

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 Plantation Forest of 94,384 hectares in the province of Central Kalimantan

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: October 17, 2017

AUDIT END DATE: October 21, 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: R. Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 11

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Korintiga Hutani	Kecamatan Mentohi Raya, Kecamatan Bulik, Kecamatan Arut Utara, Kecamatan Arut Selatan, Kabupaten Lamandau, Kabupaten Kota Waringin Barat, Province of Central Kalimantan, Republic of Indonesia	October 17 to 21, 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	
NA		

Document: Report Format Public - IFCC

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Date: 15 September 2016



Brief Description of the concession

PT Korintiga Hutani was granted a concession license under the Decree of the Minister of Forestry No. 219/ Kpts-II /1998 dated February 27, 1998 concerning the Provision of a Pulp Industry Timber Concession on a forest area of approximately 92,150 ha in the province of Central Kalimantan I to PT Aspex Paper. This concession license has undergone a number of changes and under the latest decision letter (Addendum IV) of the Minister of Forestry Decree No. 201 / Menhut-II / 2011 dated 08 April 2011, the area has been changed to approximately 94,384 ha.

The Management Unit implements its forest management based on the RKUPHHK-HTI document (Long-term Work Plan for Utilization of Timber Forest Products from Industrial Forest Plantation). The Revised RKUPHHK-HTI Document 2014 was ratified by Decree of the Minister of Forestry Number: SK.12 / VI-BUHT / 2014 dated April 2, 2014 regarding Revised Plan of Work Plan of Long-term Timber Forest Product Utilization for the 10-year period 2011-2020 on behalf of PT Korintiga Hutani in the province of Central Kalimantan. Based on the Revised RKUPHHK-HTI document, the management unit has conducted spatial planning as follows: Protected Area of 11,245 ha (11.9%), Infrastructure Facilities Area of 3,215 ha (3.4%), Primary Plant Area of 65,118 ha (69.0%), Indigenous Plant Area of 9,848 ha (10.4%), Livelihood Plant Area of 4,958 ha (5.3%). The Protected Area consists of: River Borders of 1,562 ha (1.7%), KPPN of 300 ha (0.3%), and KPSL of 9,383 ha (9.9%).

There has been no conversion of natural forest to plantation forest in the working area since December 31, 2010, thus the area for certification is 94,384 ha. The working area of PT Korintiga Hutani is located between 02° 02' 30" to 02° 20' 00" South and 111° 28' 00" to 111° 55' 00" East. The work area boundary is bordered by community areas. The general conditions of PT Korintiga Hutani are as follows:

1. Falls under the governmental administration of: District Mentohi Raya, District Bulik, District of North Arut, District of South Arut, Lamandau Regency, Regency of West Waringin City
2. Forest group: Sei Mentohi and Sei Arut
3. Type of land: dry land
4. Topography:
 - a. Flat (0-8%): 61.4%
 - b. Ramped (8-15%): 12.3%
 - c. Corrugated (15-25%): 11.8%
 - d. Somewhat Steep (25-40%): 8.8%
 - e. Steep >40%: 5.7%
5. Elevation of place: 25 to 500 meters above sea level
6. Soil type: Alluvial (1.3%), Gleisol (3.75%), Kambisol (39.24%), Litosol (0.06%), Podsol (51.64%), Regosol (4.01%)
7. Geology (Batuan): Kuayan (TRvk) 93.02%, Tonalt Sepauk (Kls) 6.41%, Granite Mandahan (Kgm) 0.57%.
8. Climate Type: A
9. Rivers: Sei Mentajai, Sei Peguluman, Sei Uwah, Sei Moa

Species developed for production are: *Eucalyptus pellita*, *Acacia mangium*, *Anthocephalus macrophyllus*

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

PT Korintiga Hutani conducted a social survey of 12 assisted villages in 2016 in regard to Social Conditions (population, gender composition, ethnicity, religion, livelihoods, important issues, types of assistance channeled by companies.)

