

Public Report Sustainable Forest Management System

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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: Recertification

AUDIT START DATE: September 19, 2019
 AUDIT END DATE: September 25, 2019
 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: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Rahmat Syafei

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS : -

MINOR CARS : 4

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 19 to 25, 2019
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 obtained a concession permit based on Minister of Forestry Decree No. SK.750/Kpts-II/1996, on December 2, 1996 concerning Permit for Timber Forest Product Utilization Business (IUPHHK) Plantation Forest of PT. Finnantara Intiga covering an area of 299,700 ha in West Kalimantan Province. There has been no conversion of natural forest to plantation forest in PT. Finnantara Intiga since December 31, 2010, so the scope of IFCC certification is for an area of 299,700 ha.

PT. Finnantara Intiga has prepared the long-term Work Plan for Timber Forest Product Utilization Business in Industrial Plantation Forest (RKUPHHK-HTI) for the Period of 2017-2026 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 Decree of the Minister of Environment and Forestry No.SK.6129/MenLHK-PHPL/UHP/HPL.1/11/2017 on November 14, 2017 concerning the Approval of RKUPHHK-HTI Year 2018-2026. For the short term, this is compiled in the Annual Work Plan (RKT), all of which covers production, ecological and social aspects and have applied the PDCA principles (Plan, Do, Check, Action).

PT. Finnantara Intiga is administratively located in Sanggau Regency, Sekadau Regency, and Sintang Regency, West Kalimantan Province. Geographically, the location of PT Finnantara Intiga's work area lies between 00° 00' 00" to 00° 50' 00" South and 110° 30' 00" to 110° 40' 00" East. The concession area boundaries of PT. Finnantara Intiga are: Inhutani 3 (North side); PT. PML, CDS, CUP, MPE, CNIS, AAL, ASP (East side); PT. Bonti, PSP, KSP, Agro Plankan Lestari, CNIS (South side); and PT. MAS, PT. SIA (West side). PT. Finnantara Intiga belongs to the Belitang River, Mengkiyang River and Sekayam River forest groups.

Based on the Spatial Planning of West Kalimantan Province and the Map of Designation of Forest and Aquatic Areas of the West Kalimantan Province, as well as the development of forest boundary functions, the area of IUPHHK HTI of PT. Finnantara Intiga includes 245,457 ha of permanent production forest (HP), 54,178 ha of other uses (APL), and 65 ha of protected forest (HL). 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%).

Topographic conditions of PT. Finnantara Intiga are 89.23% Flat (0-8% slope) with the remainder sloping (0.46%), rather steep (4.64%), steep (0.48%) and very steep (5.28%) at an altitude of 11 – 300 meters above sea level. The type of land in the area of PT. Finnantara Intiga is, among others: dystropep-tropudult (1.28%), dystropep-tropudult-paleudult (1.28%), fluvaquen-tropaquep-tropohemi (0.73%), paleudult-tropudult-tropoquep (76.77%), tropohemi-troposap-tropaquep (2.00%), tropudult-dystropep (3.20%), tropudult-paleudult (5.81%), and tropudult-paleudult-dystropep (8.96%). Meanwhile, based on Soepraptohardjo (1961), the land classification in the work area is divided into five soil types: Organosol, Gray Alluvial Land, Red Yellow Podsol, Yellow Podsol, and Podsol and Red Lateritic Land. Climate type is classified as type A (Schmidt and Ferguson) with temperature of 26⁰-27⁰C and humidity in excess of 80%.

The staple plants species currently cultivated are *Acacia mangium* and *Eucalyptus sp.* The selection and development of plant species are based on: land suitability, economic value, and compatibility with the development of communities around the forest and in accordance with the objectives of the development of plantations of PT. Finnantara Intiga in the rehabilitation of forest resources to support the supply of raw materials for the pulp industry.

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

PT Finnantara Intiga's Management Unit has a Social Impact Assessment (SIA) document, which aims to identify, manage, monitor and develop social impact mitigation plans resulting from the existence and operational activities of HTI concessions. Administratively, PT Finnantara Intiga's work area is included in the 3 regencies of Sanggau, Sekadau and Sintang, incorporating 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 are Dayak who still maintain traditional customs in their daily lives.

Based on the AMDAL document, as a whole the HTI concession area of PT Finnantara Intiga is controlled by the community in the form of customary rights generally recognized by the community, so that all land the company has planted 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 in an area of 28,094.64 hectares spread across 6 districts, 33 villages, 109 hamlets and 9,661 families.

The respect PT Finnantara Intiga shows for the rights of the local community is exemplified by acknowledgement of their cultural rights in regard to the site of the Tomb of the King Menkiang Sanggau and the Old Grave at Pendam Kedang Sintang.

Cooperation agreements with the community in forest management exist for the utilization of Non-Timber Forest Products (NTFPs) in the form of forest honey, an MoU/HTI plant development, and the formation of the Fire Care Community (MPA).

The Management Unit has procedures for resolving land conflicts, which detail the mechanism of resolving conflicts between the community and the company, reports of which, as well as the identification of potential conflicts, have been reported to the requisite authorities,

Available documents for the realization of the CD/CSR program for January to August 2019 itemize assistance in the following areas: economy (wetland agriculture and superior rubber seedlings), Infrastructure (bridge maintenance and community capacity building). In addition there are records of timber royalty/ fees payments submitted to the community, as well as the distribution of assistance to the community under 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 has identified those forest management activities that have significant impact, and conducts environmental impact assessment through the monitoring in the following areas: Physical and chemical properties of the soil; Soil erosion; Hydrology and water discharge; Sedimentation. Reduced Impact Logging activities are also carried out in three phases: pre-harvesting, during harvesting, and post-harvesting, to ensure there is minimal extraneous damage during the logging process.

