

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: 37,799 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of about 37.799 hectares of Plantation Forest in East Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: May 21, 2019

AUDIT END DATE: May 24, 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: Andri Wibisono

AUDIT TEAM: Abdullah Mujahid

Warsito

SIGNATURE:

SIGNATURE:

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, Kembang Janggut District, Kutai Kartanegara Regency, East Kalimantan Province, Republic of Indonesia	May 21 to 24, 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	
N/A		

Brief Description of the concession

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

Operations are carried out in accordance with RKUPHHK-HTI 2018 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 on 7 March 2018 concerning Approval of the Work Plan for Timber Forest Product Utilization Business Industrial Plantation Forest (RKUPHHK-HTI) for the 10-year period of 2018-2027 on behalf of PT Acacia Andalan Utama in East Kalimantan Province. In the short term, RKTUPHHK-HTI planning is made on an annual basis.

The Management Unit has arranged the spatial layout of the working area as follows: Local Protection Areas and Other Protected Areas of 4,113 ha (10.38%), Staple Plant Area of 25,794 ha (65.10%), and Livelihood Plant Area of 9,713 ha (24.52 %). Local Protection Areas and Other Protected Areas consist of 1,143 ha of Wildlife Protection Area (2.88%), 528 ha of Germplasm Protection Area (1.33%), and 2,442 ha of Riparian Areas (6.16%).

Within the concession there is an area of 1,821 ha that was converted from natural forest to plantation forest after December 31, 2010, and thus the scope of the IFCC certification is 37,799 ha.

PT Acacia Andalan Utama is located between 00° 03' 29" South to 00° 09' 18" North and. 115° 59' 10" to 116° 17' 13" East. Based on governmental administration, it is located in Kembang Janggut District, Kenohan District and Muara Wis District, Kutai Kertanegara Regency, East Kalimantan Province.

The territorial boundaries are as follows;

North Side: Ex-HPH PT Limbang Ganesha (HTI) PT Sylva Rimba Lestari;

East side: HPH PT Jaya Timber Trading;

South side: Ex-HPH PT Marimun Timber Industri (PT Manunggal Adi Jaya Palm Oil Plantation);

West side: Ex. PT Limbang Ganesha (HTI) HPH 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 a height of 0 to 100 meters above sea level. The average monthly rainfall ranges from 122.59 to 267.32 mm, falling between November and April, while temperatures range from a low of around 22.9° C in August to a high of around 32.9 ° C in February.

The geological formation is Qa (alluvial deposits), Ten (Nyaan Vulcanics), Tmbp (Balikpapan Formation), Tpkb (New Village Formation). Rivers in the working area are the Monggoh, Telihan, Gerinding, Berambai and Engendam.

The species of plants cultivated in the work area of PT Acacia Andalan Utama are *Acacia mangium* 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, the report documenting the socio-economic conditions of the community around the concession area (community livelihood, health, education, environment) and analyzes the social impact of activities and the existence of the company on this community.

Based on report, the Management Unit has identified Lamin Telihan Village, Lamin Pulut Village, Teluk Bingkai Village, Enggelam Village and Pulau Pinang Village as being in direct contact with the company. As such, cooperation agreements on forest management have been signed with the community in regard to livelihood plants, Desa Makmur Peduli Api (DMPA) program, and the formation of the Community Fire Awareness (MPA).

PT Acacia Andalan Utama has prepared reports on the results of conflict mapping and conflict resolution, the latest being reported to the Head of East Kalimantan Provincial Forestry Service on December 26, 2018 together with a map of conflict areas.

PT Acacia Andalan Utama has a planned 2019 CD/CSR program document that covers assistance in the fields of economics, education, health, socio-cultural, and infrastructure.

Description of the ecological conditions of the concession

The Management Unit of PT. Acacia Andalan Utama carries out forest ecosystem and hydrological function management activities in accordance with the company's RKL and RPL documents, while environmental impact assessments are carried out in accordance with the company's AMDAL documents.

To minimize the effect its production forest operations have on the health of the forest ecosystem, PT. Acacia Andalan Utama conducts Reduced Impact Logging activities, which are carried out in three distinct phases, pre-harvesting, during harvesting, and post harvesting.

Based on the Satellite Imagery Map, part of the concession area is identified as the Mahakam River watershed. The company manages by identifying and monitoring areas that function as soil and water protection areas, being designated as protected area,, namely the Peat Ecosystem Protection Area (KPPN/KPSL).

