

Public Report Sustainable Forest Management System

Ownership of this report and the information contained within 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 NUSANTARA SENTOSA RAYA

TOTAL HECTARES: 23,030 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 23,030 hectares of Plantation Forests in Riau Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2 (REMOTE)

START DATE AUDIT: November 12, 2020

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

END DATE AUDIT: November 16, 2020

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

TEAM AUDIT: Andri Wibisono

SIGNATURE:

Tata Sumitra

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
PT Nusantara Sentosa Raya	Kampar Kiri District, Kampar Regency and Langgam District, Pelalawan Regency, Riau Province, Republic of Indonesia	November 12 to 16, 2020
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

PT Nusantara Sentosa Raya: obtained a Business Permit for the Utilization of Industrial Timber Forest Products (IUPHHK-HTI) based on the Decree of the Minister of Forestry No. SK.550/Menhut-II/2012, dated October 4, 2012 with an area of approximately 23,030 hectares in Riau Province.

The Management Unit has a Business Plan for the Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) ratified by Decree of the Minister of Environment and Forestry of the Republic of Indonesia No. SK.6577/MenLHK-PHPL/UHP/HPL.1/12/2017 dated December 05, 2017 concerning the Approval of Business Plans for Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) of 2017 to 2026 in the Context of Improving Peat Management on behalf of PT Nusantara Sentosa Raya in Riau Province. There was no conversion of natural forest to plantation forest after December 31, 2010, thus the certified area is 23,030 ha.

The Management Unit has carried out spatial planning of its working area into Protected Function Areas of Peat Ecosystems of 1,682 Ha (7.30%), Local Protection Areas and Other Protected Areas of 2,848 ha (12.37%), Staple Plants area of 14,429 Ha (62.65%), Livelihood Plant area of 4,071 ha (17.68%), with a total of 23,030 ha (100%). Local Protected Areas and Other Protected Areas consist of River Border of 2,622 ha (11.38%) and KPPN/KPSL of 226 Ha (0.98%).

The working area of PT Nusantara Sentosa Raya is geographically located between 00° 06' 00.0" to 00° 10' 00.0" North and 101° 21' 00.0" to 101° 48' 00.0" East. Based on the administrative area, the government is located in two districts, namely Langgam District, Pelalawan Regency and Kampar Kiri District, Kampar Regency.

The working area of PT Nusantara Sentosa Raya is part of Sei Peninjau and Sei Kampar Kiri Forest Group and hydrologically crossed by Tesso Watershed (DAS). The topography of the area is between flat (0-8%) of 38% and sloping (8-15%) of 62%. Located at an altitude of 80-150 m above sea level. According to the climate classification Schmidt-Fergusson is included in the climate type A, with rainfall: 145-410 mm/month. The plant species developed are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp.

PT Nusantara Sentosa Raya applies peat management as concerns of its working area management. The work management is based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia No. SK.6577/MenLHK-PHPL/UHP/HPL.1/12/2017 dated December 05, 2017 concerning Approval of Business Plans for Utilization of Industrial Timber Forest Products (RKUPHHK-HTI) 2017 to 2026 in the Context of Improving Peat Management on behalf of PT Nusantara Sentosa Raya in Riau Province.

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

PT Nusantara Sentosa Raya collaborate with the surrounding community in forest management. There are five (5) assisted villages by PT Nusantara Sentosa Raya, Rantau Kasih Village, Mentulik Village and Gading Permai Village (Kampar Kiri District), and Segati and Sotol Villages in (Langgam District).

The results of the Social Impact Assessment (SIA) conducted at PT. Nusantara Sentosa Raya shows there was potential conflicts which caused by community claims and activities in the IUPHHK area.

The Management Unit plans to give aids referred to the Community Development Program, covering educational activities (computer and printer assistance for school), religious (assistance for mosque and prayer facilities and infrastructure, economics (assistance for cattle and catfish), social and environmental (sports equipment for the youth). The collaboration between the Management Unit and the community also formed in the non-timber forest products.

According to the 2020 Non-Timber Forest Product Identification Report, the products are fish as community food, rattan and honey and to sell.

PT Nusantara Sentosa Raya has respected the rights of workers to obtain wages in accordance with applicable regulations (Governor of Riau Number: Kpts.1198/XI/2019) concerning Regency/City Minimum Wages in Riau Province Year 2020 dated November 21, 2019. Every employee has the opportunity to participate in skill improvement (training) according to the company's needs. An assessment was carried out by the management in this case directly to employees. Based on the assessment, it will be submitted to the personnel department and will be submitted to the top management, if it is in accordance with the requirements for the meal, the promotion process will be approved.

PT Nusantara Sentosa Raya has a system to detect and prevent potential disturbances to occupational safety and health, provide a safe and healthy work environment, provide safety and health training to employees. The monitor and evaluate the effectiveness of the occupational health and safety management system.

Description of the Ecological conditions of the concession

PT Nusantara Sentosa Raya identifies forest management activities that have an important impact and conducts an environmental impact assessment that analyse these potential impacts on the environment, this can be proven by the AMDAL Main Report, RKL and RPL reports which are made every semester.

Soil management refers to PP 150 of 2000 concerning Control of Soil Damage for Biomass Production. The area of PT. Nusantara Sentosa Raya is located in a mineral area (dryland), therefore its management is generally aimed at maintaining soil conditions in order to maintain carrying capacity for the environment and production activities, such as minimizing the impact of soil compaction and soil erosion due to land clearing (harvesting) and limited tillage.

