

Public Report Sustainable Forest Management System

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ORGANIZATION NAME: PT NUSANTARA KALIMANTAN LESTARI

TOTAL HECTARES: 34,710.48

SCOPE OF REGISTRATION: Sustainable Forest Management of 34,710.48 Hectares of Plantation Forest in West Kalimantan Province

STANDARD/CRITERIA: IFCC SFM & ORGANIZATION DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: 18 February 2025

AUDIT END DATE: 21 February 2025

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

SIGNATURE:

AUDIT TEAM: R Sigit Pamungkas

SIGNATURE:

Agung Utama Lubis

SIGNATURE:



MAJOR CARS: 0

MINOR CARS: 4

SITE NAME (Legal Name):	ADDRESSES OF ORGANIZATION SITES VISITED including countries	DATE OF EACH SITE VISIT:
Site	Dusun Bangkal Serai, RT 004, RW 001, Desa Bangkal Serai, Kecamatan Kendawangan, Kabupaten Ketapang, Kalimantan Barat	18 - 21 February 2025
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	
Legal office	JI Jendral Sudirman No.56 RT.24, Kelurahan Damai Bahagia, Kecamatan Balikpapan Selatan, Kota Balikpapan, Kalimantan Timur	

Brief Description of the concession

PT Nusantara Kalimantan Lestari initially obtained a concession permit with SK IUPHHK-HTI (Business Permit for Utilization of Timber Forest Products from Plantation Forests) with the Decree of the Minister of Forestry SK 390/Menhut-II/2006 dated 12 July 2006 with an area of 39,570 Ha (with a name of the previous permit holder PT Garuda Kalimantan Lestari).

In 2012, the boundary arrangement was completed with TBT Report No.Lap.108/BPKH.III-2/2012: Report on the Results of the Arrangement of the Boundary Area of the Timber Forest Business Permit in Plantation Forests (IUPHHK-HT) of PT Garuda Kalimantan Lestari, the boundary of the Partnership with PT Hutan Ketapang Industri and PT Mayangkara Tanaman Industri in Ketapang Regency, West Kalimantan, with an area of 34,787.18 Ha and received a Decree on the Determination of the Work Area Boundary with the Decree of the Head of BKPM in the name of the Minister of Forestry, Decree No. 4/1/IUPHHK-HT/PMDH/2015 dated June 11, 2015, with an area of 34,787.18 Ha.

In 2017, there was a change in the name of the permit holder from PT Garuda Kalimantan Lestari to PT Nusantara Kalimantan Lestari with the Decree of the Head of BKPM in the name of the Minister of Forestry SK No. 2/1/IUPHHK-PB/PMDH/2017 dated February 20, 2017 with an area of 34,787.18 Ha. Currently, the company had received a PBPH Decree (Forest Utilization Business Permit) with the Decree of the Minister of Environment and Forestry SK 1503/MenLHK/Setjen/HPL.0/12/2021 dated December 31, 2021. In the working area of PT Nusantara Kalimantan Lestari, there was a conversion of forest into plantation forest above December 31, 2010 covering an area of 76.7 Ha. Thus, the area based on the permit is 34,787.18 Ha; Forest Area is 34,787.18 Ha; and the PEFC Certified Area is 34,787.18 Ha - 76.7 Ha = 34,710.48 Ha.

In operational forest management, the Organization has a Management Plan document (RKUPH 2023) ratified by decree SK No. 1135/MenLHK/PUPH/HPL-1/10/2023, dated October 23, 2023. The Organization has divided its work area into two main categories:

1. Protected Area covering 9,495.82 Ha (27.30%) consists of:
 - o Buffer Zone: 835.06 Ha (2.40%)
 - o Cultural Heritage Area: 475.10 Ha (1.37%)
 - o KPPN Area: 921.80 Ha (2.05%)
 - o KPSL Area: 528.51 Ha (1.52%)
 - o River Boundary Area: 4,495.80 Ha (12.92%)
 - o Utilization of Environmental Services Area: 2,214.04 Ha (6.36%)
 - o PPTPKH Scheme Settlement Area: 25.51 Ha (0.07%)
2. Cultivation Area covering 25,291.36 Ha (72.70%) consists of:
 - o Utilization of Cultivated HHK (Plantation Forest): 25,126.22 Ha (72.23%)
 - o Utilization of Environmental Services: 0 Ha
 - o Infrastructure Facilities Area: 140.65 Ha (0.40%)
 - o PPTPKH Scheme Settlement Area: 24.59 Ha (0.07%)

The Utilization of Cultivated HHK (Plantation Forest) is further categorized into:

- Planting of *Acacia* sp and *Eucalyptus* sp under a broad self-management pattern: 18,100.60 Ha (52.20%)
- Planting of *Acacia* sp and *Eucalyptus* sp under a partnership pattern: 6,985.62 Ha (20.02%)

Based on the 2020 PT Nusantara Kalimantan Lestari Social Mapping Report, there are 4 villages around the Organization's concession, namely Kendawangan District includes Bangkal Serai Village, which has four hamlets, and Air Hitam Hulu Village, which has three hamlets. In the Singkup District, Pantai Ketikal Village has three hamlets, and Tanah Hitam Village has three hamlets.

