

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

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: Surveillance 1

AUDIT START DATE: November 5, 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: November 8, 2019

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Ardi Prasetyo

SIGNATURE:

Agung Utama Lubis

SIGNATURE:

Three signature boxes with handwritten signatures in blue ink.

MAJOR CARS : -

MINOR CARS : 1

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED INCLUDING COUNTRY	DATE OF EACH SITE VISIT:
PT Nusan- tara Sentosa Raya	Kampar Kiri District, Kampar Regency, and Langgam District, Pelalawan Regency, Riau Province, Republic of Indonesia	November 5 to 8, 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	



Brief Description of the concession

PT Nusantara Sentosa Raya's IUPHHK-HTI (Industrial Timber Forest Product Utilization Permit):

- Minister of Forestry Decree No. 202 / Menhut-II / 2007. May 16, 2007 concerning the granting of IUPHHK-HTI to PT Siak Raya Timber for about 23,030 ha of production forest area in Riau Province.
- Minister of Forestry Decree No. SK.550 / Menhut-II / 2012, dated 4 October 2012 concerning Amendment to Minister of Forestry Decree No. SK.202 / Menhut-II / 2007 dated 16-5-2007 concerning the Granting of IUPHHK-HTI to PT. Siak Raya Timber over a production forest area of **about** 23,030 in Riau Province.
- Minister of Forestry Decree No. S.347 / Menhut-VI / 2012 dated 16 August 2012 concerning the approval of PT Siak Raya Timber's IUPHHK-HT transfer to PT Nusantara Sentosa Raya.

Work Plan for Industrial Timber Forest Product Utilization (RKUPHHK-HTI) was 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 Approval of Work Plan for Utilization of Timber Forest Timber Industrial Forest Products (RKUPHHK-HTI) for the 10-year period 2017 - 2026 in the Framework of Improving Peat Governance on behalf of PT Nusantara Sentosa Raya in Riau Province.

The Management Unit has made spatial planning as follows: Peat Ecosystem Protection Function Area of 1,682 ha (7.30%), Local Protection Area and Other Protected Area of 2,848 ha (12.37%), Staple Plant Area of 14,429 ha (62.65%), Livelihood Plant Area of 4,071 ha (17.68%).

Local Protected Areas and Other Protected Areas consist of Riparian Zone of 2,622 ha (11.39%) and KPPN / KPSL of 226 ha (0.98%).

PT Nusantara Sentosa Raya is geographically located between 00° 06' 00" to 00° 10' 00" North and 101° 21' 00" to 101° 48' 00" East. The work area is located in two sub-districts namely Langgam District, Pelalawan Regency and Kampar Kiri District, Kampar Regency, and is included in the Kampung Kiri Forest Group (KH) Sei-Peni Sei Group, being hydrologically included in the Tesso River Basin. The topography of the area is 38% of the flat category (0-8%) and 62% of ramps (8-15%) located at an altitude of 80-150 meters above sea level.

Based on the Map of Land and Land Sheet Pekanbaru (0816) Scale 1: 250,000 in 1988 (Puslitanak - Center for Soil and Agro-climate Research) the soil types in the work area are Alluvial and Podsolik Merah Putih. Geological Formations based on Geological Maps Pekanbaru Sheet Scale 1: 250,000 (Bandung Geological Research and Development Center, 1982), consists of Alluvium rocks. According to the Schmidt-Fergusson climate classification, the climate in the work area of PT Nusantara Sentosa Raya is included in the type of climate: A, with rainfall of 145-410 mm/month.

There has been no conversion of natural forest into plantation forest after December 31, 2010 and thus the scope of the IFCC certification is for an area of 23,030 hectares. Types of plants developed by PT Nusantara Sentosa Raya are *Acacia crassicarpa*, *Acacia mangium*, and *Eucalyptus* sp.

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

Communities living around the PT Nusantara Sentosa Raya concession are local communities, there being no customary law communities around the company's concessions. Based on population data in the RKUPHHK-HTI document, 55.3% of Langgam District population and 47% of Kampar Kiri District residents work in the agriculture sector.



PT Nusantara Sentosa Raya has standard procedures for conflict resolution within the company's concession area. These include recording every action taken from the initial report of the conflict, through discussions to reach an amicable solution, until the conflict is finally resolved. Data of claim areas are recorded along with a summary of the conflict resolution efforts that have been made by PT Nusantara Sentosa Raya. Indicative maps of encroachment and claims in the work area of PT Nusantara Sentosa Raya's IUPHHK HTI, Scale 1: 120,000 are also recorded.

