

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. Nusantara Sentosa Raya

TOTAL HECTARES: 23,030 ha

SCOPE OF REGISTRATION: Sustainable Forest Management in Plantation Forest covering an area of 23,030 hectares in Riau Province, Republic of Indonesia

STANDARD/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1

AUDIT START DATE: November 7, 2016

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 10, 2016

LEAD AUDITOR: Abdullah Mujahid

SIGNATURE:

AUDIT TEAM: Amin Kadeni

SIGNATURE:

Warsito

SIGNATURE:

MAJOR CARS:

MINOR CARS: 3

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.	November 7 – 10, 2016
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	

Document: Report Format Public – IFCC

Issue: D

Date: 15 September 2016



Brief Description of the concession

PT. Nusantara Sentosa Raya obtained its industrial forest exploitation permit per Ministry of Forestry Decree No. 202 / Menhut-II / 2007. dated May 16, 2007 on the Granting of Utilization of Industrial Timber Plantation Forest to PT. Siak Raya Timber covering an area of 23,030 hectares in Riau Province, and Forestry Ministerial Decree No. SK.550 / MENHUT-II / 2012, dated October 4, 2012 on the Amendment of Decree of the Minister of Forestry Number SK.202 / Menhut-II / 2007 dated May 16, 2007 on the Granting of Forest Production Utilization License for Timber Forest Plantation to PT. Siak Raya Timber on production forest area covering an area of 23,030 in Riau province, and through the Minister of Forestry No. S.347 / MENHUT-VI / 2012 dated August 16, 2012 about the approval of takeover of IUPHHK-HT PT. Siak Raya Timber by PT. Nusantara Sentosa Raya

Based on the revised RKUPHHK-HTI the spatial arrangement of the working area is as follows: (1) Protected Areas of 3,301 ha (14.33%), (2) Area Not Suitable for Production of 1,360 ha (5.91%) , (3) Area for Production: Staple Plant Area of 14,789 ha (64.22%), Feature Plant Area of 2,368 hectares (10.28%), 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 overall the concession area of PT. Nusantara Sentosa Raya of 23,030 ha is registered for IFCC certification.

The geographical location of the working area of the Management Unit of PT. Nusantara Sentosa Royalies between 00° 06' to 00° 10' North and 101° 21' to 101° 48' East. The working area falls under the governmental administration of Kampar Kiri District, Kampar Regency and Langgam District, Pelalawan Regency of Riau Province, being located in Forest Group Sei Peninjau – Sei Kampar Kiri. The topography of the work area is largely flat (0-8%) covering 75% of the area with the remaining 25% consisting of ramps (8-15%), and is located at an altitude of 80-148 m above sea level.

According to the Land Unit and Soil Map Sheet Pekanbaru (0816) Sumatra Scale 1: 250,000 1988 (Puslitanah) the land consists of alluvial and red-yellow podzolic soil types. Based on the Geological Map Sheet Pekanbaru based Scale 1: 250,000 (Bandung Geology Research Center, 1982) meanwhile, the geological formations consist of alluvium rock type. According to the Schmidt Fergusson climate classification the area is designated as having Climate Type A with rainfall of 145 to 410 mm / month.

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

Gading Permai, Rantau Kasih, Mentulik and Sotolare are the villages located around the concession area of PT. Nusantara Sentosa Raya. There are no indigenous peoples as defined under the law (Law No. 27 of 2007 and Presidential Decree No. 111 of 1999) with the inhabitants of the villages around the concessions being ethnic Malay and immigrants generally being Javanese, Batak and other Malay overwhelmingly coming from the transmigration program.

The Management Unit of PT Nusantara Sentosa Raya has set in place procedures/mechanisms related to conflict resolution mechanisms with SOP for Case Management Society of Social and Relationship with Stakeholders, Event Handling Security Measures and Resolution of Conflict Protocol.

The Management Unit has identified and mapped all land claimed by the community. Based on identification of land encroached upon / claimed by communities in the concession area of PT Nusantara Sentosa Raya, in 2016, the Company has made efforts to prevent the spread of land claims by reporting to the Director General of Sustainable Forest Management for the region and the Police and requesting help in coping with encroachment into the work area. The Company adopts a persuasive approach in the handling of land cultivated by local society. The pattern is usually to offer a partnership or compensation / ex-gratia payment for existing plants on arable land.

