

# **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**



**JOB NUMBER:** AJA/IFCC-011

**CLIENT NAME:** PT ACACIA ANDALAN UTAMA

**TOTAL HECTARES:** 37,785 hectares

**SCOPE OF REGISTRATION:** Sustainable Forest Management in Plantation Forest covering an area of 37,785 hectares in East Kalimantan Province.

**STANDARD/CRITERIA:** IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

**TYPE OF AUDIT:** Stage 2

**AUDIT START DATE:** March 15, 2016

**AUDIT END DATE:** March 18, 2016

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:** Priyo Handoko

**SIGNATURE:**

Warsito

**SIGNATURE:**


**MAJOR CARS:** 0

**MINOR CARS:** 9

<b>RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (No CARs raised or CARs closed out on site):</b>	<input type="checkbox"/>
<b>RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING OFF-SITE VERIFICATION OF CAR RESPONSES (CARs raised):</b>	<input checked="" type="checkbox"/>
<b>RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION FOLLOWING ON-SITE VERIFICATION OF CAR RESPONSES (CARs raised):</b>	<input type="checkbox"/>
<b>NON RECOMMENDATION FOR CERTIFICATION/CONTINUED CERTIFICATION (Evidence Of Major System Failure):</b>	<input type="checkbox"/>

**SELECT OPTION**

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SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY (If more than 4 sites have been visited please add additional rows):	DATE OF EACH SITE VISIT:
PT. Acacia Andalan Utama	Kembang Janggut District, Kutai Kertanegara Regency, East Kalimantan Province, Indonesia	March 15 to 18, 2016
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 (If more than 4 additional sites have been registered please add additional rows)	
-	N/A	
REF No:	ADDRESSES OF INSTALLATION SITES (CLIENT'S CUSTOMER SITES) VISITED AND NOT COVERED DIRECTLY BY THE COMPANY REGISTRATION INCLUDING COUNTRY (If more than 2 installation sites have been visited please add additional rows)	
-	N/A	

### Brief Description of the concession and its natural and socio-economic conditions.

PT. Acacia Andalan Utama (PT AAU) received an operating license for plantation forest management per the Decree of the Minister of Forestry No. 87 / Menhut-II / 2007 dated March 22, 2007 on the Granting of Business License for Timber Forest Product Utilization in Industrial Plantation Forest to PT. Acacia Andalan Utama for the Production Forest area covering 39,620 (thirty-nine thousand six hundred and twenty) hectares in Kutai Kertanegara Regency, East Kalimantan Province.

In managing the forest, PT. Acacia Andalan Utama has undertaken spatial planning of the working area covering 39,620 ha as follows: primary plants area covering 26,213 ha (66.16%); indigenous plants area covering 3,962 ha (10.00%), livelihood plants area covering 1,981 hectares (5.00%), protected area 3,962 ha (10.00%) [consisting of riparian buffer zone on river border of 2,330 ha (5.88%), germplasm protection area of 732 ha (1.85%) and wildlife protection area of 900 ha (2.27%)], and area non-effective for production of 3,502 ha (8.84%) [consisting of sandy soil of 1,521 ha (3.84%) and infrastructure and facilities covering an area of 1,981 ha (5.00%)].

Based on the geographical location, the working area of the Management Unit of PT Acacia Andalan Utama is located within the coordinates E 115° 59'10 " - 116° 17 '35" and S 00° 03'29 " - N 00° 09'15". On an administrative level, it is located in the districts of Kembang Janggut, Kenohan and Muara Wis, Kutai Kertanegara Regency, East Kalimantan

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Province. The boundaries are to the North: Ex HPH PT. Limbang Ganesha (HTI) PT. Sylva Rimba Lestari; to the East: HPH PT. Jaya Timber Trading; to the South: Ex HPH PT. Marimun Timber Industry (Oil Palm Plantation PT. Manunggal Jaya Adi); and to the West: PT. Limbang Ganesha (HTI) PT. Sendawar Adhi Karya

The topography of PT Acacia Andalan Utama is mostly lowland area. Based on data from the Meteorology and Geophysics Agency station in Station Temindung Samarinda (2005), the average rainfall ranges between 122.59 to 267.32 mm from November to April. The highest rainfall occurred in 2006 reaching 280.64 mm, and the lowest in 1991 was 122 mm. The average temperature is 23.4 ° C with the coldest being in February and August at about 22.9 ° C and the highest monthly average being 32.2 ° C with the hottest also occurring in February at around 32.9 ° C.