PT Nusantara Sentosa Raya has cooperated in forest management with the surrounding communities. As stated in the 2018 recertification audit, the cooperation includes Livelihood Plant Cooperation Agreements with the villages and the Management Unit allows the community to utilize non-timber forest products (NTFPs) such as river fish, honey, resin and rattan, providing this is traditionally managed with local wisdom..

PT Nusantara Sentosa Raya has met its corporate social responsibilities through conducting its CD Program on an annual basis. Minutes of Handover of the CD Program for 2019 cover educational provisions (computer and printer assistance for elementary school); help in the religious field (aid for mosque and mushalla facilities, together with infrastructure provision); economic assistance (cattle and catfish fry); social and environment (youth sports equipment).

Description of the ecological conditions of the concession

To minimize the environmental impact caused by forest management, PT. Nusantara Sentosa Raya has taken the following steps:

- Establishing and maintaining protected areas, where existing protected areas represent the types of natural ecosystems that exist. A protected area and boundary palms are found.
- Applying Reduced Impact Logging (RIL) to harvesting activities
- Using pesticides that are not prohibited to deal with pests and diseases of main crops and weeds
- Minimizing oil spills to land and water by adding oil trap facilities to generator sets that are built.
- Building temporary storage places for hazardous and toxic hazardous waste (TPS LB3)
- Carrying out rehabilitation of degraded land in Sengawek River Border due to encroachment.
- Carrying out periodic identification and monitoring of the types of flora and fauna that exist in the work area. The types of native flora and fauna that exist are protected by providing their habitat in the form of protected areas. The Sumatran Elephant (*Elephas maximus*) is the key species.

The Management Unit has also monitored the impact of forest management on soil (physical-chemical, erosion and fertility) and water (river water quality and discharge), with the results are reported each semester in the Environmental Permit Implementation Report.

The Management Unit has minimized the negative impacts of invasive plant species. Although it still uses a staple plant species that is invasive, namely *Acacia mangium*, the control of its spread is closely monitored and the population is now beginning to be reduced and replaced by another species of staple plant, namely *Eucalyptus pellita*, which although it is an introductory plant is not invasive. The Management Unit also does not plant staple or other types of plants that are genetically modified. To support the success of its production, the Management Unit uses a fertilizer regime of type, dosage and time of use based on recommendations from the R&D department of PT. RAPP.

The Management Unit routinely conducts forest patrols to counter forest disturbances, especially Illegal logging, encroachment and poaching and illegal fishing (stun fishing and with poison), reporting violations to the authorities. Signboards are installed in the form of bans on lighting fires, illegal logging, and hunting animals, while noticeboards are also found in the form of notifications of protected flora and fauna types and elephant crossing routes. Security posts and portals are meant to restrict outside parties from entering the Management Unit work area. Prevention and combatting forest and land fires, is aided by forming the organization of the Land and Forest Fire Control Brigade (Brigdalkarlahut). Other facilities such as fire towers, CCTV monitor towers and water reservoirs are also found. The Management Unit has also formed the Community Fire Awareness (MPA) to participate in preventing and controlling



forest and land fires in the Management Unit's work area and surroundings.

Results of the Public Consultation

Prior to carrying out the Surveillance 1 Audit, PT AJA Sertifikasi Indonesia conducted public consultations commencing October 11, 2019, 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.

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.

Based on the Surveillance 1 Audit results, one (1) Minor Non-Conformities was identified by the audit team as follows:

No	Non-Conformities	Corrective Action Performed	Category
1	<p>There are still forest management activities in the field that are not in accordance with the SOP:</p> <ul style="list-style-type: none"> a. The material of the signboard is not in accordance with SOP of Spatial Management of Industrial Forest Plants b. PSP (Permanent Sample Plots) Center making was not in accordance with SOP of Permanent Sample Plots c. Tree labelling is not in accordance with SOP of Plantation Forest Inventory <p>Indicator: I.1.11</p>	<p>The Management Unit has implemented improvements for the Non-Conformities of signboard material, PSP Center plots making, and tree labelling in the field, so these are in accordance with SOPs.</p>	Minor

Conditions under which the certificate is issued

Certificate is valid until (January 06, 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.