

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 Acacia Andalan Utama

TOTAL HECTARES: 37,799 ha

SCOPE OF REGISTRATION: Sustainable Forest Management in 37,799 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: July 17, 2018

AUDIT END DATE: July 20, 2018

LEAD AUDITOR: R Sigit Pamungkas

AUDIT TEAM: Utomo

Abdul Salam

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

SIGNATURE:

SIGNATURE:

SIGNATURE:

MAJOR CARS:

MINOR CARS: 2

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Acacia Andalan Utama	Kembang Janggut District, Kutai Kertanegara Regency, East Kalimantan Province, Republic of Indonesia	July 17 to 20, 2018
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	

Document: Report Format Public - IFCC

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Date: 15 September 2016

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Brief Description of the concession

PT Acacia Andalan Utama is a company having a business unit in the field of Industrial Plantation Forest, and per Decree No: 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 Forests in Plantation Forests to PT Acacia Andalan Utama for a Production Forest Area of approximately 39,620 hectares in Kutai Regency Kartanegara, East Kalimantan Province.

According to letter from the Director PT Acacia Andalan Utama, an area of 1,821 ha of natural forest was converted to plantation forest after December 31, 2010. Thus, the scope for IFCC certification is for an area of 37,799 hectares.

PT Acacia Andalan Utama has a revised Long-Term Business Plan for Utilization of Timber Forest Products for Industrial Plantation Forests (RKUPHHK-HTI) for the 10-year period 2018 - 2027. Long-Term Business Work Plan (RKU) Approved based on Ministerial Decree No. LHK SK.1054/MenLHK-PHPL /UHP/HPL.1/3/2018 concerning Approval of RKUPHHK-HTI for the 10-year period 2018-2027 on behalf of PT Acacia Andalan Utama in East Kalimantan Province, dated March 7, 2018. Spatial planning of industrial forest PT Acacia Andalan Utama based on the RKUPHHK-HTI for the 10-year period 2018-2027 is as follows: Protected Areas of 4,113 ha (10.38%), Staple Plant Areas of 25,794 ha (65.10%) and Livelihood Plant Areas of 9,713 ha (24.52%)

PT Acacia Andalan Utama is geographically located between 00° 03' 29" South to 00° 09' 18" North, and 115° 59' 10" to 116° 17' 13" East. The working unit, meanwhile, falls under the governmental administration of Kembang Janggut District, Kenohan District and Muara Wis District, Kutai Kertanegara Regency, East Kalimantan Province.

Territorially, it is bounded to the North by: Ex-HPH PT. Limbang Ganesa (HTI) PT. Sylva Rimba Lestari;

To the East by: HPH PT. Jaya Timber Trading;

To the South by: Ex-HPH PT. Marimun Timber Industry (PT. Manunggal Adi Jaya Palm Oil Plantation); and

To the West by: PT. Limbang Ganesa (HTI) PT. Sendawar Adhi Karya

The Land System and Land Suitability Map (RePPPProt, 1987) and Land Map Review of Ancalong Estuary Sheet (1816) East Kalimantan (P3TA, 2001) scale of 1: 250,000 shows that the work area is located in three (3) distinct geological formations: Wahau Formation, Batu Ayau Formation and Balikpapan Formation. The topographic conditions of PT Acacia Andalan Utama, meanwhile, demonstrate that most of the area are lowlands.

Based on data from the Meteorology and Geophysics Agency Station at Temindung Airport Station Samarinda (1991-2005), the average annual rainfall ranges from 122.59 to 267.32 mm mainly falling between November and April. Temperatures, meanwhile, range from 22.9° C to 32.9° C.

Based on the foregoing conditions of the PT Acacia Andalan Utama work area, the types of plants chosen for cultivation are *Accacia mangium* and *Eucalyptus* Sp.

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

The oldest hamlet in the area is was the forerunner for the establishment of the other villages that lie in the vicinity of the PT Acacia Andalan Utama concession.

The Management Unit provides access to the local community to gather a wide variety of non-timber forest products (NTFPs), which include besides honey, fish and rattan, numerous fruits, etc., in season.



PT Acacia Andalan Utama has in place standard procedures for conflict resolution, which include guidelines for the mapping and recording of actual and potential instances of conflict, together with their resolution.

The Management Unit has a policy of full compliance with all laws and regulations in relation to the recruitment and employment of labor, ensuring equal opportunity and treatment for both local and immigrant employees.