The Management Unit has signed development agreements for livelihood plants with the village communities of Gading Permai, Rantau Kasih and Mentulik, which have been legalized before a public notary in 2013 and 2015. Based on interviews with villagers and information obtained from Mentulik, the public has received payments in regard to the benefits of the plant life, which are distributed after each harvest. The Management Unit has also signed an agreement with the MPA establishment of Rantau Kasih in June 2014.

The Management Unit of PT Nusantara Sentosa Raya has developed a Community Development (CD) program and reports

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periodically (quarterly) to the Provincial Forestry Office and the District Administration. Realization of the Company's Community Development program in 2016 included provision of sacrificial animals, as well as assistance with Ramadan related travel in the villages of Gading Permai and Mentulik.

Description of the Ecological conditions of the concession

PT Nusantara Sentosa Raya has allocated an area of 3,301 ha as Protected Area, consisting of KPPN and KPPS areas of 50 ha each, and riverbank /riparian areas of 3,201ha. The Management Unit undertakes biodiversity management including activity management and monitoring of flora and fauna, flora and natural ecosystems, surveys, monitoring and identification of vegetation and wildlife each semester, as well as enrichment planting with local species. The Management Unit also carries out protection against forest disturbances by applying the appropriate implementing measures in accordance with the established procedure and the potential level of the existing problems, such as fires, pests and land occupation.

The Management Unit monitors the use of Hazardous Substances Toxic Waste (B3), keeping records of storage and transmission to a third party (transporter) in accordance with the procedure. Moreover, the Management Unit controls forest fires and land occupation activities by carrying out routine patrols and outreach to the local community. The Management Unit already has adequate facilities and infrastructure in order to prevent forest and land fires. The Management Unit has also implemented an integrated pest management program in accordance with its documented procedures.

PT Nusantara Sentosa Raya has identified the threats to the health and vitality of forest resources, such as forest fires, illegal logging, animal grazing, forest encroachment, hunting, pests and diseases and weeds. These are countered through socialization to employees and local communities, inspection by security at security posts, erecting signboards prohibiting the felling of forest trees and burning of forest to clear the land, daily patrols, recording events in the case of illegal activities, and reporting to the authorities in the case of unauthorized activity.

Results of the Public Consultation

Prior to carrying out the Stage 1 Surveillance Audit, PT AJA Sertifikasi Indonesia conducted public consultation commencing October 7, 2016, asking stakeholders to provide feedback and information on PT. Nusantara Sentosa Raya. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to the parties via email or postal mail, and published in a local newspaper. PT AJA Sertifikasi Indonesia received no input from stakeholders during the public consultation.

The audit team also gathered information from the mass media about PT. Nusantara Sentosa Raya. Such reported cases are considered to be part of the audit process PT AJA Sertifikasi Indonesia.

The Management Unit has identified all the necessary requirements for this certification process, comprising legal aspects that include compliance with regulations and international rules and conventions. The management system has been built to cover all activities in the field of certification, which is registered for certification of an area of 23,030 hectares.

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

The results of the Stage 1 Surveillance Audit of PT Nusantara Sentosa Raya identified three Minor Non-conformities, as follows:

NO	Non-conformity	Corrective Action to be undertaken	Category
1.	There was confusion in the marking of the boundary of PT Nusantara Sentosa Raya in some areas where it interlocked with other concessions.	The Management Unit will clarify its boundary to adjust to the definitive limits set by the Ministry of Forestry in 2007 so that it's obvious which areas	Minor



	Clause Ref. I.4.1	fall inside and outside the work area of PT Nusantara Sentosa Raya.	
2.	The Management Unit was unable to produce a settlement plan for land claims by local communities and palm oil companies. This is not in accordance with the SOP on conflict resolution of land claim matters. Clause Ref. I. 9.5	The Management Unit will produce evidence of the settlement plan relating to land claims made by local communities and palm oil companies	Minor
3	Socio-economic and cultural components monitored in the report documents on the implementation of the RKL / RPL RPL are not in accordance with the document, namely: employment, improving the quality of education and the level of community health. Clause Ref I.10.2.	The Management Unit will include in the report on the implementation of the RKL / RPL for the next period, data about job opportunities, improving the quality of education and level of community health.	Minor

Conditions under which the certificate is issued

The Certificate is valid until 19/11/2018 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