference in percentage total due to rounding.

The PT Korintiga Hutani concession area is located between 01° 28' 00" to 02° 20' 00" South and 111° 28' 00" to 111° 55' 00.74" East. This area falls under the administrative area of Kotawaringin Barat Regency.

This area has the following topography: 61.4% of (slope 0-8%), 12.3% of (slope 8-15%), 11.8% of (slope 15-25%), 8.8% of (slope 25-40%), and 5.7% of (slope > 40%), at a height of 25 to 500 meters above sea level. The types of soil found in PT Korintiga Hutani's IUPHHK-HTI area are: Alluvial (1.3%), Gleisol (3.75%), Cambisol (39.24%), Litosol (0.06%), Podsollic (51.64%), and Regosol (4.01%).

The current management plan used is the Revision (I) of the 2011-2020 RKUPHHK-HTI that was approved based on the Minister of Forestry Decree Number: SK.12 / VI-BUHT / 2014 dated April 2, 2014 concerning Approval of Revision of Work Plans for the Utilization of Timber Forest Products Industrial Plantation Forest for the 10-year period of 2011-2020 on behalf of PT Korintiga Hutani in the Province of Central Kalimantan. The revision was made because the IHMB has been completed and the cycle changed to six (6) years. Species cultivated are *Acacia mangium*, *Eucalyptus pellita*, and *Anthocephalus macrophyllus*.

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

Residents living around the PT Korintiga Hutani concession belong to local communities. Based on interviews with the Village Heads and staff of PT Korintiga Hutani, there is no recognition of customary rights by the government in respect to the people living around the company.

PT Korintiga Hutani has undertaken conflict resolution efforts with surrounding communities per its standard procedures, which are based on amicable discussions to reach consensus. The procedures are complemented by full documentation of each stage from initial through to final resolution and report on the effectiveness of said resolution process.

PT Korintiga Hutani submitted its Social Impact Assessment Documents to the Province of Central Kalimantan in 2018, which contain the general conditions of the surrounding community, the company's internal aspects, economic aspects, socio-cultural aspects, stakeholder analysis, strategic issues, and recommendations for social management plans and social monitoring plans.

PT Korintiga Hutani has entered into agreements with the surrounding communities in the form of Livelihood Plants and Plantation Development in Partnership Pattern Forest Area. PT Korintiga Hutani has also provided adequate support for the empowerment of surrounding communities through its community development programs.

#### **Description of the ecological conditions of the concession**

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Management Unit has PT Aspex Paper's Environmental Documents. In 2000, however, with the change of name to become PT Korintiga Hutani, which was approved by the Minister of Forestry, revision of the RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) was required, although without revising the Environmental Documents. The revised RKL and RPL documents then received approval from the Head of the Environmental Office of Central Kalimantan Province Number 660/123 / II / BLH / 2010 dated February 4, 2010.

The Management Unit conducts activities to minimize negative impacts on the environment in accordance with the RKL and RPL documents, the results of which are reported to the relevant authorities on a periodic basis. The Management Unit carries out monitoring activities in the following areas::

- a. Physical-Chemical, including: microclimate, physical and chemical properties of the soils, subsidence, erosion), hydrological (surface water flow, fluctuation rate, sedimentation), and water quality;
- b. Biological components include: vegetation (potential and non-timber forest products), wildlife (habitat, property type, density and range), plus enrichment of vegetation through planting of forest trees and animal feed, plus aquatic biota (abundance and diversity).

The Management Unit also carries out regular patrols to identify possible threats of forest disturbance, be these of natural or human origin. Natural disturbance include infestation by pests and disease, for which the MU has standard procedures for the controlled use and disposal of hazardous and toxic materials (B3). Human disturbances, meanwhile, include illegal encroachment, logging, ground clearance and lighting of fires, hunting, etc. which are countered by not only patrols but the erecting of warning signs and socialization to the local community.

PT Korintiga Hutani has also put in place counter measures for the detection and control of fires, including the identification of potential hot spots and prevention activities.

#### **Results of the Public Consultation**

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing October 15, 2018, whereby stakeholders were asked to provide feedback and information on PT Korintiga Hutani. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.ajaindonesia.com](http://www.ajaindonesia.com)), sent to parties via e-mail or postal mail, and published in local newspapers. There was no input received from stakeholders as a result of the public consultation.

The audit team also collected information from the mass media about PT Korintiga Hutani, which was given material consideration in the audit process.

The Management Unit has identified all the requirements needed for this certification process, including legal aspects and compliance with regulations or international conventions. The management system has been established to cover all activities in the certification field, which is registered for the 94,384 hectare certification area.

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



The results of the Surveillance 1 Audit of PT Korintiga Hutani identified seven (7) minor non-conformities, as follows.