As part of the Sinar Mas Group, PT Acacia Andalan Utama follows Group Forest Conservation Policy, which includes commitments to develop production areas that are not HCV or HCS areas, plus support the Indonesian government's strategy for the reduction of greenhouse gas emissions. As part of its conservation management activities, PT Acacia Andalan Utama has designated an area of 4,694 ha of its 25,974 ha Staple Plant Area, plus 4,694 ha of its 9,713 ha Livelihood Plant Area, as well as its 4,113 ha of Protected Areas. The closure of land in the HCV and HCS areas is in the form of secondary dryland forests, old thickets, young thickets and shrubs.

The Management Unit has carried out biodiversity management activities, through the identification and inventory of protected, endemic, rare and endangered flora & fauna in the concession area in accordance with the regulations. There is a fauna distribution map, but there is not yet a flora distribution map. Based on the identification process, no key species have been identified. The staple plant species cultivated are *Acacia mangium* and *Eucalyptus pelita*, which are not a genetically modified tree species.

The Management Unit also carries out forest protection activities, be these caused by natural or human activity. There are documented procedures for the prevention and treatment of pest and disease infestation. These include the use of pesticides and other chemical treatments where applicable, and there are also strict procedures in place for the handling of hazardous and toxic chemicals and their waste (B3), as well as fuel oil, etc.

PT. Acacia Andalan Utama has implemented forest protection measures against fire hazards, and prohibited livestock grazing activities by the community. The Management Unit has implemented appropriate steps in forest protection activities, where PT. Acacia Andalan Utama has documented procedures for forest protection activities.

Results of the Public Consultation

Prior to undertaking the Recertification Audit, PT AJA Sertifikasi Indonesia conducted a Public Consultation commencing May 8, 2019, which asked stakeholders to provide feedback 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.

Input was received from the East Kalimantan Regional Council on Climate Change (DDPI) per Letter Number 630 / DDPI-KALTIM / V / 2019 dated May 16, 2019, which states that PT Acacia Andalan Utama has a commitment on the issue of climate change in regard to greenhouse gas (GHG) emissions, and confirming that PT Acacia Andalan Utama has reserved a portion of its working area to meet its responsibilities under the carbon emission reduction program.

PT Acacia Andalan Utama has identified all necessary requirements for this certification process, comprising legal aspect that include compliance with international regulations and conventions. The established management system includes all field activities for certification of an area of 37,799 hectares.

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

The results of the recertification audit are the 5 Minor Conformities (NC) categories:

Nomor	Non-Conformities	Corrective Action Performed	Category
1	<p>1. The worksheets provided to record plantation activities have not been completed in the correct manner.</p> <p>2. There is no record of socialization of SOPs for plantation activities being made to executors / contractor workers.</p> <p>Indicator I.1.11</p>	<p>Complete the worksheet provided.</p> <p>Making minutes, every plantation contractor is provided with information on SOPs for plantation activities when they commence employment.</p>	Minor
2	<p>In PAT activities for six months, there has been incorrect marking carried out in the field compared to the SOP.</p> <p>Indicator I.4.2</p>	<p>Making revision to the plantation assessment SOP</p>	Minor
3	<p>Based on the field visit, APAR was found not to be available in its correct place or in a low pressure condition, plus the first aid box was empty.</p> <p>Indicator I.12.2</p>	<ul style="list-style-type: none"> The Management Unit is in the process of recruitment to fill the empty position (K3 Officer). Fire extinguishers and first aid kits to be maintained in fully operational condition. 	Minor
4	<p>Based on visits, it was found that workers did not use PPE.</p> <p>Indicator I.12.4</p>	<ul style="list-style-type: none"> The Management Unit is in the process of recruitment to fill an empty position (K3 Officer) Submitting PPE to workers. 	Minor
5	<p>Based on visits to the housing of employees of PT Acacia Andalan Utama and contractors, plus plantation camps, organic waste and non-organic waste were comingled in the trash can or TPA.</p>	<ul style="list-style-type: none"> The Management Unit will increase the number of waste bins The Management Unit is conducting recruitment for the empty position, namely K3 Officer so that monitoring of waste and the 	Minor



	Indicator I.12.6	implementation of K3 runs optimally		
Conditions under which the certificate is issued				
Certificate is valid until August 1,2022 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 closeout visit.				