Water management and monitoring activities carried out include river water and clean water in PT. Nusantara Sentosa Raya are the Seminaï river, Belantik river, Delum Pucuk river, Teluk Kasai river, Segati River and Sengawek river. The source of clean water used for the needs of employees and work operations comes from bore wells. The management of river water and clean water refers to PP No. 82 of 2001 concerning Water Quality Management and Minister of Health Regulation No. 32 of 2017 concerning Environmental Health Quality Standards and Water Health Requirements for sanitary hygiene needs.

The management and monitoring of air quality in HTI activities in the working area of PT. Nusantara Sentosa Raya is focused on the decrease in air quality caused by forest fire smoke and road dust, due to the traffic of operational vehicles which is indicated as the main source of pollution impact of decreasing air quality. Management efforts carried out by PT. Nusantara Sentosa Raya refers to PP. No. 41 of 1999 concerning Air Pollution Control.

The management of biological components in production activities at PT. Nusantara Sentosa Raya is intended as an effort to get the level of plant growth according to the target and control of plant pests and diseases. It is intended as part of conservation efforts to maintain and protect the existing biodiversity of flora and fauna, both in conservation and production areas.

Land preparation, planting and harvesting activities are expected to have an impact on the microclimate that occurs and have considerable implications for changes in land (soil) conditions, including the potential for fire hazards and the carrying capacity of existing habitats for fauna.

The steps taken:

- Implement a "no burning" policy, at every stage of activity in relation to preparation of planting sites and support initiatives to prevent and control fires and land.
- Avoid long-term land clearing which will directly affect the local microclimate.

The best B3 waste management is to apply the 3R (Reduce, Reuse, Recycle) principles. Hazardous and toxic waste (B3) originating from the company's operational results is collected in Temporary Shelters (TPS) in order to be more coordinated and minimize the risk of environmental pollution. PT. Nusantara Sentosa Raya already has a hazardous waste temporary storage permit issued by the Environmental Agency of Kampar Regency, with SK Number: 660/BLH/WAS/ILB3/2015. In terms of waste transportation, PT. Nusantara Sentosa Raya cooperates in transportation/delivery to third parties with PT. Shali Riau Lestari.

PT Nusantara Sentosa Raya has identified and inventoried flora and fauna in its working area. Where in the initial baseline, the results can be seen in the AMDAL Main Report document. Meanwhile, the current factual conditions can be seen in the Environmental Permit Implementation Report. The Management Unit has made a map of the distribution of wildlife around the Management Unit and a map of the distribution of protected vegetation in the production area

The Management Unit has the concession boundaries and protected areas, as follows:

- PT. Nusantara Sentosa Raya in the form of installing signboards at strategic locations such as the outermost guard post, company area boundaries with community land or with other companies.
- The marking of the boundaries of protected areas such as river borders and KPPNs is carried out by making area boundary markings in the form of red paint on stands (marking) along the edges of areas bordering other designated areas and marking boundaries with permanent stakes surrounding the protected area.

As well as the flora and fauna/protected species management, as follows:

- Implementation of Environmental Impact Assessment (EIA) Procedures. The implementation of the EIA needs to be carried out before the handover (handing over) of land from the harvesting party to the plantation party. This is to ensure that harvesting activities meet the environmental standards set by the company.
- Sign-board installation serves as an identity board for an area and as an appeal to preserve an area.
- Installation of no hunting boards,
- Installation of protected wildlife notice boards,
- Poaching prevention patrol.

PT Nusantara Sentosa Raya in activities to anticipate forest and land fires:

- Implement a "no burning" policy in land preparation activities and carry out a compartment system in HTI development activities, carry out maintenance of warning boards and fire hazard index boards.
- Provision of adequate facilities and infrastructure for forest and land fire prevention equipment.
- Controlling the accumulation of wood waste and functioning of road infrastructure as firebreaks.
- Thorough patrols in company areas, especially those bordering community land. Patrols are carried out using land vehicles (cars, motorbikes) and/or monitoring from fire towers and CCTV.
- Formation and training of firefighters,
- Collaborating with the surrounding community and the Department of the Environment and other relevant agencies (TNI & POLRI) in preventing forest and land fires.

Results of the Public Consultation

Prior to carrying out the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted public consultations commencing October 15, 2020, asking stakeholders to provide feedback and information about PT Nusantara Sentosa Raya. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to parties via e-mail or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultations. PT AJA Sertifikasi Indonesia did not receive any input from stakeholders during the public consultations.



The audit team also collected information from the mass media about PT Nusantara Sentosa Raya, the reported cases being given material consideration as part of the PT AJA Sertifikasi Indonesia audit process.

The Management Unit has identified all the requirements needed for this certification process, consisting of legal aspects that include compliance with rules and regulations, and international conventions. The management system has been established to cover all activities in the certification field, which is registered for an area of 23,030 hectares.

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

The Surveillance 2 Audit results recorded no Non-Conformity identified by the audit team either in Minor or Major category.

Conditions under which the certificate is issued

Certificate is valid until January 06, 2022, provided that PT Nusantara Sentosa Raya maintains its Surveillance schedule and does not have any major non-conformities at the time of the next Surveillance visit.