

Public Report Sustainable Forest Management System

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





CLIENT NAME: PT FINNANTARA INTIGA

TOTAL HECTARES: 299,700 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 299,700 hectares of Plantation Forest in West Kalimantan Province

STANDARD / CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 (REMOTE)

AUDIT START DATE: September 07, 2020

AUDIT END DATE: September 12, 2020

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

AUDITOR LEAD: Riyadi Sigit Pamungkas

SIGNATURE:

[Signature]

AUDIT TEAM: Priyo Handoko

SIGNATURE:

[Signature]

Warsito

SIGNATURE:

[Signature]

MAJOR CARS: -

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Finnantara Intiga	Sanggau, Sekadau and Sintang Regencies, West Kalimantan Province, Republic of Indonesia	September 07 to 12, 2020
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	

Brief Description of the concession

PT Finnantara Intiga is a domestic investment company (PMDN) that is engaged in the exploitation of Industrial Plantation Forests (HTI). It has a HTI Decree Number 750 / Kpts-II / 1996, dated December 02, 1996 concerning the Granting of Industrial Plantation Forest Concession Rights over a Forest Area of approximately 299,700 ha, in West Kalimantan Province to PT Finnantara Intiga.

Based on the initial baseline of land cover of around 89%, the working area of PT. Finnantara Intiga is shrub and reed meadow. The rest is logged-over forest that is allocated and maintained as a protected area. There has been no conversion of natural forest in the development of PT Finnantara Intiga's plantation forest, so the IFCC area is 299,700 ha.

The spatial plan based on the Work Plan for Timber Forest Product Utilization Business in Plantation Forest (RKUPHHK-HT), for the period 2017-2026 is as follows: the area of peat ecosystem protection functions (KPSL, river bodies and borders, peat ecosystem functions) covering an area of 3,259 ha (1.09%); local protection areas and other protected areas (KPPN, KPSL, protected and buffer forests, steep slopes, springs and buffers, river bodies and borders) covering an area of 52,269 ha (17.44%); staple plants covering an area of 126,625 ha (42.25%); and livelihood plants covering an area of 117,547 ha (39.22%).

PT Finnantara Intiga falls under the governmental administration of Sanggau Regency, Sekadau Regency and Sintang Regency - West Kalimantan Province. It is geographically located at 00° 00' 00" to 00° 50' 00" South and 110° 30' 00" to 110° 40' 00" East.

The boundaries of PT Finnantara Intiga are as follows:

- North side: HPH PT Inhutani III, PT Batasan, PT Anuraga and the transmigration area,
- East side: HPH PT Terawang Meranti, PT Patriot Andalas, PT Rahmat Perkasa, PT Kalimantan Bina Permai, PT Kalimantan Sanggar Pusaka,
- South side: HPH PT Hasnul Agung, PT Tawang Meranti, PT Tunas Indo Timber, transmigration area, PT Patriot Andalas Plantation, Kalimantan Sanggar Pusaka, Kalimantan Bina Permai, PT Rahmat Perkasa.
- West side: Plantation of PT Perkasa Indonesia and PT Sapta Saksi

Topographic conditions of PT. Finnantara Intiga are mostly Slope A (0-8%), with soil being formed of organosols, alluvial gray, red yellow podsolic, and podsolic.

The staple plants are *Acacia mangium*, *Acacia crassicarpa*, *Eucalyptus pellita* with a 6 year crop cycle. The species of livelihood plants are *Acacia mangium*, *Acacia crassicarpa*, *Eucalyptus pellita*, rubber (*Hevea brasiliensis*), and other species according to mutual agreement with the community.

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

The Management Unit of PT Finnantara Intiga has environmental documents (AMDAL). Based on these documents, the entire PT Finnantara Intiga HTI concession area is controlled by the community in the form of customary rights that have been generally recognized by the community in West Kalimantan, so that all land that has been planted by the company is bound by a cooperation agreement. There is evidence of an agreement between PT Finnantara Intiga and the local community regarding the cooperation of HTI development land with an area of operations that is in cooperation spread across 6 districts, 33 villages, 109 hamlets and 9,661 heads of families.

In addition, there is a Social Impact Assessment (SIA) study document. This study aims to identify, manage, and

monitor, as well as formulate a social impact mitigation plan resulting from the existence and operational activities of HTI concessions. In government administration, the work area of PT Finnantara Intiga is included in 3 regencies, namely Sanggau, Sekadau and Sintang Regencies, 11 districts with 45 villages (40 villages inside the concession area and 5 villages outside the concession). The majority of the population living in or around the concession is dominated by the Dayak ethnic group who still maintain their customs of daily life.

There is a recording of cooperation / agreement with the community in forest management in the form of utilization of Non-Timber Forest Products (HHBK) consisting of forest honey utilization, formation of Community for Fire Awareness (MPA), MoU for HTI plant development and Land Management Cooperation (KPL), which has been initiated since 2018 with a profit sharing scheme.

