

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 Acacia Andalan Utama

TOTAL HECTARES: 37,065.70 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 37,065.70 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: February 4, 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

AUDIT END DATE: February 7, 2020

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS : 0

MINOR CARS : 5

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Acacia Andalan Utama	Kembang Janggut District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	February 4 to 7, 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	
N/A		

Brief Description of the concession

The Management Unit has an IUPHHK-HTI based on Minister of Forestry Decree No. 87 / Menhut-II / 2007 dated 22 March 2007 concerning the Granting of Business Permit for the Utilization of Timber Forest Products in Industrial Plantation Forest to PT Acacia Andalan Utama over a Production Forest Area of about 39,620 hectares in Kutai Kartanegara Regency, East Kalimantan Province.

Furthermore, Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.640 / MenLHK / Setjen / HPL.0 / 12/2018 dated 31 December 2018 concerning Amendment to Decree of the Minister of Forestry No. 87 / Menhut-II / 2007 dated 22 March 2007 concerning Granting of Business Permit for the Utilization of Timber Forest Products in Industrial Plantation Forest to PT Acacia Andalan Utama for a Production Forest Area covering about 39,620 hectares in Kutai Kartanegara Regency, East Kalimantan Province, the working area was changed to about 38,880 ha, being production forest 37,731 ha, converted from natural forest to production forest 1,124 ha, and other use area of 25 ha.

The latest area change was after the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number: SK.892 / MenLHK / Setjen / HPL.0 / 10/2019 dated October 18, 2019 concerning Determination of Work Areas for Business Permits for Utilization of Timber Forest Products in Industrial Plantation Forest of PT Acacia Andalan Utama area of about 38,879.70 ha in Kutai Kartanegara Regency, East Kalimantan Province.

In carrying out its operations, the company uses the 2018 RKUPHHK-HTI document which was ratified based on the Decree of the Minister of Environment and Forestry Number SK 1054 / MenLHK-PHPL / UHP / HPL.1 / 3/2018 dated March 7, 2018 Regarding the Approval of Business Plan for Utilization of Timber Forest Products in Industrial Plantation Forest (RKUPHHK-HTI) for the 10-year period 2018-2027 on behalf of PT Acacia Andalan Utama in East Kalimantan Province. For the short term, the RKTUPHHK-HTI book is made for the annual plan.

Spatial Planning of PT Acacia Andalan Utama in 2020: Local Protected Areas and Other Protected Areas of 3,918 hectares (10.08%), Staple Plants Area of 25,697 hectares (66.09%), Livelihood Plants Area of 9,041 hectares (23.25%), IPPKH (lease-to-use forest area permit) Area is 224 ha (0.58%). Local Protected Areas and Other Protected Areas consist of: Wildlife Areas (DPSL) area of 1,000 ha (2.57%), Germplasm Conservation Area (KPPN) of 517 ha (1.34%) and Riparian Area of 2,401 ha (6.18%); total of 10.09% due to rounding.

There was an area of 1,821ha of natural forest converted to plantation forest after December 31 2010. After the issuance of SK.892 / MenLHK / Setjen / HPL.0 / 10/2019 dated October 18, 2019 concerning the Determination of Work Areas for Timber Forest Product Utilization in PT Acacia Andalan Utama Industrial Plantations covering about 38,879.70 ha in Kutai Kartanegara Regency, East Kalimantan Province, resulting in a conversion area of 1,814 ha (7 ha was not included in the work area). So the scope of the IFCC certification is for an area of 37,065.70 ha.

PT Acacia Andalan Utama is geographically located at coordinates 115° 59' 10" to 116° 17' 13" East and 00° 03' 29" South to 00° 09' 18" North. It falls under the governmental administration of Kembang Janggut District, Kenohan District and Muara Wis District, Kutai Kartanegara Regency, East Kalimantan Province. The concession area is bordered by:

- North side: Ex HPH of PT Limbang Ganesa / (HTI) of PT Sylva Rimba Lestari,
- East side: PT Jaya Timber Trading concession,
- South side: Ex-HPH PT Marimun Timber Industri (Oil Palm Plantation of PT Manunggal Adi Jaya),
- West side: Ex. HPH PT Limbang Ganesa (HTI) PT Sendawar Adhi Karya.

The topography of PT Acacia Andalan Utama is mostly flat (33,076 ha), sloping (6,429 ha) and rather steep (115 ha) at an altitude of 0-100 meters above sea level. The average rainfall ranges from 122.59 - 267.32 mm falling mostly between November and April. The lowest average monthly temperature of 23.4° C with the coldest temperatures in February and August at around 22.9° C, while the highest monthly average is 32.2° C with the hottest temperatures occurring in February at around 32.9° C.

Geological formations: Qa (alluvial deposits), Ten (Nyaan Vulcanics), Tmbp (Balikpapan Formation), Tpkb (Kampung

Baru Formation). The rivers in the work area are: Monggoh river, Telihan river, Gerinding river, Berambai river and Engendam river.

The types of plants cultivated in the area of PT Acacia Andalan Utama are *Acacia mangium*, *Acacia crassicarpa* and *Eucalyptus* sp.

