

Public Report Sustainable Forest Management System

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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 in Plantation Forest Area of 23,030 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 2

AUDIT START DATE: October 20, 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

AUDIT END DATE: October 23, 2017

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Amin Kadani

SIGNATURE:

Abdul Salam

SIGNATURE:

MAJOR CARS:-

MINOR CARS: -

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Nusantara Sentosa Raya	Langgam District, Pelalawan Regency and Kampar Kiri District, Kampar Regency, Riau Province, Republic of Indonesia.	October 20 to 23, 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	



Brief Description of the concession

PT. Nusantara Sentosa Raya was granted an industrial timber plantation license based on the Decree of the Minister of Forestry No. 202 / menhut-II / 2007. dated May 16, 2007 concerning the Granting of Business License for Wood Forest Product Utilization in Industrial Plantation Forest to PT. Siak Raya Timber for an area of approximately 23,030 hectares in Riau Province, and Forestry Minister's Decree No. SK.550 / MENHUT-II / 2012, dated October 4, 2012 on the Amendment to Decree of the Minister of Forestry Number SK.202 / Menhut-II / 2007 dated 16 May 2007 concerning the Granting of Timber Forest Product Utilization License in Plantation Forest for PT. Siak Raya Timber over the production forest area of 23,030 in Riau Province, further through Letter of the Minister of Forestry Number: S.347 / MENHUT-VI / 2012 dated 16 August 2012 concerning approval for the alienation of IUPHHK-HT PT. Siak Raya Timber to PT. Nusantara Sentosa Raya.

Based on the revised RKUPHHK-HTI PT. Nusantara Sentosa Raya has undertaken the spatial arrangement of its working area, as follows: (1) Protected Areas of 3,301 ha (14.33%), (2) Area Ineffective for Production of 1,360 ha (5.91%) , (3) Production Areas: Main Crops of 14,789 ha (64.22%), Enrichment Planting of 2,368 ha (10.28%), and Livelihood Plant Area of 1,212 ha (5.26%).

There has been no conversion of natural forest to plantation forest since December 31, 2010 so that the scope of the concession area of PT. Nusantara Sentosa Raya for IFCC certification is for an area of 23,030 ha.

The geographic location of PT. Nusantara Sentosa Raya lies between 00° 06' to 00° 10' North and 101° 21' to 101° 48 East'. In regard to governmental administration, the work area is located in the Kampar Kiri District of Kampar Regency and the Langgam District of Pelalawan Regency, Riau Province. Located in the Sei Forest Review group - Sei Kampar Kir - the topography of the area is 75% flat category (0-8%) and 25 % sloping (8-15%), located at an altitude of 80 to 148 meters above sea level.

According to the Land Map Sheet Pekanbaru (0816) Sumatera Scale 1: 250.000 in 1988 (Puslitanah) the area has Alluvial and Podsolc Red and Yellow types of soil, while its geological formation based on Geological Map of Pekanbaru Sheet Scale 1: 250.000 (Bandung Geology R & D Center, 1982) consists of Alluvium rock. The area has a Type A Climate with rainfall of 145 to 410 mm per month.

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

The villages surrounding the concession area of PT. Nusantara Sentosa Raya are Gading Permai, Rantau Kasih, Sotol and Mentulik villages. No indigenous peoples are found in accordance with the statutes of the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999), with the people living in settlements around the concession area being mainly ethnic Malay and Batak, together with transmigrants from Java.

The Management Unit of PT Nusantara Sentosa Raya has in place procedures relating to conflict resolution. The Management Unit has identified and mapped the land claimed or encroached upon by the community in 2016. Efforts that have been made by the Company to prevent the spread of land claims include reporting such to the Director General of Sustainable Production Forest Management, as well as requesting police assistance to address encroachment on the PT Nusantara Sentosa Raya working area. The Company takes a persuasive approach in handling land to be worked on by the community, offering a pattern of partnership or payment of compensation for the plants that exist on the arable land.

Agreements have been signed of the development of livelihood crops with the communities of Gading Permai, Mentulik and Rantau Kasih villages, which were recorded in front of a notary. Based on interviews with members of the Mentulik Village community, they receive a share of the profits from the livelihood crops, which are distributed after each harvest. Agreement was also reached on the establishment of a Concerned Community for Fire (MPA)with Rantau Kasih Village in June 2014.

The Management Unit of PT Nusantara Sentosa Raya undertakes Corporate Social Responsibility/ Community Development (CSR/ CD) programs, reports on which are submitted to the Provincial and District Forestry Offices on a periodic basis. Available reports on the realization of the 2016 Community Development program, reveal this to be in the



form of support for animal husbandry, as well as more charitable donation for religious activities in Gading Permai and Mentulik villages.

Description of the ecological conditions of the concession

PT Nusantara Sentosa Raya has allocated protected areas of 3,301 ha consisting of KPPN 50 ha, KPPS 50 ha and river & riparian boundary areas of 3,201ha. The Management Unit has also undertaken biodiversity management activities with the management and monitoring of flora and fauna, flora habitat and natural ecosystems, surveys, monitoring and identification of vegetation and wildlife each semester, plus undertaking enrichment planting with local species.

PT Nusantara Sentosa Raya has identified threats to the health and vitality of forest resources, such as forest fires, illegal logging, wild grazing, forest encroachment, hunting, pests and diseases and weeds, and addresses these through socialization to employees and local communities, entry only at Security Post, installation of signs banning the cutting down of forests, burning forest or encroachment. Daily patrols are undertaken to minimize such disturbances as land fires, pest infestation and diseases, and land occupation, Moreover, when illegal activities occur these are reported to the relevant authorities.

The management unit monitors the use of Hazardous Materials (B3) waste by collecting, storing and transporting via 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 its 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 performing the Surveillance 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing September 29, 2017, requesting stakeholders to provide feedback and information on PT. Nusantara Sentosa Raya. The public consultation was uploaded to PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email and / or postal mail, and announced in a local newspaper. No input was received from the stakeholders during public consultation.

The audit team also gathered information from the mass media about PT. Nusantara Sentosa Raya, the existing cases and reports being considered material in the audit process carried out by PT. AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, which include legal aspects and compliance with international rules or conventions. The established management system includes all field activities for certification, where the area registered for certification is 23,030 hectares.

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

Based on the results of Surveillance 2 Audit of PT Nusantara Sentosa Raya, no Non-Conformities of either a Major or Minor nature were identified by the audit team.

Conditions under which the certificate is issued

Certificate is valid until 19/11/2018.