

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 of 23,030 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Recertification

AUDIT START DATE: November 12, 2018

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: November 15, 2018

LEAD AUDITOR: Utomo

SIGNATURE:

AUDIT TEAM: Zaenal arifin

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: -

MINOR CARS: 8

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 Hilir District, Kampar Regency Riau Province – Republic of Indonesia.	November 12 to 15, 2018
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

Business Permit for Utilization of Timber Forest Products in Industrial Plantation Forests (IUPHHK-HTI) on behalf of PT Nusantara Sentosa Raya was originally named Business Permit for Utilization of Timber Forest Products in Industrial Plantation Forests of PT Siak Raya Timber. The name change of this legal entity has been approved by the Ministry of Forestry through the Minister of Forestry Decree No. SK.550 / Menhut-II / 2012 on October 4, 2012 concerning Amendment to Minister of Forestry Decree No. SK.202 / Menhut-II / 2007 dated May 16, 2007 concerning Provision of IUPHHK-HTI to PT Siak Raya Timber over Production Forest Areas in an area of approximately 23,330 ha in Riau Province. This decree contained a change in the name of a legal entity originally named PT Siak Raya Timber to become PT Nusantara Sentosa Raya. All rights and obligations that were originally the responsibility of PT Siak Raya Timber become the responsibility of PT Nusantara Sentosa Raya.

PT Nusantara Sentosa Raya (previously PT Siak Raya Timber) obtained a principal permit based on the Letter of the Minister of Forestry No. 183 / Menhut-IV / 1997 on February 13, 1997, for an area of approximately 23,000 ha. This principal permit is an agreement to reserve the area for the construction of industrial plantations. Subsequently in 1999, the AMDAL Documents for Concession of Pure Timber Plantation in PT Siak Raya Timber in the Dati II Kampar District of Riau Province, Riau were approved by the Director General of PHPA-Chair of the Forestry AMDAL Central Commission based on Letter No. 131 / DJ-VI / AMDAL / 99 on August 31, 1999.

In 2002 a Minister of Forestry Decree No. SK.202 / Menhut-II / 2007 dated May 16, 2007 was issued concerning Provision of IUPHHK-HTI to PT Siak Raya Timber over Production Forest Areas in an area of approximately 23,330 ha in Riau Province. The decision is valid for 100 years from its date of issuance.

There has been no conversion of natural forest to plantation forest since December 31, 2010 and thus the overall scope of the IFCC certification is for an area of 23,030 ha.

Geographically, the working area of PT Nusantara Sentosa Raya is located between 00° 06' 00.0" to 00° 10' 00.0" North and 101° 21' 00.0" to 101° 48' 00.0" East. The working area of PT Nusantara Sentosa Raya is located in the Group of Tesso Fores, falling under the governmental administration of Kampar Kiri Hilir District, Kampar Regency and Langgam District, Pelalawan Regency.

The topography of the area is split between the flat category (0-8%) covering 38% and the sloping category (8-15%) covering 62%, located at an altitude of 80 to 150 m above sea level. Based on the Map of Land Sheet Unit of Pekanbaru (0816) Scale 1: 250,000 in 1988 (Puslitanak - Center for Soil Research and Agro-climate) the type of soil in the working area of PT Nusantara Sentosa Raya is Alluvial and Red Yellow Podsollic. Geological Formation based on the Geological Map of Pekanbaru Scale 1: 250,000 (Center for Geological Research Bandung, 1982) consists of Alluvium rocks. According to the Schmidt-Fergusson climate classification, the climate in the PT Nusantara Sentosa Raya work area is included in the climate type A, with rainfall ranging from 145 to 410 mm / month.

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

There are five (5) villages located around the concession, namely Rantau Kasih Village, Mentulik Village, Gading Permai Village in the Kampar Kiri Hilir Subdistrict area, and Segati Village, and Sotol Village under the Langgam District area. Segati and Rantau Kasih Villages are directly adjacent to the concession.

