

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 NUSA PRIMA MANUNGGAL

TOTAL HECTARES: 4,412 ha

SCOPE OF REGISTRATION: Sustainable Forest Management of 4,412 hectares of Plantation Forest in Riau Province

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: January 15, 2019

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: January 17, 2019

LEAD AUDITOR: Riyadi Sigit Pamungkas

SIGNATURE:

AUDIT TEAM: Agung Utama Lubis

SIGNATURE:

Utomo

SIGNATURE:

MAJOR CARS:-

MINOR CARS: 5

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Nusa Prima Manunggal	Pangkalan Gondai Village, Langgam District, Pelalawan Regency, Riau Province, Indonesia	January 15 to 17, 2019
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	
	NA	

Document: Report Format Public – IFCC

Issue: D

Date: 15 September 2016

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Brief Description of the concession

On 2008, the Environment Management Documents on behalf of PT Nusa Prima Manunggal obtained approval from the Head of Bapedalda of Pelalawan District as stated in Letter No. 660/Bapedalda/VII/08/606.

Furthermore, on May 27, 2010 PT Nusa Prima Manunggal issued a Basic Map of the Work Area (PDAK) of IUPHHK-HTI as a reference in the preparation of the RKUPHHK and RKTUPHHK, which were approved based on the Director's Letter of Inventory and Monitoring of Forest Resources, Directorate General of Forestry Planning Number S.253/IPSDH-3/2010.

RKUPHHK-HTI for period of 2011-2020 was approved based on Minister of Forestry Decree No. SK.50/VI-BUHT/2011 concerning RKUPHHK-HTI for a 10-year period from 2011-2020 on behalf of PT Nusa Prima Manunggal in Riau Province. The revision of the RKUPHHK-HTI was approved based on Minister of Environment Decree No. LHK. SK.3515/MenLHK-PHPL/UHP/HPL.1/ 5/2018 dated 24/5/2018 regarding the 2017 - 2026 RKUPHHK-HTI Agreement in Order to Improve Peat Governance on behalf of PT Nusa Prima Manunggal in Riau Province.

There has been no conversion of natural forest to plantation forest since December 31, 2010 in the work area of PT Nusa Prima Manunggal. The total area of the concession was 4,412 ha so the scope of the IFCC certification is for an area of 4,412 ha. Thus the wood produced has a claim to being 100% PEFC certified. However, the boundaries of PT Nusa Prima Manunggal's work area have been compromised and per issuance of Minister of Environment Decree No. SK.463/MenLHK/Setjen/PLA.2/11/2018 dated 5/11/2018 concerning Determination of PT Nusa Prima Manunggal's IUPHHK-HTI Working Area in Pelalawan Regency, Riau Province, the working area that was initially 4,412 ha is now recorded as being 4,289 ha.

Based on the revision of the RKUPHHK-HTI, the spatial planning is as follows: Area for Peat Ecosystem Protection of 17 ha (0.4%), Local Protected Area and Other Protected Area of 554 ha (12.9%), Staple Plant Area of 2,338 ha (54.5%), and Livelihood Plant Area of 1,380 ha (32.3%), with the total area of 4,289 ha (100%).

PT Nusa Prima Manunggal's concession area is located between 0° 03' 06" to 0° 07' 07" North and 101° 46' 05" to 101° 48' 01" East. It falls under the governmental administration of Pangkalan Gondai Village, Langgam District, Pelalawan Regency, Riau Province.

The boundaries of PT Nusa Prima Manunggal are as follows:

- North: Mamahan River, Pangkalan Gondai Village and Oil Palm Plantation PT Mitra Unggul Perkasa
- South: PT Siak Timber IUPHHK-HTI, PT Bina Daya Langgam IUPHHK-HTI, PT Arara Abadi District Nilo IUPHHK HTI
- West: PT Nusa Wana Raya IUPHHK-HTI
- East: HGU Plantation at PT Langgam Inti Hibrindo

Topography of the work area is flat (slopes 0-8%) at an altitude of 50 to 90 meters above sea level.

Climate is Type A (Schmidt/Fergusson Classification 1995) with rainfall of 933 mm per semester..

Based on the foregoing, the species cultivated are *Accacia mangium* and *Accacia crassicarpa*

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



Based on the Environmental Management and Environmental Monitoring Efforts document (UKL / UPL), there is one village in the PT Nusa Prima Manunggal concession, namely Pangkalan Gondai Village. Based on interviews with the Management Unit, the origin of the formation of PT Nusa Prima Manunggal was a collaboration between the company and the community, the Cooperation Agreement being signed in 2001.

There are claims of the indigenous peoples with Ulayat Rights. Based on field observations, the community of Pangkalan Gondai Village are not classified as being a customary law community, due to land tenure being in the form of individual control while ulayat rights require communal control. In terms of livelihoods, villagers have settled agricultural livelihoods cultivating rubber and oil palm.

PT Nusa Prima Manunggal has defined procedures for conflict resolution based on the principle of consultation and collaboration with the surrounding community. PT Nusa Prima Manunggal provides access to members of the community to utilize non-timber forest products (NTFPs) that have economic value such as honey, fish, and resin.

