

Public Report Sustainable Forest Management System

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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 in Plantation Forest of 4,412 hectares in Riau Province, Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Stage 2

AUDIT START DATE: January 17, 2018

AUDIT END DATE: Januari 19, 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

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Riyadi Sigit Pamungkas

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

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, Republic of Indonesia	January 17 - 19, 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	
NA		

Document: Report Format Public - IFCC

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Date: 15 September 2016



Brief Description of the concession

PT Nusa Prima Manunggal obtained its concession permit per Decree of Head of Pelalawan Regency Number 522.1 / Dishut / XI / 2002/002 regarding Granting of Right to Utilization of Timber Forest Product to PT Nusa Prima Manunggal of gross area approximately 4,412 hectares, net area of approximately 3,600 hectares in Pelalawan Regency.

The forest management operations are based on the RKUPHHK-HTI document, approved by Decree of the Minister of Forestry Number SK.50 / VI-BUHT / 2011 dated April 11, 2011 concerning Approval of Timber Forest Product Timber Forest Product Utilization Work Plan (RKUPHHK-HTI) for the 10-year period of 2011 to 2020 on behalf of PT Nusa Prima Manunggal in Riau province

Based on the RKUPHHK-HTI document, the spatial planning is as follows: Protected Areas of 536 ha (12.15%), Area Ineffective for Production of 100 ha (2.27%), Primary Plant Area of 2,471 ha (56.01%), Indigenous Plant Area of 450 ha (10.20%) and Livelihood Plant Area of 855 ha (19.38%); total 4,412 ha (100.01% due to rounding). Protected Areas consist of: Riparian Areas of 448 ha (10.15%) and KPPN of 88 ha (1.99%).

There has been no conversion of natural forest to plantation forest since December 31, 2010, so the scope of the IFCC certification is for 4,412 ha

The concession area falls under the governmental administration of Langgam District, Pelalawan Regency, Riau Province.

The working area is located between 00°03' 06" to 00°07' 07" North and 101°46' 05" to 101°48' 01" East. The working area is bounded to the North by: PT Peputra Putera Jaya and PT Prawira; to the South by: PT Arara Abadi and KUD Bina Jaya Langgam; to the East by: PT Langgam Inti Hibrindo; and to the West by: PT Nusa Wana Raya.

The topography of the working area is flat (slope 0-8%), while the river in the working area is the Mamahan river. The species cultivated in the working area are *Acacia mangium* and *Acacia crassicarpa*

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

Based on UKL / UPL document at the study location there is land with the status of communal rights but with the land ownership pattern being individual rather than communal. Patterns of land ownership and tenure of tenure rights adhere to customary patterns, in which the cultivators are only allowed to use the land and have limited means.

The concession area of PT Nusa Prima Manunggal is the area of ulayat land of Batin Mudo and Batin Pelabi of Pangkalan Gondai Village, Langgam District, with whom, based on deliberation, PT Nusa Prima Manunggal signed a notarized cooperation agreement with the provision of compensation to the community in the village in the form of harvest of forest plantation. Based on the monograph of Pangkalan Gondai Village in 2016, there are three Bathin (traditional heads) in Pangkalan Gondai village: Batin Mudo, Batin Pelabi and Batin Hitam. The Company has assisted in the rehabilitation of the Indigenous communities of Pangkalan Gondai Village in 2017, thus demonstrating the Management Unit's acknowledgement of the customary presence of the village.

The Management Unit of PT Nusa Prima Manunggal has defined procedures for conflict resolution, the purpose of which is as a reference for completion or resolution of social conflict by referring to the principle of consent without prior free informed consent (FPIC) that is relevant to the Company's operations.

The scope of the procedure covers the ulayat land rights of the local community and of external community in respect to community land with proven local customary rights such as former farming, processed land, village, cemetery complex or cultural heritage. The procedure covers the handling of the matter from initial claim, through processing and deliberations through to resolution, as well as retention of full documentation of all stages through reporting of the results of the resolution process.