The Land System and Land Suitability Map (RePPPProt, 1987) and the Soil Map Review Muara Ancalong Sheet (1816) East Kalimantan (P3TA, 2001) scale of 1: 250,000 reveals that the working area is located in three (3) different geological formations, as follows:

- Tomw Formation (Wahau Formation), formed in the tertiary era (early Miocene), composed of claystone, quartz sandstone, sandstone silt and sandy mudstone.
- Tea Formation (Batu Ayau Formation), formed in the Tertiary age (Eocene), composed of sandstone, mudstone and siltstone, coal, calcareous and carbonaceous.
- Balikpapan Formation, formed in the Tertiary age (middle Miocene), composed of quartz sandstone, siltstone and claystone and insert of calcareous shale and lignite.

There are four villages around the working area of PT. Acacia Andalan Utama: Tuana Tuha, Teluk Bingkai, and Lamin Telihan in Kenohan District, and Pulau Pinang in Kembang Janggut District.

Based on the study results of EIA document PT Acacia Andalan Utama (2006), Social Mapping documents and interviews with local communities, there are no indigenous people. The majority of the communities found in the villages of Lamin Telihan, Teluk Bingkai, Tuana Tuha and Pulau Pinang are Dayak Tunjung. Prior to the establishment of timber and oil palm plantations, the communities had quite a high dependence on the products of the forest, but since the arrival of the timber and oil palm companies they prefer to work for such companies or farm the land they own.

The Environmental Management Plan (RKL) document provides social component parameters: employment opportunities and business opportunity; public health services; education and community participation in forest management and forest resources, and the environment.

Meanwhile, the Environmental Monitoring Plan (RPL) discusses the impacts of socio-economic and cultural components that should be monitored including: development of local labor force participation rate inside and around the concession; development of patterns and income levels of peoples around the activities area; development of health care quality and education for the people; development of dynamics and participation of people in the PMDH (Community Development of Forest Villages) activities; development of perception, attitudes and appreciation of the people around the concession.

The Management Unit provides access to the surrounding community to seek non-timber forest products (NTFPs). Non-timber forest products are utilized by the community in the form of peat (tree fern) and then sold to the companies to be used as a planting medium in the nursery. The Management Unit also provides employment opportunities for local labor to work for the company. The company has made a CD-CSR program in 2015 that includes the fields of education, health, social, cultural, and productive business. There is also cooperation with the Lamin Telihan Village community in the utilization of logged areas for the cultivation of paddy fields and the cultivation of pineapple.

Within the concession areas, there are still areas claimed by the surrounding communities as ancestral land, which is

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characterized by the presence of plants and graves. Based on the results of identification of the location in the claims by communities scattered across the villages of Lamin Telihan, Gulf Frame, Enggelam Village and Village Pulau Pinang, efforts of the Management Unit towards settlement of the land claims include, among other things, the following:

- Develop a map identifying areas of claim / problems in collaboration with the TFT (Tropical Forest Trust)
- Prepare documents of conflict resolution efforts with the community
- Agreement on payment of compensation for plant growing and handover of land management with the villagers of Lamin Telihan.
- Prepare SOP for conflict resolution and land problems containing conflict resolution of the case, problem analysis, process of resolution, results of agreements and legal efforts being made to deal with the conflict in the form of claims of occupation or overlapping.
- Implement communication with the public, conducted by the Community Development Officer. Communication is also carried out in the planning program, as well as when problems arise between the company and the community. The Community Development section is responsible for the communication, negotiation, and consultation with the local communities.
- Agreements are reached associated with the plant life in the areas claimed by the community in accordance with the development problems that occur.
- Performance evaluation results HCV & HCS are developed, which later become ISFMP documents (Integrated Sustainable Forest Management Plan) that will form the basis for conducting integrated environmental management, from the production, ecological and social aspects.