Based on the EIA documents and RKUPHHK-HTI, there are no indigenous peoples in accordance with the requisite legislation (Act No. 27 of 2007 and Presidential Decree No. 111 of 1999). Communities located around the working area are local people who live mostly as farmers. To minimize the social impact, the Management Unit has created an Environmental Monitoring Plan (RPL) that monitors the following socio-economic components of the culture:

- 1) Employment opportunities (every 6 months).
- 2) Business opportunities (every 6 months)
- 3) Public opinion (every 6 months).



- 4) Community education (every 6 months)
- 5) Accessibility (every 6 months)
- 6) Public perception (every 6 months)
- 7) Regional income (every 1 year)
- 8) Public health (every 6 months)
- 9) Public perception (every 6 months)

The Management Unit of PT Korintiga Hutani has in place standard procedures for Conflict Resolution, the approach to which involves peaceful discussion and negotiation with a view to reaching mutual consensus. This negates the need for any third party, or administrative and judicial approach (legal path), while monitoring and evaluation of the agreed follow-up action ensures effective resolution of the problem.

Similarly, there are standard procedures for land acquisition, discussions concerning the working order being: inventory of land to be acquired, landowner approach, coordination with village government, land transfer process, document verification process, checks and land measurement, deliberation and negotiation of land acquisition compensation, compensation payments and requisite documentation.

Nevertheless, in 2016 the Management Unit of PT Korintiga Hutani identified land claimed by the community on a potentially conflictive land map within the concession area on 1: 32,000 scale that includes potential land conflicts supplemented by the name of claims, land area, and location. Based on the data, 6,764 ha of land is potentially in dispute.

During 2016 and 2017 the Management Unit has made efforts to resolve these land claims by the community, settling 5,604 ha on the map of scale 1: 25,000. Thus, 1,160 ha of claims remain to be resolved scattered among a number of villages.

The Management Unit has individual agreements with a number of the villages relating to livelihood crops, as well as to the development of Community Plantation Forest (HTR).

In addition, the Management Unit has standard procedures for its Corporate Social Responsibility (CSR) program, the latest published on March 31, 2017 and which includes: community approach, community input and suggestions, evaluation input and suggestion of the community, realization of community proposals, monitoring and evaluation. There is a CSR organizational structure with dedicated staff to ensure that the programs are well run and effective. In 2017, the plan consisted of 13 types of programs for the 12 assisted villages, plus also included food and medical aid for flood victims in North Arut District, as well as the standard self-help programs, infrastructure support social donations.

Description of the ecological conditions of the concession

The Management Unit has the AMDAL document of PT Aspek Paper, which was approved by the Forest Assessment AMDAL Commission of the Ministry of Forestry Number 168 / Menhut-IV / 1996 of 130,250. In 2000 there was a change to PT Korintiga Hutani, and this was approved by the Minister of Forestry. With such changes PT Korintiga Hutani is required to revise the RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) without revising the AMDAL document. The RKL Document (Environmental Management Plan) and RPL (Environmental Monitoring Plan) were approved by Head of BLH Kalimantan Tengah Province Number 660/123 / II / BLH / 2010 dated 04 February 2010.

The Management Unit undertakes activities to minimize negative environmental impacts in accordance with RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) documentation, the results of which are reported to the requisite authorities on a regular periodic basis.

The Environmental Management Plan includes, among others, the identification and management of high value conservation areas, enrichment of forest areas, installation of boundary markers, forest protection through regular patrols to counter encroachment and control land and forest fires, implementation of health and safety (K3), plus socialization to the local communities about the existence of the protected areas and the importance of maintaining security and sustainability.



The Environmental Monitoring Plan, meanwhile, includes, among others, the measurement of rainfall, temperature and humidity, the physical and chemical properties of both soil and water, plus measurement of erosion and water quality, as well as regular patrols to monitor the flora and fauna inventory and indications of any pests or diseases, as well as potential fire hot spots or forest disturbances.

Holding a temporary storage permit for the waste of hazardous materials, the Management Unit identifies its type and source, collecting the K3 waste from all its production operations on a periodic basis and registering and storing it until such time as it is removed as the agreement with a registered B3 waste collection company.