Management of protected areas of PT. Finnantara Intiga is based on spatial arrangements guided by the Amendment to Decree of the Minister of Forestry Number 70/KPTSII/1995, whereby 10% of HTI areas shall be allocated as Protected Areas. The company is also required to protect indigenous flora and fauna species within its protected areas.

The Germplasm Conservation Areas of PT Finnantara Intiga consist of Imperata, shrubs and Tembawang forest. Tembawang is a natural forest area that is protected by the local people and functions as a protected area. To date, KPPN management has been carried out on 315 ha in Sanggau and Sintang districts.

In regard to the river border area (KSS), the aim is to maintain the hydrological function, by protecting and enriching local species for animal feed, while the areas themselves can function as animal habitat and migration corridors. These consist of the borders along the Jungkit River, Sekayam River, Mengkiyang River and Belitang River.

The objectives of managing steep terrain, slopes > 40%, are to maintain the protected functions and prevent soil erosion. Meanwhile, the purpose of managing the buffer zone is to maintain the integrity and security of the area from outside interference.

The activities performed in regard to these protected areas include socialization of the reason for their existence and location to the local community, which is backed up by the installation and maintenance of boundary markers and notice boards forbidding illegal entry, encroachment, lighting of fires, etc.

PT Finnantara Intiga has identified fauna based on the High Conservation Value Forest (HCVF) identification activity, with the key species being recorded as sun bears (*Helarctus malayanus*) which are categorized as Vulnerable (IUCN), CITES Appendix I and Government Regulation No. 7 of 1999.

Having conducted an assessment of the impact of exploitation activities on protected, endemic, rare and endangered and endangered flora and fauna, PT. Finnantara Intiga is aware that if the natural fauna habitat disappears then the fauna could be attracted to entering community areas and causing disturbances. This is part of the reason that the Management Unit has provided sectors of the natural forest as noted above as habitat and migration corridors for the native species. Moreover, the Management Unit has mapped and recorded the populations of local wildlife and reports to the authorities on their movements on a regular basis.

In regard to peat ecosystem management, based on the HTI Utilization RKU document ratified through the Minister of Environment and Forestry Decree, there are 693 hectares located in the Peat Ecosystem Protection Function (FLEG), of which 15 hectares are planted with staple plants and an area of 678 hectares are indicated to be in the FLEG area allocated as a Local Protected Area. The Management Unit uses vegetation restoration through natural succession in areas where staple plants are harvested. While no special maintenance is carried out, supervision of the maintenance of natural succession areas is carried out continuously, maintaining the water system so that the target of 500 healthy stems per hectare can be achieved in the third year.

PT Finnantara Intiga will carry out restoration of the former plantation forest area contained FLEG, which is planned to be logged in 2019 with an area of approximately 15 hectares. After logging, the area will not be replanted but through natural succession efforts will be made to restore the initial peat ecosystem.

PT Finnantara Intiga carries out forest protection activities, conducting regular patrols to identify and monitor any disturbances. The Management Unit also has standard procedures to counter disease or infestation, as well as weed control, which utilize manual, mechanical, biological and chemical approaches as may be required. The procedures for the use of pesticides also includes SOPs for the management of toxic and hazardous waste (B3), as well as fuel oil spills, etc.

The Management Unit implements appropriate measures to counter forest and ground fires, which include the provision of detection equipment, communication facilities, transportation and other equipment. These measures are carried out in cooperation with the local communities through the Fire Care Community (MPA), whereby the company provides the necessary equipment and training in its use.

Results of the Public Consultation

Prior to undertaking the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing September 11, 2019, 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 the Recertification Audit of PT Finnantara Intiga identified four (4) minor non-conformities, details of which are listed below. The management system of PT Finnantara Intiga is operating effectively and no critical issues were identified.

No.	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1	PT Finnantara Intiga has not yet provided eye and hand wash facilities in the B3 Waste Temporary Storage in Sintang Block. In addition, there is liquid waste in the solid waste storage room, and the temporary storage facility for B3 waste does not have an oil trap yet. Clause Ref. I.6.6.	The Management Unit has made a special submission on these items and when approved by management will submit the purchase of eye wash facility to the purchasing department and the manufacture of oil traps to the TSD section.	Minor
2	The Management Unit has introduced micro planning to increase the effectiveness and efficiency of HTI wood harvesting. However, based on field verification, there was a mismatch in the implementation of micro planning maps with conditions in the field. Clause Ref I.4.3. Clause Ref I.4.4.	The Management Unit has established cutting plots in accordance with micro planning in detail so that they agree with conditions in the field.	Minor
3	Not all the heavy equipment (excavators) being operated in the concession area have SILO and SIO as per government regulation. Clause Ref I.1.13.	The Management Unit has conducted socialization to partners/contractors in regard to the obligation to fulfill government regulations, namely: SIO and SILO (Appendix 3a).	Minor
4	The Management Unit has not conducted periodic medical check-up (MCU) in accordance with the requirements of the Minister of Manpower Regulation No: Per.02/MEN/1980. Clause Ref I.11.2.	The Management Unit made a special submission related to the budget of the MCU with external institutions and implemented this in stages.	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.