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

PT Acacia Andalan Utama conducted a Social Impact Study (SDS) in 2016, which documented the socio-economic conditions of communities around the concession area (community livelihoods, health, education, environment) and analyzed the social impacts of the presence of companies on these community and their activities.

Based on reports, the Management Unit has identified Lamin Telihan Village, Lamin Pulut Village, Teluk Bingkai Village, Engkimati Village and Pulau Pinang Village as those in direct contact with the company. Forest management cooperation agreement documents have been signed with these communities in connection with livelihood plants, the Desa Makmur Peduli Api (DMPA) program, and the formation of the Fire Concerned Community (MPA).

PT Acacia Andalan Utama has prepared a report on the results of conflict mapping and conflict resolution, most recently reported to the Head of the East Kalimantan Province Forestry Office in 2019 accompanied by a map of the conflict area. There is a record of a meeting with stakeholders in an effort to resolve the conflicts with the village community in 2019.

The 2019 CD / CSR program plan documents are available covering the fields of: economy, education, health, social/culture, and infrastructure. The items that were realized by the program include activities including: school shuttle assistance and school bus operational assistance, road watering and dust fee compensation, fuel oil assistance, youth activities, village activities and mosque construction, and village road repair.

Description of the ecological conditions of the concession

PT Acacia Andalan Utama has identified areas that function for water protection, based on significant impacts that need to be managed and monitored: a) increase in surface runoff, b) decrease in surface water quality, c) increase in erosion rates, d) disrupt aquatic biota, and e) disrupt aquatic habitat. It also shows a map of the distribution of water reservoirs at PT Acacia Andalan Utama in Kembang Janggut District, scale 1: 50,000. There are 10 water points inside the concession area.

PT Acacia Andalan Utama has established and implemented a documented Reduced Impact Logging (RIL) procedure to minimize negative impacts. This is carried out in three phases: 1) before harvesting, pre-harvesting; 2) harvesting period, and; 3) after harvesting period, post-harvesting.

The Management Unit has allocated a Protected Area based on 2018-2027 RKUPHHK layout. A protected area of 3,918 ha has been allocated, consisting of Wildlife Areas (DPSL) of 1,000 ha (2.57%), Germplasm Conservation Area (KPPN) of 517 ha (1.34%) and River Basin of 2,401 ha (6.18%). The Management Unit has carried out rehabilitation plans inside the Protected Area in the young shrub estate and the riparian area along the Ngerdus River.

The Management Unit has identified key protected and endangered species, as well as their habitat and migratory patterns based on the December 2014 High Conservation Value Assessment Report. Based on the HCV study, there are seven (7) species of flora that are classified as endangered (CR) in total from family Dipterocarpaceae, namely; *Dipterocarpus fusiformis*, *D. lowii*, *D. tempehes*, *Hopea mengerawan*, *Shorea balangeran*, *S. johorensis* and *S.*

smithiana. Protected wildlife species that are a key species according to HCV assessments; Endangered (IUCN) and Appendix I (CITES) and protected (PP 92 th 2018) is Müllers Gibbon (*Hylobates muelleri*).

The Management Unit has implemented appropriate management measures to minimize the negative impact of the Management Unit's operational activities on these species such as population monitoring, habitat allocation and improvement, and enrichment of plants for the availability of feed.

PT Acacia Andalan Utama does not plant genetically modified tree species, either in production areas or any other areas, the plants cultivated being *Acacia mangium* and *Eucalyptus pellita*,

PT Acacia Andalan Utama carries out forest protection be they due to human or natural causes. The Management Unit has endeavored to protected flora and fauna habitats, by allocating protected areas, erecting signs marking boundaries, installing hunting bans and patrolling the protected areas. It has implemented an integrated pest management program, which if possible applies environmentally friendly biological materials, only using pesticides and herbicides when necessary. It has documented procedures for their use, as well as for fuel oil spills and toxic and hazardous chemicals and their residues (B3).

Efforts to prevent forest and land fires begin with the posting of signs forbidding the lighting of fires. The preparation for fires includes the building of a tower as vantage point and digging of water storage reservoirs that are strategically placed (10 storage points). Fully equipped and trained firefighters are employed as the first mobile force and they react according the seriousness of the situation, always in communication with the Management Unit and local authorities.

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Results of the Public Consultation

Prior to undertaking the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing January 22, 2020, requesting stakeholders to provide input and information on PT Acacia Andalan Utama. 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 received no input from stakeholders during the public consultation. The audit team also collected information from the mass media about PT Acacia Andalan Utama, such reported cases being given material consideration in the audit process conducted by PT. AJA Sertifikasi Indonesia.

PT Acacia Andalan Utama 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, which is registered for an area of 37,065.70 ha.

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

The results of Surveillance 1 Audit identified one (1) Non-Conformity of a Minor category:

Nomor	Non-Conformities	Corrective Action Performed	Category
1	Only 4 of 20 contractor partners could show proof of BPJS payment for the last month. Indicator I.11.1	Ensuring consistent monitoring and evaluation of implementation of the Social Security Program (BPJS), in particular for Contractors to operate in accordance with applicable Regulations or Laws	Minor



Conditions under which the certificate is issued

Certificate is valid until August 01, 2022, provided that PT Acacia Andalan Utama 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 close out visit.