PT Nusa Prima Manunggal has also provided support to the surrounding community through its Corporate Social Responsibility (CSR) program. This includes assistance in the areas of economic advancement, health, education and infrastructure, as well as social and religious funding. In addition to its CSR activities, PT Nusa Prima Manunggal also realizes its responsibilities under the forest development cooperation with the village community and provides revenue-sharing funds to the community.

Description of the ecological conditions of the concession

PT Nusa Prima Manunggal has identified areas that serve to protect land and implements appropriate measures to protect the area from damage (erosion, landslides, etc.) due to operational activities of forest management. The monitoring of activities includes the measurement the physical and chemical properties of the soil, soil erosion, hydrological components, water discharge, and sedimentation.

PT Nusa Prima Manunggal rehabilitates critical land in accordance with the plans in the RKT 2018 document. Its objectives are to maintain and repair protected, endemic, rare flora and fauna habitats and endangered species, as well as features for biological interests such as parent trees/seedlings, dead old trees, nesting and animal food sources.

PT Nusa Prima Manunggal has identified protected and threatened/endangered key species, as well as their habitat and migration patterns including landscape considerations; and implements appropriate management measures to minimize the negative impacts of the Management Unit operational activities on these species.

The key species in the area are the hornbills (*Aceros corrugatus*, *Bucheros rhinoceros*). In the results of identification of animals within the last year the presence of the latter species was confirmed as reported in the semester reports to the authorities.

Field verification confirms that the forests in the Management Unit's protected area are secondary forest. The *Bucheros rhinoceros* species of hornbill readily adapts to secondary forest areas, whereas *Aceros corrugatus* is only found in primary forest areas, and thus is not present in this area.

Determination of the type of protected trees is dependent on several criteria. Protected tree species include: balam (*Payena spp*), forest durian (*Durio zibethinus*), kempas (*Koompasia malaccensis*) and ramin (*Gonystylus bancanus*). Meranti tree species (*Shorea spp*) is favored by the hornbills nest, while the bees appear to be attracted to kempas.

Other types of forest disturbances in the form of illegal settlements and illegal hunting are not found in the concession area of PT Nusa Prima Manunggal. The Management Unit records such problems as encroachment and land claims, identifying the areas claimed or encroached upon by outside parties and reporting the details to the authorities.



The Management Unit has the necessary infrastructure in place to help prevent and counter a variety of forest disturbances. Its canal network acts as a transportation network for patrols as well as a firebreak.

As part of its commitment under the Concerned Community for Fire (MPA) agreement with Pangkalan Gondai Village, the Management Unit has providing training and equipment to the village community to augment its firefighting capabilities.

Results of the Public Consultation

Prior to conducting the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia carried out a Public Consultation commencing January 7, 2019, requesting stakeholders to provide feedback and information about PT Nusa Prima Manunggal. 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 consultation.

The audit team also collected information from the mass media about PT Nusa Prima Manunggal, 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, which consist of legal aspects that include compliance with rules and regulations and international conventions. The management system has been built to cover all activities in the field of certification, which is registered for an area covering 4,412 hectares.

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

Results of the Surveillance 1 Audit of PT Nusa Prima Manunggal identified five (5) Minor Non-Conformities as listed below

No.	Non-conformity (NC)	Corrective Action to be Undertaken	Category
1	PT Nusa Prima Manunggal was not able to provide documentary evidence of the allocation of funds used for all of its activities in sustainable forest management for the years ended 31 December 2018 and 2017. Clause Ref. I.1.7.	MU has attached evidence in the form of HTI Development Fee dated December 2018, which includes complete evidence of plans and realization of HTI development costs.	Minor
2	MU did not provide a publically available summary of it management plans and annual reports. Clause Ref. I.2.4	PT Nusa Prima Manunggal has made a commitment to PHPL Standards in "Providing information to the Public regarding Forest Management Summary and Annual Report."	Minor
3	MU did not provide a publically available summary of the monitoring and evaluation report. Clause Ref. I.3.3	PT Nusa Prima Manunggal has made a commitment to PHPL Standards in "Providing information to the Public regarding Forest Management Summary and Annual Report."	Minor



4	Based on the interpretation of Landsat imagery, empty land and shrubs were identified that MU has not shown on its spatial maps. Clause Ref. I.3.4	The Management Unit has made a description on the spatial map: the areas consist of a protected area of 416.3 ha, facilities 4.9 ha, the area of livelihood plants covering 1,223.0 ha, and the area of staple plants of 196.7 ha	Minor
5	In the area of vacant land and shrubs identified, MU has not planned to undertake rehabilitation. Clause Ref. I.4.5	PT Nusa Prima Manunggal has sent evidence of a Rehabilitation Plan on Livelihood Plants with a total area of 1,222.5 hectares, which will be carried out over 10 years, starting in 2018/2019 until 2025/2026.	Minor

Conditions under which the certificate is issued

Certificate is valid until (11/03/2021), provided that **PT Nusa Prima Manunggal** 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.