Based on the administrative location, PT Nusantara Kalimantan Lestari is located in Kendangan and Singkup District, Ketapang Regency, West Kalimantan Province. It is part of KPHP South Ketapang, West Kalimantan Forestry Service. Meanwhile, the geographical location is at 02°25' - 02°35' South and 110°28' - 110°54' East. The forest area is included in Danau Manis Mata Forest Group. It is included in Naning River Sub-watershed of 17,889.81 Ha, Sembuluh River Sub-watershed of 10,817.15 Ha, and Air Hitam Besar River Sub-watershed of 6,080.22 Ha, with a total of 34,787.18 Ha. It is composed by alluvial, glei-humus, and latosol with geological formation of Kerabai Volcanic Rock and swamp deposit. The climate type is B1 with 7-9 wet months. The types of plants developed are *Eucalyptus* sp, *Acacia crassicaarpa* and *Acacia mangium*. The work area boundaries:

- North: Other Use Area (APL)
- East: PBPH PT Mayangkara Tanaman Industri
- South: PBPH PT Hutan Ketapang Industri
- West: Kendawangan Nature Reserve.

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

The population surrounding PT Nusantara Kalimantan Lestari is primarily engaged in agricultural livelihoods, accounting for 81% of the population, followed by smaller percentages in mining, industry, construction, and other sectors. As per the 2020-2029 RKU Document, agriculture and plantation activities dominate the area, with a total of 59,804 people involved in these sectors. To address potential conflicts with the local community, the Organization has implemented compensation or cooperation mechanisms such as Joint Forest Management (PHBM). The Organization has a total of 1,738.5 hectares under PHBM agreements across its concession area, ensuring that community rights are respected.

The Organization has also established various agreements with surrounding communities, including 11 cooperation agreements covering areas ranging from 1.5 to 30 hectares, signed between 2017 and 2024. These agreements reflect the Organization's commitment to integrating the local community into its forest management activities. Furthermore, PT Nusantara Kalimantan Lestari has created employment opportunities for local residents. According to the 2024 Corporate Development (CD) Program Report, the company supports a range of activities in local villages, including infrastructure, socio-cultural, religious, and youth-related events, such as road repairs, religious donations, and support for community celebrations.

The company's social programs have seen substantial engagement across various regions, with numerous infrastructure projects like road repairs, heavy equipment assistance, and clean water initiatives. In addition, the company supports community events like the Indonesian Independence Day celebrations and local sports tournaments. This is part of PT Nusantara Kalimantan Lestari's broader Corporate Social Responsibility (CSR) initiatives aimed at enhancing the well-being of the surrounding communities and fostering positive relationships with the local population.

As for the workforce, the contractor list shows that PT Nusantara Kalimantan Lestari employs 764 workers, of which 344 (45%) are local workers. The remaining 420 workers (55%) are from outside the local area. This reflects the Organization's efforts to provide employment opportunities to the local population while also bringing in external expertise when necessary for various operations.

Description of the Ecological conditions of the concession

PT Nusantara Kalimantan Lestari has a document on the identification of High Conservation Value (HCV) areas within their area, conducted in collaboration with Ecositrop. The HCV identification covers 9,496 ha (27.29%) of the total concession area, encompassing ecosystems like coastal forests, mangrove forests, peat swamp forests, lowland rainforests, and grasslands. A variety of plant species dominate these ecosystems, including *Casuarina equisetifolia* in coastal forests and *Rhizophora* spp. in mangrove forests. Notably, several protected wildlife species such as the Hawksbill turtle and Proboscis monkey are found in the concession area.

The Organization has made efforts to protect and manage the biodiversity within its concession. It has marked the boundaries of protected areas, including buffer zones, protected areas, and other specific zones like KPPN, KPSL, and River Boundaries. Disturbances like illegal logging and land encroachment have been identified as the most frequent threats to sustainable forest management in the concession area, as outlined in the UKL/UPL (Environmental Permit) Implementation Report. The Organization has established clear procedures for identifying and managing disturbances, such as forest fires, pests, and encroachment, with the Forest Protection Division handling these issues. In addition, the Organization conducts routine patrols, installs warning signs, and organizes community outreach programs (MPA) to prevent forest fires and illegal activities.

PT Nusantara Kalimantan Lestari has integrated biodiversity management with High Conservation Value (HCV) assessments with High Carbon Stock (HCS) and vegetation analysis in several protected areas. The identification method includes a series of plot observations across different tree sizes, such as seedlings, stakes, poles, and trees, with data collection occurring from north to south. Additionally, wildlife monitoring is performed to track protected species, and any wildlife encounters are recorded and classified according to local and international regulations. This monitoring helps ensure that protected species are adequately safeguarded within the concession.