Communities dominating the settlements around the concession area are generally ethnic Malay and Batak, along with transmigrants from Java. PT Nusantara Sentosa Raya has identified the existence of the local communities living in the



villages, granting them recognition and respect.

PT Nusantara Sentosa Raya appreciates the customary rights of the villagers, which were identified in the period prior to 2013, by conducting an MoU on the Management of Livelihood Plants through the development of acacia plantations in a profit-sharing partnership. Agreements on Livelihood Plants Management have also been signed with the individual villages. Together with the community, PT Nusantara Sentosa Raya has also formed a Community Fire Awareness (MPA) group.

In the period 2017 to 2026, community empowerment is planned through partnerships for the management of livelihood plants and plantation forest activity segments, as well as institutional strengthening.

Description of the ecological conditions of the concession

PT Nusantara Sentosa Raya has identified, inventoried, allocated, and mapped the Protected Areas of 4,530 ha (19.7%) that consist of the Peat Ecosystem Protection Area (FLEG) covering an area of 1,682 ha (7.3%) and Non-Peat Protected Areas (mineral soil) covering an area of 2,848 (12.4%). Of the total 4,530 ha of Protected Areas, 3,382 ha (14.7%) are in the form of riparian buffer zones acting as borders in both the peat soil and mineral soil areas. Of the remaining area, 502 ha (2.2%) are Germplasm Conservation Area/Wildlife Conservation Area, 401 ha (1.7%) cover Peat Ecosystem Function (FEG), and 245 ha (1.1%) covering other protected (peat) areas.

The Management Unit monitors the negative impact of forest management activities referring to the AMDAL document of PT Nusantara Sentosa Raya and reported in the Implementation Report of the Environmental Permit for Industrial Plantation Forest Activities of PT Nusantara Sentosa Raya of January to June 2018 (First Semester).

The results of land and water monitoring indicate that forest management operational activities having an impact on the physical quality of the soil and water can still be minimized or are still below environmental quality standards. Based on the results of the monitoring, an evaluation consisted of trend evaluation, critical level evaluation and structuring level evaluation. Physical monitoring of soil chemistry includes making permanent sample plots monitoring soil fertility, soil density and erosion rates. Monitoring is done by taking soil samples on sample plots and then analyzing them in the laboratory. Monitoring is carried out in several predetermined locations, namely; natural forest area, area of plants younger than one (1) year and area of plants older than one (1) year.

PT Nusantara Sentosa Raya has a documented procedure for forest protection against fire, under which it has implemented protective measures. It has also involved the local community in fire-watch activities.

Results of the Public Consultation

Prior to conducting the Recertification Audit, PT AJA Sertifikasi Indonesia carried out public consultation commencing October 23, 2018, 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 the parties via email or postal mail, and published in local newspapers. PT AJA Sertifikasi Indonesia received no input from stakeholders.

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

Management Unit has identified all the requirements required 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 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.

Results of the Recertification Audit of PT Nusantara Sentosa Raya identified eight (8) Minor Non-Conformities. The management system of PT Nusantara Sentosa Raya is operating effectively. No critical issues of time were identified.

