

Public Report Sustainable Forest Management System

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PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO 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

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

AUDIT START DATE: August 23, 2021
 AUDIT END DATE: August 28, 2021

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: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Ence Hedi Hasan Zubaedi

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Finnantara Intiga	Regency of Sanggau, Sekadau and Sintang, West Kalimantan Province, Republic of Indonesia	August 23 to 28, 2021
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	
	N/A	

Brief Description of the Concession

PT Finnantara Intiga obtained a concession based on the Decree of the Minister of Forestry No. SK.750/Kpts-II/1996 dated December 2, 1996 concerning the Business Permit for the Utilization of Timber Forest Products (IUPHHK) for PT Finnantara Intiga of 299,700 ha in West Kalimantan Province. There was no conversion of natural forest into plantation forest at PT Finnantara Intiga since December 31, 2010, thus the scope of IFCC certification is 299,700 ha.

PT Finnantara Intiga has prepared a Long-Term Work Plan for the Utilization of Timber Forest Products in Industrial Plantation Forests (RKUPHHK-HTI) for the 2017 to 2026 period on behalf of PT. Finnantara Intiga in West Kalimantan Province, assessed and approved on November 14, 2017 by the Director General of Sustainable Production Forest Management (on behalf of the Minister of Environment and Forestry); with the Decree of the Minister of Environment and Forestry No.SK.6129/MenLHK-PHPL/UHP/HPL.1/11/2017 dated November 14, 2017. The Management Unit also compiled the annual term plan (RKT) which covers production, ecological and social aspects and have implemented the PDCA (Plan, Do, Check, Action) principles.

PT Finnantara Intiga is administratively located in Sanggau Regency, Sekadau Regency, and Sintang Regency, West Kalimantan Province. Geographically, the working area of PT Finnantara Intiga is located between at 00° 00' 00" to 00° 50' 00" South and 110° 30' 00" to 110° 40' 00" East. The concession area is part of Belitang River, Mengkiyang River and Sekayam River forest groups. 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.

The spatial plan based on the Business Plan for the Utilization of Timber Forest Products in Plantation Forests (RKUPHHK-HT) 2017 to 2026 is divided to Peat Ecosystem Protection Function (KPSL, river bodies and borders, functional peat ecosystem) of 3,259 ha (1.09%); Local Protected Areas and Other Protected Areas (KPPN, KPSL, protected and buffer forests, steep slopes, springs, river bodies and borders) of 52,269 ha (17.44%); and Staple Plant area of 126,625 ha (42.25%); and Livelihood Plants Area of 117,547 ha (39.22%).

The topographical conditions of PT. Finnantara Intiga is mostly flat (slope 0-8%) with an altitude 11 to 300 meters above sea level. The type of soil in the area of PT. Finnantara Intiga include dystropep-tropudult, dystropep-tropudult-paleudult, etc. Meanwhile, the classification of soil in the working area is divided into five types of soil: organosol, gray alluvial soil, red yellow podsol, yellow podsol, and red podsol and laterite soil. With the type of soil composed the concession, the staple plant species currently cultivated are *Acacia mangium* and *Eucalyptus pellita*.

The Management Unit has complied with the laws and regulations related to improving peat governance, namely PP No. 57 of 2016 and Permen LHK No. 17 of 2017 by accomplished the revised RKUPHHK which has been ratified by Decree of the Minister of LHK No. SK.6129/MenLHK-PHPL/UHP/HPL.1/11/2017 dated November 14, 2017, concerning the Approval of RKUPHHK-HTI for 2017 to 2026 in the context of improving peat management. The Management Unit has also carried out peatland ecosystem restoration activities based on the Report on the Implementation of Peat Ecosystem Recovery Activities and Proposed Groundwater Level Monitoring Points, Installation Points for Automatic Groundwater Level Measuring Equipment and Rainfall Monitoring Station Points, ratified by the Decree of the Director General of Pollution and Environmental Damage Control Number: SK.20/PPKL/PKG/PKL.0/1/2018 in January 2018. The peat area is in the form of FBEG of 2,565 ha and FLEG of 693 ha which allocated as protected area. Based on the inspection of the Minister of Environment and Forestry, there is no peat dome peak in PT Finnantara Intiga.