The Management Unit has a land conflict resolution procedure that explains the mechanism to the community or with the company and has made a report on the identification of potential conflicts that have been reported to the head of the West Kalimantan Provincial Forestry Service with a copy to the Head of BPHP Region VIII Pontianak, West Kalimantan Province on July 5, 2020.

A 2020 CD / CSR program plan and realization document is available. Based on the plan, it is allocated in the fields of economics, education, health, religion, infrastructure, social and community capacity building. There is a report on the realization of the CD-CSR program for 2020 up to the month of August with the types of programs realized in the form of: renovation of houses of worship, maintenance of village roads, religious assistance, celebration of the Republic of Indonesia's Independence Day, education and institutional training.

Description of the ecological conditions of the concession

PT. Finnantara Intiga has carried out the Identification of Forest Management with Significant Impacts and Environmental Impact Assessments in all its working areas. These activities of identification of significant impacts in the AMDAL document of PT. Finnantara Intiga include components/ sub-components of environmental parameters including microclimate, land physiography, soil, hydrology and water quality; and biological components, including: vegetation, wildlife, aquatic biota.

The implementation of environmental management and monitoring in the RKL / RPL is reported each semester to the Related Parties (District & Provincial BLHD, and District & Provincial Forestry Service).

PT. Finnantara Intiga has optimized the use of forest resources in which the initial activity is Microplanning as outlined in a 1: 6,000 scale map. Monitoring and evaluation of the implementation of micro-planning being conducted during harvesting to check the progress of harvesting is in conformity with the microplanning design.

Protected area management of PT. Finnantara Intiga is based on a spatial arrangement whereby 10% of the HTI areas are allocated as protected areas, in which Companies are also required to protect indigenous flora and fauna.

Environmental monitoring of protected areas through inventory and analysis of vegetation and wildlife, as well as visual monitoring (boundaries and contents of the area) is carried out to prevent damage to the area from both encroachment and forest fires to ensure no disturbance to the area and its contents.

The results of the inventory and analysis of vegetation indicate that the Protected Area of PT. Finnantara Intiga still has a high value of wealth and diversity of plant species, including types of meranti, resin, resak, medang, nyatoh, rengas and kempas.

Peat Ecosystem Management - Peat Ecosystem Protection Function (FLEG) and Peat Ecosystem Cultivation Function (FBEG)

Based on the RKU HTI Utilization document that has been approved by the Minister of Environment and Forestry

Decree, there are 693 hectares in the Peat Ecosystem Protection Function (FLEG), of which 15 hectares are planted with staple crops and an area of 678 hectares indicated to be in FLEG areas is allocated as Local Protection Areas and other Protected Areas.

PT. Finnantara Intiga has a policy of prohibiting the use of genetically engineered species, and thus the species cultivated are not of a genetically engineered variety.

PT Finnantara Intiga has implemented forest protection activities whether disturbances are due to human or natural causes. These include documented procedures for integrated disease management, weed control, handling spills of fuel, lubricants and chemicals, and handling hazardous and toxic waste (B3). Measures are also taken to prevent encroachment and forest fires, in which the community is involved through the MPA arrangement. However, there were no procedures in regard to the prevention of hunting.

Results of the Public Consultation

Prior to undertaking the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing August 10, 2020, which asked stakeholders to provide feedback and information on PT Finnantara Intiga. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email or postal mail, and announced in local newspapers.

PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultations. The audit team also collected information from the mass media about PT Finnantara Intiga, the reported cases being given material consideration as part of the audit process carried out by PT. AJA Sertifikasi Indonesia.

PT Finnantara Intiga has identified all necessary requirements for this certification process, comprising legal aspects that include compliance with international regulations and conventions. The established management system includes all field activities for certification of an area of 299,700 hectares.

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

Based on the results of the remote Surveillance 1 Audit of PT Finnantara Intiga, the following Minor Non-Conformities were identified by the audit team.

NO	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1	There was heavy equipment that did not have inspection and trial test documents, resulting in there being operators who have not attended OHS training for lift and transport aircraft and do not have a heavy equipment inspection test document. Clause Ref. I.1.10.	PT Finantara Intiga has carried out several action plans in order to fulfill OHS training activities for lift and transport aircraft and take care of heavy equipment inspection test permits (SILO).	Minor



2	<p>There were some workers who did not wear standard PPE in accordance with ILO standards, procedures and regulations on OHS</p> <p>Clause Ref. I.12.4</p>	<ul style="list-style-type: none"> ▪ Outreach to all partners/contractors about the obligation to use PPE while working or while on the job site ▪ Conduct OHS inspections regularly every month to ensure that all workers use PPE according to their respective fields of work. ▪ Include the obligation to use PPE in the work contract, violation of which will result in a penalty 	Minor
---	--	--	-------

Conditions under which the certificate is issued

Certificate is valid until December 26, 2022, provided that PT Finnantara Intiga 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