Besides the threat of land encroachment and illegal logging, by far the greatest potential threats to forest resources are forest and land fires. PT Korintiga Hutani is thus fully committed to controlling such fires through prevention, extinguishing and post-fire handling activities, providing management support in the form of financial, equipment, infrastructure, training, etc. Moreover, PT Korintiga Hutani cooperates with government agencies, other companies, community organizations, TNI, Polri and other parties within the framework of forest and land fire control.

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Certification Indonesia conducted public consultation commencing October 6, 2017, asking stakeholders to provide feedback and information on PT Korintiga Hutani. The public consultation was uploaded to the PT AJA Certification Indonesia website (www.ajaindonesia.com), sent to relevant parties via email and / or postal mail, and announced in local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also gathered information from the mass media about PT Korintiga Hutani, such material being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international rules and conventions. The management system has been built to include all activities in the field of certification, which is registered for an area of 94,384 ha.

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

The results of the Stage 2 Audit of PT Korintiga Hutani revealed 11 Minor Non-Conformities (NC) as listed below.

No	Non-Conformities (NC)	Corrective Action Performed	Category
1	The Management Unit has not yet marked the boundaries of the plantation area and the boundaries of the staple plant areas. Clause Ref: I.4.1	Conducting marking of plantation area of livelihood plants and staple plant areas in the form of stakes (PAL) between boundary of livelihood plant and staple plant areas	Minor
2	The micro-planning map does not indicate the location or coordinates of TPN, nor does it display the topography. Clause Ref: I.4.4	Revise the micro-planning map to list the location of TPN and its coordinates, plus display the topography.	Minor
3	PT Korintiga Hutani does not have a nursery for natural seedlings,	A nursery for natural seedlings has been constructed	Minor



	Clause Ref: I.6.1		
4	The method used for measurement of erosion in the field (using erosion stick) is not the same as that advised in the SOP (using erosion tub) Clause Ref: I.6.5	The SOP for ground erosion measurement activity has been revised so that the method of measurement uses erosion sticks	Minor
5	The management of medical or clinical waste (using plastic bags) disposed at TPS B3 waste, is not in accordance with SOP (with incinerator) Clause Ref: I.6.6	Distribute (print out) requisite section of revised SOP clause.	Minor
6	The limit of KPPN shown in the field by red paint is not in accordance with SOP (with concrete pallet) Clause Ref: I.7.2.	Revise the SOP for KPPN and install (replace) the limits of KPPN (document attached)	Minor
7	No APAR available at Contractor and APAR camps available under low pressure conditions. Clause Ref: I.12.2	Make direct purchase of APAR and first aid kit and make / install traffic signs	Minor
8	SOP on personal protective equipment (APD) only describes the procedures and how to use PPE, but does not yet include every type of PPE that should be used in the different fields of work, Clause Ref: I.12.4	Revise SOP Personal Protective Equipment (PPE) and make PPE procurement proposal in accordance with the field of work.	Minor
9	The management unit has not yet tested the water quality used for the MCK of employees in each camp, so it is not yet certain that the water is safe for use by employees Clause Ref: I.12.5	Test the quality of water consumed by employees (households) in all camp units: Camp Indokayu, Camp Macan, Camp Telawi, Camp Harapan and Pellita	Minor
10	Organic garbage, inorganic waste and residual waste were all mixed at the housing base camp for employees at Pelita, Indo Kayu, and the contractors camp. Clause Ref: I.12.6	Procurement of garbage containers and explanation to employees on how to handle waste, as well as use of three (3) types of litter boxes: inorganic, inorganic and residual rubbish boxes.	Minor
11	The management unit has not evaluated the implementation of Occupational Health Safety (K3) in the field. in the scope of the company and the activities of the contractor. Clause Ref: I.12.7	To evaluate the implementation of K3 in the field by conducting K3 inspection	Minor

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Conditions under which the certificate is issued

Certificate is valid until 18/01/2021 provided that PT Korintiga Hutani completes all corrective actions according to the time schedule proposed in its corrective action responses.