NO	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1	PT Nusantara Sentosa Raya has not completed the arrangement of boundaries of its working area. Clause Ref. (I.1.1)	PT Nusantara Sentosa Raya has sent a letter to the Director of Forest Estate Affirmation and Stewardship with No. Letter: 288 / NSR / XII / 2018 dated 14 December 2018, regarding: Application for Boundary Arrangement of PT Nusantara Sentosa Raya's IUPHHK-HTI Work Area in Riau Province, accompanied by its own boundary arrangement work plan and map of PT Nusantara Sentosa Raya's IUPHHK-HTI Working Area and the shared boundary with PT Riau Andalan Pulp & Paper's IUPHHK-HTI and PT Nusa Wana Raya in Kampar and Pelalawan Regencies of Riau Province, which have been repaired.	Minor
2	The Management Unit has conducted mapping and conflict resolution but has not reported such to the requisite authorities of Riau Province Environmental and Forestry Service for the attention of the Director General of Sustainable Production Forest Management and the Monitoring Center for Sustainable Production Forest Utilization. Clause Ref. (I.9.5)	PT Nusantara Sentosa Raya will renew the potential maps and conflict resolution to anticipate potential conflicts and maintain a safe and controlled condition for conflicts that might occur. PT Nusantara Sentosa Raya has attempted to report every conflict that has occurred in its concession area with evidence of a police report and one of the letters to the Riau Province Environment and Forestry Service.	Minor
3	In the current RKUPHHK-HTI document, there are non-forest areas in the Local Protection Area and Other Protected Areas for which PT Nusantara Sentosa Raya has no plans for the realization of rehabilitation. Clause Ref. (I.4.5)	PT Nusantara Sentosa Raya will carry out a ground check to ascertain the existence of the degraded land in question. PT Nusantara Sentosa Raya will optimize the function of the land and rehabilitate the locations of protected areas/buffer zones as required	Minor



<p>4</p>	<p>The SOP for the NTFP (non-timber forest products) Inventory does not regulate the use of NTFP other than <i>sialang</i> honey, and there is no agreement with the community that the use of NTFPs shall not exceed the level of sustainability.</p> <p>Clause Ref. (I.5.4)</p>	<p>PT Nusantara Sentosa Raya monitors and records the types of NTFPs and their utilization.</p> <p>PT Nusantara Sentosa Raya will revise the SOP of the NTFP Inventory so that the types of NTFPs utilized by the community are in accordance with those contained in the SOP.</p> <p>PT Nusantara Sentosa Raya will prepare a letter of agreement as proof of the NTFP beneficiaries' responsibility for the approval of any rules / prohibitions contained in the agreement so that the use of NTFPs will not exceed the level of sustainability and will not damage the natural resources ecosystem.</p>	<p>Minor</p>
<p>5</p>	<p>Field inspection was unable to identify the existence of the Water Sampling Point, and thus the requisite SOP needs to be revised / improved.</p> <p>Clause Ref. (I.6.4)</p>	<p>PT Nusantara Sentosa Raya has installed Water Levels at the Seminai Inlet River and Delumpucuk Outlet River points and has improved the installation position so that should flooding occur, the Water Level will not be washed away.</p> <p>The requisite SOP is in the process of revision / improvement.</p>	<p>Minor</p>
<p>6</p>	<p>The installation of sign boards for physical-chemical, biological (physical-chemical plots, soil, flora and fauna) environmental management plots and protected areas lacked complete information, especially the location / sampling by including coordinates.</p> <p>Clause Ref. (I.6.5)</p>	<p>The HSE Team of PT Nusantara Sentosa Raya has made improvements to the sign boards that lacked information, primarily the location / coordinates.</p>	<p>Minor</p>
<p>7</p>	<p>The Management Unit has not yet conducted special health checks for workers undertaking certain work tasks in order to ensure that they have not been exposed to hazardous chemicals.</p> <p>Clause Ref. (I.12.1)</p>	<p>The HSE Section and General Administration of PT Nusantara Sentosa Raya has submitted a letter to the Director for MCU Cholineterase to be conducted on contractors and logistics officers who are directly exposed to chemicals.</p>	<p>Minor</p>



8	There is an LOA area allocated as Staple Plant and Livelihood Plant, as presented in the current RKUPHHK document No such area could be found on the Spatial Map (No. Compt, Area, Status). This has the potential to cause incompatibility with the standard, especially in the scope of certification and traceability system of harvested wood. Clause Ref. (III.1.1) and (III.2.1)	PT Nusantara Sentosa Raya has followed company rules and commitments, and also anticipates certain conditions that are also regulated in the IFCC indicator criteria. PT Nusantara Sentosa Raya has implemented a wood traceability system with proof of the company's Legal Wood Certification with the title of Compliance.	Minor
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Conditions under which the certificate is issued

Certificate is valid until 06/01/2022, provided that PT Nusantara Sentosa Raya 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.