Regarding hazardous and toxic waste (B3), the Organization has procedures in place to minimize environmental impact. This includes spill prevention and organizing training for employees and contractors. B3 waste is temporarily stored in a designated facility, and the Organization has a waste transportation agreement with a waste transport service for the safe disposal of hazardous waste. The agreement, which is valid from March 1, 2023, to March 1, 2026, ensures proper management and transportation of hazardous waste in compliance with environmental regulations.

Results of the Public Consultation

Prior to carrying out the Stage 2 Audit, PT ACube TIC International conducted a public consultation starting 14 January 2025, asking stakeholders to provide feedback and information about PT Nusantara Kalimantan Lestari. The public consultation was uploaded to the PT ACube TIC International website (www.ajaindonesia.com), sent to parties by email or postal mail, and published in local newspapers. There was no input from the stakeholders.

The audit team also collected information from the mass media about PT Nusantara Kalimantan Lestari. The reported cases are considered part of the PT ACube TIC International audit process.

The Organization has identified all the requirements necessary for this certification process, which consists of legal aspects that include compliance with regulations and international rules and conventions. The management system has been built to cover all activities in the field of certification, which are registered for certification covering an area of 34,710.48 hectares

Organization progress record related to corrective action on findings of nonconformities in previous audit

This is an Initial Audit.

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

The results of the Stage 2 Audit indicate 4 (four) non-conformities in the Minor category. The Organization has made improvements, and the non-conformities can now be closed.

No	Non-conformities	Corrective Action Plan	Category
1	The Organization has a "Risk and Opportunities That Need to Be Addressed - Estate NKL" document; however, the identification of risk sources	The Organization has taken corrective actions: - Held a meeting to discuss Risk Management and Opportunities on March 1, 2025. Attached are the documentation, photos, and attendance of	Minor

	<p>and opportunities does not cover production aspects and other social aspects. Additionally, there is no risk control method, action plan, or procedures related to risk and opportunity management.</p> <p>Indicator 5.1.1</p>	<p>meeting participants.</p> <ul style="list-style-type: none"> - Improved its risk management documents, where the sources of risk in management have been identified. - The Organization has established Procedure No: 040-NKL-EHS-SOP for Risk and Opportunity Management, Revision 0, issued on March 1, 2025. <p>The purpose of this procedure is to provide instructions on identifying risks and opportunities, as well as their management, monitoring, and resolution, which may affect or be affected by production at PT Nusantara Kalimantan Lestari.</p>		
2	<p>The Organization has not submitted the Report of Results of the Implementation of Maintenance and Security of Work Area Boundaries every 1 (one) year to the Head of the Forest Area and Environmental Management Improvement Center (BPKHTL).</p> <p>Indicator 5.3.1.2</p>	<p>The Organization has submitted the report to the agency with a proof of receipt of document submission dated March 7, 2025.</p> <p>Documents submitted 2 books:</p> <ul style="list-style-type: none"> - 2023 Boundary Installation and Maintenance Report Document - 2024 Boundary Installation and Maintenance Report Document 	Minor	
3	<ul style="list-style-type: none"> - The marking of wood piles at TPK Antara only represents IFCC wood claims; it does not provide information on the origin of the wood. As a result, the wood cannot be properly traced. - Procedure No: 009-NKL-WS-SOP for Timber Administration has not been updated and still references regulations that are no longer valid. Additionally, the term "IUPHHK-HT" is still used. - Procedure No: 011-NKL-WS-SOP for Forest Products Administration Regulation does not include important details, such as the marking of wood stacks in TPK Antara and the issuance of transportation documents. - Procedure No: 006-NKL-WS-SOP for Timber Transportation does not provide an explanation for TPK Forest. <p>Indicator 7.3.6</p>	<p>The Organization has made improvements by:</p> <ul style="list-style-type: none"> - Marking the piles in the Log Pond - Revised SOPs - Updates to legal regulations - Marking of wood stacks in TPK Antara 	Minor	
4	<p>There was a difference in the area of claim between the Potential Mapping and</p>	<p>The Organization has made improvements and determined the actual extent of the claim. Efforts</p>	Minor	



	<p>Conflict Resolution Report Document with the 2025 Conflict Area Map.</p> <p>Indicator 6.4.1</p>	<p>have been made to resolve the claim, with a target for settlement in 2025. The Organization has also worked on socializing the rules, so they can cooperate in reclaiming the area of the region. The claim area must be consistent across all documents. Based on the proof of repair provided, this case can be closed.</p>	
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Conditions under which the certificate is issued

Certificate number XXX is valid until dd/mm/yyyy, provided that PT Nusantara Kalimantan Lestari 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 EUROPE is able to perform a closeout visit.