

Public Report Sustainable Forest Management System

**Ownership of this report and the information
contained herein remain the property of AJA Europe**



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: 37,785

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering 37.785 ha in East Kalimantan Province, Republic of Indonesia.

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: March 14, 2017

AUDIT END DATE: March 17, 2017

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: Amin Kadeni

SIGNATURE:

Agung Utama Lubis

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	March 14 to 17, 2017
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

Issue: D

Date: 15 September 2016



Brief Description of the concession

PT Acacia Andalan Utama received its Forest Concession Permit from the Ministry of Forestry, per Decree of the Minister of Forestry No. SK.208/Menhut-II/2007, dated May 25, 2007 as Amendment to Decree of the Minister of Forestry No. SK Menhut No. 87/ Menhut-II / 2007 dated 22 March 2007, for an area of approximately 39,620 ha.

Based on RKUPPHK HTI- PT Acacia Andalan Utama (SK.52/VI/BPHT/2008 dated 03 March 2008) the spatial arrangement of the working area is: (1) Protected Areas of 3,962 ha (10.00%), consisting of 900 ha (2.27%) of wildlife protection areas, KPPN of 732 ha (1.85 %) and river borders 2,330 ha (5.88%); (2) Areas Unsuitable for Production of 3,502 ha (8.84%), consisting of sandy groves covering 1,521 ha (3.84%) and infrastructure covering 1,981 ha (5.00%), and; (3) Production Areas of 32,156 ha (81.16%), consisting of Livelihood Plant Area of 1,981 ha (5.00%), Indigenous Plant Area of 3,962 ha (10.00%) and Staple Plant Area of 26,213 ha (66.16%),

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

The working area of PT Acacia Andalan Utama Management Unit is located between 115° 59' 10" and 116° 17' 35" East and 00° 03' 29" South and 00° 09' 15" North. The work area falls under the governmental administration of Kecamatan Kembang Janggut, Kenohan Sub-district and Muara Wis District, Kutai Kertanegara Regency, East Kalimantan Province. The working area is bounded by to the North: Ex-HPH PT. Limbang Ganesha (HTI) PT. Sylva Rimba Lestari; East: HPH PT. Jaya Timber Trading; South: Ex-HPH PT. Marimun Timber Industri (Palm Oil Plantation PT Manunggal Adi Jaya); and West: PT. Limbang Ganesha (HTI) PT. Sendawar Adhi Karya

The topography of PT Acacia Andalan Utama work area is for the most part lowland. Based on the Land System and Land Suitability Map (RePPPProt, 1987) and the Land Map of Ancasa Leaf (1816) East Kalimantan (P3TA, 2001), the scale of 1: 250,000, the working area covers three (3) geological formations: Wahau Formation, Batu Ayau Formation and Balikpapan Formation.

Based on data from Meteorology and Geophysics Agency Station at Temindung Samarinda Airport Station (1991-2005) average annual rainfall ranges between 122.59 to 267.32 mm falling mainly between November and April. The lowest monthly average temperature is 23.4° C with the coldest temperatures in August at 22.9° C and the highest monthly average temperature of 32.2° C with the warmest temperature occurring in February at about 32.9° C.

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

Residents living in the vicinity of PT Acacia Andalan Utama concession area are of local heritage. Based on the Social Impact Study, the livelihood of the population is dominated by agricultural activities, namely rice farming, pineapple, and increasingly the palm oil plantation. In Lamin Telihan Village, for instance, 75% of the population work as laborers in oil palm plantations around the village. For Tuana Tuha Village, besides farming, over 100 of the population also cite fishing as a source of economic livelihood.

PT Acacia Andalan Utama has made efforts to resolve any conflicts between the company and the community, compiling in the 2016 Integrated Sustainable Forest Management Plan (ISFMP) documentation, in which there is a description of the land claims resolution plan within the concession area. There is also a Letter of Appointment of Land Conflict Settlement Institution dated June 29, 2016.

AJA EUROPE
PUBLIC AUDIT REPORT - SFM
TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



PT Acacia Andalan Utama provides access to surrounding communities to utilize forest products for economic purposes. According to Data on Monitoring and Evaluation Report of Non-Timber Forest Product Utilization Year 2016, non-timber forest products utilized by the community are: fern roots, blue leaves, rattan, fruits. PT Acacia Andalan Utama has entered into cooperation agreements with the surrounding community, as evidenced by Legalization Deed of Agreement between PT Acacia Andalan Utama with Lamin Telihan Village Community, Bingkai Village, Pulau Pinang Village, dated December 17, 2007,

PT Acacia Andalan Utama has provided support to local communities for capacity building, economic development and infrastructure development. Desa Makmur Peduli Api Program that has been running in Malong Village and Lamin Telihan Village and covers the activities of cultivation of catfish and rice crops. Meanwhile, the Desa Makmur Peduli Api (DMPA) Program Plan for Teluk Bingkai Village and Enggelam Village in 2017 includes a demonstration plot of mountain rice, fish cultivation, rice fields, vegetable and fruit gardens, as well as livestock

Description of the ecological conditions of the concession

PT Acacia Andalan Utama has management duties to protect the flora and fauna (protected area), covering 5,483 ha (13.84%) and consisting of 2,330 ha of river borders, 732 ha of KPPN, 900 ha of Wildlife Protection Area (DPSL) and 1,521 ha of sandy soil (Kerangas). Other activities undertaken include surveys, monitoring and identification of vegetation and wildlife per semester, planting enrichment for local species. PT AAU also has a document of environmental management plan and environmental monitoring plan, the implementation of which is reported each semester.

The management unit monitors the use of Hazardous Materials (B3) waste by collecting, storing and transmitting to a third party (transporter) in accordance with the procedure. In addition, the Management Unit controls forest fires and land occupation activities by conducting routine patrols and counseling to the community. The Management Unit already has adequate facilities and infrastructure in order to prevent the occurrence of forest and land fires. Within integrated pest management, the Management Unit has implemented an integrated pest management program in accordance with its documented procedures.

Results of the Public Consultation

Prior to carrying out Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing March 2, 2017, 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.ajaindonesia.com), sent to related parties via email and / or postal mail, and announced in a local newspaper.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team has also gathered information from the mass media about PT Acacia Andalan Utama, such information being considered material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

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 of PT Acacia Andalan Utama revealed two (2) Minor Non-Conformities, as follows:

NO	Non-Conformities	Corrective Action performed	Category
1.	Examination of PT AAU documents revealed that while PT AAU had submitted the RKUPPHK documentation for the 10-year	The Management Unit will immediately complete the RKUPPHK-HTI Draft of 2017 for the validity period of the next	Minor

AJA EUROPE

PUBLIC AUDIT REPORT - SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



	period 2007 to 2016, as of the time of Surveillance I, it had failed to prepare said documentation for the next 10-year period. Clause Ref: I.2.2	10 years and submit such to the Relevant Parties to approve the Draft RKU.	
2.	Spills of oil and fuel were found around the generator located in the nursery area that have the potential to contaminate the soil. Clause Ref I.6.6	The Management Unit has closed off the used oil spills around the generator in the nursery area.	Minor

Conditions under which the certificate is issued

Certificate is valid until 02/08/2019 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.