The Management Unit provides a safe and healthy work environment for both its direct hire workers and those of its contractors. This includes the provision of first-aid kits and portable fire extinguishers in the mess, offices, generator house, fertilizer warehouse, refueling station and clinic.

Description of the ecological conditions of the concession

Based on the ANDAL Document, RKL and RPL, the Management Unit of PT Acacia Andalan Utama is well aware of all the important factors that need to be managed and monitored during company pre-harvest, harvest and post-harvest operations. These include ensuring there are no negative impacts on soil fertility or quality and quantity of water, as well as minimizing forest disturbance due to human encroachment or infestation by pests and diseases. In so doing, it has documented procedures that guide the controlled use of hazardous chemicals and their waste (B3),

PT Acacia Andalan Utama has SOP and WI in the management of protected areas, vegetation and animal management, all being well documented. Among the protected flora there are seven species from the family *Dipterocarpaceae* that are endangered (CR): *Dipterocarpus fusiformis*, *D. lowii*, *D. tempehes*, *Hopea scrub*, *Shorea belangeran*, *S. johorensis* and *S. smithiana*. Among other protected flora are: *Agathis borneensis*, *Anisoptera costata*, *Dryobalanops beccarii*, *Shorea platyclados*, *Durio kutejensis*, *Nepenthes spp* and *Grammatophyllum speciosum*. Meanwhile, rare/protected wildlife according to the study of High Conservation Values of mammals include; *Hylobates muelleri*, *Presbystis rubicunda*, *Nasalis larvatus*, *Nycticebus coucang*, *Manis javanica*, *Neofelis nebulosa* among others, and rare/protected species of avians include: *Anthracoceros malayanus*, *Buceros rhinoceros*, *Aceros corrugatus*, *Rhipidura javanica*, *Anthreptes malacensis* and others.

The Management Unit conducts regular patrols and continuous socialization in dealing with illegal activities such as illegal logging, encroachment, claims and settlements, etc., especially if the activity has been going on for a long time. When relatively new unlicensed or unauthorized activities are detected, especially in the production area, PT Acacia Andalan Utama informs the law enforcement authorities in a timely manner. The security forces also continuously guard the area from further encroachment and destruction of the Management Unit assets.

Results of the Public Consultation

Prior to conducting the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing July 18, 2018, requesting stakeholders to provide input and information on PT Acacia Andalan Utama. The public consultation was uploaded to the website of PT AJA Sertifikasi Indonesia (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in local newspapers. During the public consultation inputs were received relating to the road used by PT Acacia Andalan Utama that is also used by the public. Field validation on this input was carried out on July 18, 2018 at the local Police Station with a stakeholder.

The stakeholder said the dust problems from the road were annoying the local community of one of the surrounding villages. Based on a visit and field verification in the village, the trucks causing the problem are not in fact those of PT Acacia Andalan Utama, but those of crude palm oil (CPO) companies.

The audit team also collected information from the mass media about PT Acacia Andalan Utama, such reported cases being given material consideration as part of the audit process carried out by PT AJA Sertifikasi Indonesia.



The Management Unit has identified all the requirements required for this certification process, which consists of legal aspects that include compliance with international rules and regulations and conventions. The management system has been built to cover all activities in the field of certification, which are registered for certification covering 37,799 ha.

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

Results of the Surveillance 2 Audit of PT Acacia Andalan Utama revealed two (2) Minor Non-Conformities as listed below. The management system of PT Acacia Andalan Utama is operating effectively and no critical problems were identified.

No.	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1	The Management Unit has not monitored the results of the 2014 High Conservation Value Forest (HCVF) study. Although still mentioned in the document, the existing condition is no longer available. Clause Ref. I.3.1	Ensuring consistent monitoring and evaluation of the results of the High Conservation Value Forest (HCVF) study is carried out and requesting the team of experts to participate in reviewing the results of the Monitoring and Evaluation.	Minor
2	The auditors found illegally logged timber in the High Carbon Stock (HCS) monitoring area, which PT Acacia Andalan Utama has pursued and secured the evidence as well as made a report to the police. Clause Ref. I.8.6	Ensuring consistent implementation of patrols of Forest Protection and Security are carried out in a proper and comprehensive manner. Plus timely involvement of the authorities in all security measures in the event of similar cases as that mentioned.	Minor

Conditions under which the certificate is issued

Certificate is valid until (01/08/2019) 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 closeout visit.