No	Non-Conformities	Corrective Action Performed	Category
1	<p>PT Korintiga Hutani has not rearranged the boundaries as instructed in the Minutes of Discussion on the Problems of PT Korintiga Hutani's IUPHHK-HTI Working Area in Kotawaringin Barat Regency, Central Kalimantan Province.</p> <p>Indicator I.1.1 .</p>	<p>The Management Unit has submitted a letter to the Director General of Forestry Planning and Environmental Management concerning its willingness to complete the rearrangement of boundaries compromises of the work area.</p> <p>PT Korintiga Hutani is waiting for the response concerning direction and guidance from Directorate General of Forestry Planning and Environmental Management.</p>	Minor
2	<p>The Management Unit has conducted monitoring and evaluation of harvesting, land preparation, planting and maintenance activities. Giving value to the works has been carried out, but the assessment is still subjective as the assessment criteria are not contained in the SOP.</p> <p>Indicator I.3.1.</p>	<p>The Management Unit has included work assessment criteria in the Standard Operating Procedure (SOP).</p>	Minor
3	<p>PT Korintiga Hutani has identified open land or less planted areas in the concession area, but the Management Unit does not have a plan for rehabilitation of degraded (open) areas as requested in the standard, there being no plans for rehabilitation of the degraded (open) areas in the current RKUPHHK-HTI document, or the 2017 UPHHK RKT or 2018 UPHHK RKT.</p> <p>Indicator I.4.5.</p>	<p>PT Korintiga Hutani has overlaid the interpretation maps of Landsat imagery in 2017 with interpretation maps of Landsat imagery in 2018 to check the land coverage data contained in the two maps. The rehabilitation plan will be arranged after the results of ground check in the degraded (open) area that will be held in February 2019.</p>	Minor
4	<p>The management unit has not provided equipment for firefighters (environmental department) in accordance with the regulations in the form of drones and CCTV cameras. The existing drones are still using the equipment of planning department.</p> <p>Indicator I.8.4</p>	<p>The Management Unit has submitted a proposal regarding the procurement of one (1) CCTV camera unit and allocation of one (1) drone unit for hotspot / fire detection.</p> <p>Proposal for procurement of CCTV cameras and drone has been approved by the Director. For now, the CCTV camera procurement has been realized. For the drone, planning department of PT Korintiga Hutani has three drones, one unit is in good condition and two units are in the process of being repaired. One from two units which is being repaired will be transferred to the environmental department</p>	Minor

		after completion of repairs.	
5	<p>PT Korintiga Hutani has prepared Hazard Identification, Risk Assessment and Determining Control (HIRADC). However, this has yet to elaborate details of all work activities, and HIRADC for transporting timber with logging trucks is still not available.</p> <p>Timber transportation with logging trucks is currently carried out transversely and exceeds the width of the vehicle.</p> <p>Based on the ILO's practical code on Safety and Health in Forestry Work: Trucks must be equipped and in conditions that meet the requirements of national law or traffic safety regulations. This applies equally to timber transport trucks that only operate on private forest roads.</p> <p>The Management Unit must therefore follow the provisions of Law Number 22 Year 2009 concerning Road Traffic and Transportation, Government Regulation Number 55 of 2012 concerning Vehicles.</p> <p>Indicator I.12.1 .</p>	<p>a. PT Korintiga Hutani has prepared the HIRADC document in 2018, including for timber transportation (container and dump trucks).</p> <p>b. There is a Work Agreement between PT Korintiga Hutani and the Contracting Partner, dated December 15, 2018, which contains provisions on the transportation of wood.</p>	Minor
6	<p>According to the UPHHK-HTI RKT Documents, in 2018 there were areas with land cover in the form of secondary dryland forests covering an area of 1,244 ha.</p> <p>However, the Management Unit has not included the area in the form of secondary dryland forest in the RKT-UPHHK Map in 2018. The location (plot number) and area of the 1,244 ha area were not clearly presented.</p> <p>Indicator III. 1.1. and III.2.1.</p>	<p>a. PT Korintiga Hutani has overlaid the 2017 Landsat Image Interpretation maps on RKT 2018 maps.</p> <p>b. Conducting a ground check to ascertain the location, area and land cover of secondary dry land area of 1,244 ha.</p>	Minor
7	<p>Because the vehicle was damaged, the timber transport vehicle did not stop at the Invoice Post. This has the potential to violate timber legality, because the truck transported wood from the PT Korintiga Hutani concession area without the accompanying Wood Legality Certificates (SPKB and SKSHH) issued at the Invoice Post.</p> <p>The inspection at the workshop showed that</p>	<p>a. PT Korintiga Hutani has conducted socialization of timber administration, especially related to the provisions and procedures in timber transportation to logging truck drivers and leaders of business partners on December 11, 2018.</p> <p>b. PT Korintiga Hutani has issued the First Warning Letter to the timber transport company on December 4, 2018 in relation</p>	Minor

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	truck needed only minor repairs. Workshop officers and the truck driver promised to return to the invoice post after the repair was complete.  Indicator III.2.1	to the violation of its vehicle transporting wood from PT Korintiga Hutani without the Wood Legality Certificates (SPKB and SKSHH)	
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#### Conditions under which the certificate is issued

Certificate is valid until 18/1/2021, 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 is able to perform a closeout visit.