The Management Unit has implemented the fulfillment of workers rights according to the regulations, namely: has a documented Collective Labour Agreement (CLA) between the Management Unit and the Labor Unions of Forestry Indonesia (Kahutindo), no salary, identity card (KTP), diplomas or other documents are retained by companies. Based on the results of the payroll in February 2016, no employees were hired below the minimum age standard for employment, and the company has registered all employees as participants in BPJS Ketenagakerjaan (Social Security). Infrastructure and facilities for the convenience of the workers have also been provided such as: offices, employee housing, clinic, mosque, church, canteen, installation of water supply.

The Management Unit of PT Acacia Andalan Utama has implemented the occupational health and safety (K3) standard. The company has an environmental policy, documented job hazard analysis (JHA), plus there is an Advisory Committee on Occupational Health and Safety (P2K3), and a personnel K3 expert that has undergone K3 training. There are also recaps and proof of distribution of PPE to the employees, plus facilities for the employees in the form of: employee mess in camp, control tower, offices, drilling, electricity installation, water treatment installation, mosques and churches, canteens and polyclinics, as well as sports and entertainment facilities.

PT Acacia Andalan Utama has a management commitment to protect the flora and fauna (protected areas), covering an area of 5,483 ha (13.84%) consisting of 2,330 ha of riparian buffer zone, germplasm protection area of 732 ha, wildlife protection area covering 900 ha, and sandy soil (kerangas) covering an area of 1,521 ha. Other activities that are carried out include surveys, monitoring and identification of vegetation and wildlife each semester, and enrichment planting of local species. PT Acacia Andalan Utama also has the environmental management plan and environmental monitoring plan document implementation, on which it reports each semester.

The Management Unit monitors the use of toxic material and the storage of hazardous waste (B3), plus has in place a method to record, store and transmit to a permitted third party (transporter) in accordance with the procedure. Moreover, the Management Unit exercises control over forest fires and land occupation activities by carrying out routine patrols and outreach to the community. The Management Unit already has adequate facilities and infrastructure to mitigate land and forest fires. In regard to integrated pest management, the Management Unit has implemented a

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program in accordance with its documented procedures.

Prior to carrying out the Stage 2 audit, PT AJA Sertifikasi Indonesia conducted a public consultation, commencing March 2, 2016, asking stakeholders to provide feedback and information on PT Acacia Andalan Utama. The Public Consultation was uploaded to the PT AJA Sertifikasi Indonesia website ([www.aja-indonesia.com](http://www.aja-indonesia.com)), sent to the parties via e-mail and / or mail, and published in local newspapers.

Feedback was received from the public consultation, in the form of advice, namely: that the flora and fauna existing in the region in order to preserve conservation, and the scattered timber haulage roads should be marginalized so as not to endanger other road users. The advice has been followed up by the audit team, which for the conservation of flora and fauna has been recorded in the indicator on the management of biodiversity. The scattered timber haulage roads, meanwhile, have been submitted to the Management Unit and have been followed up.

The audit team also gathered information from mass media reports about PT Acacia Andalan Utama. Such reported cases are considered to be part of the audit process carried out by PT. AJA Sertifikasi Indonesia.

PT. Acacia Andalan Utama operational activities have already converted secondary forest (LOA) after December 31, 2010 covering an area of 1,821 ha. Thus the total area of PT. Acacia Andalan Utama qualified within the Scope of Certification was reduced to 37,785 hectares.

Management Unit has identified all the necessary requirements for this certification process, comprising 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 is registered for certification of an area of 37,785 ha.

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

The results of the Stage 2 audit of PT Acacia Andalan Utama identified nine (9) minor non-conformities. PT Acacia Andalan Utama has taken remedial action on the identified non-conformities and thus shown a serious commitment to sustainable forest management.