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Management Unit has the following agreements with the local community :

1. Cooperation agreement regarding forestry concession between Village Unit Cooperative (KUD) Karya Cipta Bersama and PT Nusa Prima Manunggal
2. Memorandum of Understanding (MoU) on the formation of Concerned Community for Fire (MPA) with Pangkalan Gondai Village

The agreement regarding forestry concession refers to the deed signed in respect to the ulayat land of Batin Mudo and Batin Pelabi of Pangkalan Gondai Village. Based on the deed, KUD Karya Cipta Bersama parties agree to enter into a forest concession agreement on 6,050 ha of the ulayat land to be managed by PT Nusa Prima Manunggal for a term of 35 years plus one production cycle of eight (8) years. The Management Unit has complied with the terms of the agreement and there is evidence of payment of fees to the community for the production of acacia wood for the years 2014 through 2017.

The MoU on the formation of the Concerned Community for Fire (MPA) of Pangkalan Gondai Village, meanwhile, was approved by the head of the village and acknowledges that MPA is a community that voluntarily cares for the control of forest and land fires and who have been trained and provided with briefing and can be empowered to help control forest and land fires.

Based on interviews with the village head of Pangkalan Gondai, the MPA is still in existence and carries out effective work in the dry season, plus payment of wood fees has always been made by the Company to the Cooperative and should there be an urgent need for funds by the Cooperative then the Company can provide loans and later deduct from the timber production fees.

In addition, the Management Unit carries out its Corporate Social Responsibility (CSR) program, which in 2017 took the form of :

- a. Social Assistance: sports equipment, furniture for village office, and plaster for construction of mosque, material aid for construction of soccer field in Pangkalan Gondai Village.
- b. Assistance: seed packages, health counseling and training health care staff.
- c. Economic assistance: business development and entrepreneurial seminar.
- d. Educational assistance: scholarship assistance STTP Pelalawan.
- e.

Description of the ecological conditions of the concession

The Management Unit has identified forest management activities that have significant impacts on physical, chemical (erosion, sedimentation, water quality, soil fertility, microclimate) and biological (standing potential, species diversity, pests, habitat changes). The Management Unit has made efforts to minimize the negative impacts of the RKL (Environmental Management Plan) / RPL (Environmental Monitoring Plan) report, , the results of which are reported to the requisite authorities on a periodic basis.

Components that are managed and monitored across the plantation working areas comprise physical, chemical and biological components. Physical and chemical components include; microclimate, air quality, soil fertility, soil erosion, river flow, sedimentation, water quality and fire hazards. Biological components, meanwhile, include not only protected plant and animal species, but also enrichment planting. Among the species included in the enrichment planting are: Pulai (*Alstonia scholaris*), Kedondong (*Spondias dulcis*), Kelat (*Dillenia reticulata*), and Rambutan (*Nephelium lappoceum*).

Besides activities to socialize the importance of the forest areas and the need to maintain security, as well as installing sign and warning boards, routine patrols are also carried out to prevent events that could cause disruption of the forest such as incursions, illegal land clearance, lighting of fires, etc. The patrols also take care to identify any indication of disease or infestation by pests.

As part of its commitment under the Concerned Community for Fire (MPA) agreement with Pangkalan Gondai Village, the

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Management Unit provides training and equipment to augment its firefighting capabilities.

Results of the Public Consultation

Prior to carrying out the Stage 2 Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing on January 08, 2018, asking stakeholders to provide feedback and information on PT. Nusa Prima Manunggal. Public Consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to related parties via email and / or postal mail, and announced in local newspapers.

PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation. The audit team also collected information from the mass media about PT. Nusa Prima Manunggal, such items being considered as material in the audit process implemented by PT. AJA Sertifikasi Indonesia.

PT. Nusa Prima Manunggal has identified all the requirements required for this certification process, comprising legal aspects that include compliance with international regulations or conventions. The established management system includes all field activities for certification, where the area registered for certification is 4,412 ha.

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 the Stage 2 Audit of PT. Nusa Prima Manunggal, no Non- Conformities were identified by the Audit Team.

Conditions under which the certificate is issued

Certificate is valid until 11/03/2021