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

The Management Unit of PT Finnantara Intiga has a Social Impact Assessment (SIA) document, which aims to identify, manage, monitor and develop a social impact mitigation plan resulting from the existence and operational activities of the concessions. Administratively, the working area of PT Finnantara Intiga is included in three regencies namely Sanggau, Sekadau and Sintang, covering eleven districts with forty-five villages (fourty villages inside the concession and five villages outside the concession). The majority of the population living in or around the concession are Dayaks who still maintain their customs.

Based on the AMDAL document, the entire PT Finnantara Intiga concession area is controlled by customary rights which are generally recognized by the community. The entire land planted by the company is bound by a cooperation agreement. There is evidence of agreement between PT Finnantara Intiga and the surrounding community regarding cooperation in developing plantation land spread over six districts. The respects for the rights of the local community are demonstrated by the recognition of their cultural rights related to the Tomb of *King Menkiang Sanggau* and the Tua Tomb at *Pendam Kedang Sintang*. Other cooperation agreements with communities are the utilization of Non-Timber Forest Products (NTFPs) in the form of forest honey, development of plantation forest plants, and the establishment of a Community with Fire Awareness (MPA).

The Management Unit has a land conflict resolution procedure, which details the mechanism for resolving conflicts between communities and companies, whose reports, as well as identification of potential conflicts, have been reported to the competent authorities.

There are report of realization of the CD/CSR program for January to July 2021 which describes the assistance in the following sectors: economy (wetland agriculture and high-yielding rubber seeds), and infrastructure (bridge maintenance and community capacity building). In addition, there is a record of payment of royalties/timber levies submitted to the community, as well as the distribution of assistance to the community in the Desa Makmur Peduli Api (DMPA) program in the form of organic rice cultivation assistance.

Description of the ecological conditions of the concession

The Management Unit implements forest ecosystem and hydrological function management through the following activities:

- Identification of forest management activities and conduct environmental impact assessments through AMDAL, RKL and RPL documents (1996) and RKUPHHK-HTI of 2017 to 2026,
- Implement Reduced Impact Logging before, during and after logging activities,
- Identification of areas that function for land and water protection and designated as protected area,
- Monitoring the negative impacts of forest management activities in accordance with the Document RKL and RPL documents (1996), and documented procedure that serves as a guideline for monitoring negative impacts due to forest management activities, namely SOP for monitoring protected areas, monitoring discharge and water quality and monitoring erosion,
- Management to control the use of B3 (Hazardous and Toxic Materials), by referring to SOP for Management of Hazardous and Toxic Waste (B3), handling spills of fuel, lubricants, and chemicals, weed control, and for integrated pests and diseases.

The Management Unit implements biodiversity management through the following activities:

- Identification and inventory of protected, endemic, rare and threatened/near-extinct flora and fauna in accordance with applicable regulations. The result of identification is stated in RKUPHHK-HTI of 2017 to 2026 and the Report on the Implementation of Environmental Permits for Semester II 2020 and Semester I 2021 and a map of the distribution of flora and fauna. The Management Unit also identified key species in the concession but there are no key species found,

- Management of Protected Areas carried out in accordance with the RKL/RPL Implementation Report every semester (semester 2 of 2020 and semester 1 of 2021) as well as SOPs for determining protected areas and monitoring protected area,
- Cultivation of *Acacia mangium* and *Eucalyptus pellita* which are not genetically modified tree species.

The Management Unit implements forest protection through the following activities:

- Identify and monitor disturbances in sustainable forest management,
- Prevention and handle of pest attacks in documented procedures namely SOP for integrated pest and disease management,
- Regulate the management of chemical pesticides in the field referred to the documented procedures,
- Implemented forest protection measures against fire hazards,
- Prohibited livestock grazing activities by the community in the concession area,
- Implemented appropriate steps in forest protection activities.

Results of the Public Consultation

Prior to undertaking the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing July 15, 2021, 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.

Results of Surveillance 2 Audit of PT Finnantara Intiga is zero non-conformity. The management system operates effectively.

Conditions under which the certificate is issued

Certificate is valid until (December 26, 2022), provided that PT Finnantara Intiga maintains its Recertification schedule and does not have potential major non-conformities in the next Recertification.