NO	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1	There is still a lack in the number of technical forestry personnel to be in accordance with the Annual Working Plan 2016.  <b>Clause Ref. I.1.8.</b>	PT Acacia Andalan Utama is coordinating and cooperating with the relevant agencies to carry out training for technical forestry personnel ( <i>Ganis Kurpet</i> /Measurement and Technical Mapping Staff).	Minor
2	Management Unit has not been able to show Operator Permit Letter (SIO) for heavy equipment operators who operate within its territory.  <b>Clause Ref. I.1.13.</b>	-The HSE Dept. of the Management Unit has monitored and evaluated on a periodic basis the contractor's performance including the availability of valid SIO (Operator Permit Letter) for heavy equipment operator. -Provision of SIO for all heavy equipment operators	Minor

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3	<p>There is no identity of tree numbers, diameter and height in the vegetation observation plot in the germplasm conservation area, wildlife protection area, river border and indigenous plants area.</p> <p><b>Clause Ref. I.7.1.</b></p>	<p>- Management Unit has implemented the vegetation observations in germplasm conservation area, wildlife protection area, and river border in accordance with the Work Instruction on Monitoring of Vegetation in Protected Areas.</p>	Minor
4	<p>Management Unit has not prepared a livelihood plants development agreement and realized this with the local communities.</p> <p><b>Clause Ref. I.9.3.</b></p>	<p>An agreement with the local communities in regard to the development of livelihood plants area has been made in addition to waiting for evaluation results of HCS and HCV that will become ISFMP (Integrated Sustainable Forest Management Plan).</p>	Minor
5	<p>There is no work plan or implementation plan for the settlement of land claims.</p> <p><b>Clause Ref I.9.5.</b></p>	<p>- Ensure implementation of resolution of the land claims in accordance with the KPI Social Milestone after the completion of the ISFMP document as a guide to production, ecological and social aspects of integrated forest management.</p>	Minor
6	<ul style="list-style-type: none"> <li>- Some workers of contractors were found not to have been registered as participants in BPJS (Social Security).</li> <li>- No bipartite institutions have been formed as a means of communication and consultation on labor issues with the company.</li> </ul> <p><b>Clause Ref I.11.1.</b></p>	<ul style="list-style-type: none"> <li>- Supply Chain Dept. to ensure consistent monitoring and evaluation on a periodic basis of the contractors' performance including the registration of their workers in BPJS (Social Security).</li> <li>- Complete BPJS registration of all contractors' workers</li> <li>- The Management Unit will form a bipartite institution</li> </ul>	Minor
7	<ul style="list-style-type: none"> <li>- The Management Unit was not able to show the results of periodic medical checkups (MCU) for all employees, particularly for workers in high risk areas for the period 2015.</li> </ul> <p><b>Clause Ref. I.12.1.</b></p>	<p>- Prepare plans for periodic medical checkups in coordination with the clinic in Samarinda</p>	Minor
8	<p>There were no fire extinguishers available in the logistics warehouse, clinic, and housing. Some of fire extinguishers located in the offices, warehouse, canteen were not operational.</p> <p>No first aid box was available in the warehouse and generator set room. Some of first aid box contents located in the offices, warehouse and generator set room were inadequate.</p> <p><b>Clause Ref. I.12.2.</b></p>	<p>- The Management Unit will provide an adequate number of fire extinguishers and first aid boxes in each of the operational working areas in accordance with the Hazard Identification Risk Assessment and Control.</p>	Minor
9	<p>Some of the workers in the field are not using personnel protective equipment (PPE) such as excavator operators, and spraying and fertilizer workers.</p> <p><b>Clause Ref I.12.4.</b></p>	<p>- Monitor to ensure that all workers are using the appropriate PPE in accordance with the socialization that has been carried out.</p>	Minor



#### Conditions under which the certificate is issued

The certificate is valid until 02/08/2019 provided that PT. Acacia Andalan Utama has completed all the corrective actions according to the proposed time schedule and does not have the same problems on the next surveillance visit. If non-conformities are not closed at the next Surveillance, the certificate will be suspended until such time that AJA is able to perform a close-out visit.