

Public Report

Sustainable Forest

Management System

Ownership of this report and the information contained within remain the property of
AJA Europe



CLIENT NAME: PT GEMILANG CIPTA NUSANTARA

TOTAL HECTARES: 150,693.37

SCOPE OF REGISTRATION: Sustainable Forest Management of 150,693.37 hectares of Natural Forests in Riau Province

STANDARDS/CRITERIA: IFCC SFM & CLIENT DOCUMENTED MANAGEMENT SYSTEM

TYPE OF AUDIT: Surveillance 1 and Extension of Scope (HYBRID)

AUDIT START DATE: May 30, 2022

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: June 05, 2022

LEAD AUDITOR: Andri Wibisono

SIGNATURE:

AUDIT TEAM: Ardi Prasetyo

SIGNATURE:

Abdul Salam

SIGNATURE:

HYBRID AUDITOR: Abdullah Mujahid

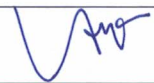


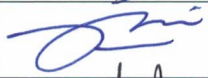
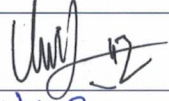

SIGNATURE:

AUDITOR IN TRAINEE: Qodly Zaka Syahtriawan

SIGNATURE:

Inggita Nuri Prihantini

SIGNATURE:

MAJOR CARS: 0

MINOR CARS: 0

SITE NAME (Legal Name):	ADDRESSES OF COMPANY SITES VISITED including country	DATE OF EACH SITE VISIT:
Head Office PT Gemilang Cipta Nusantara	Komplek Rukan Akasia Blok 3, No. 1, RT 001, RW 009, Pangkalan Kerinci Timur, Pangkalan Kerinci, Kab. Pelalawan, Riau Province, Indonesia	May 30, 2022
Site PT Gemilang Cipta Nusantara (RKP)	Pelalawan – Kecamatan Teluk Meranti, Kabupaten Pelalawan, Riau Province, Indonesia	May 31 to June 01, 2022
Site PT Global Alam Nusantara	Kecamatan Teluk Meranti, Kabupaten Pelalawan, Riau Province, Indonesia	June 2 to 3, 2022
Site PT The Best One Unitimber	Kecamatan Teluk Meranti, Kabupaten Pelalawan, Riau Province, Indonesia	June 4 to 5, 2022
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	
Site PT Gemilang Cipta Nusantara (RPP)	Kepulauan Meranti – Kecamatan Merbau dan Tasik Putri Puyu, Kabupaten Kepulauan Meranti, Provinsi Riau, Indonesia	

AJA EUROPE

PUBLIC AUDIT REPORT – SFM

TO BE SUBMITTED TO THE CLIENT, IFCC AND TO AJA EUROPE



Site PT Sinar Mutiara Nusantara	Kecamatan Teluk Meranti, Kabupaten Pelalawan, Riau Province, Indonesia
---------------------------------------	--

Brief Description of the concession

The certification group of PT Gemilang Cipta Nusantara was formed based on the Minutes of Group Formation in the context of certifying sustainable forest management in the IUPHHK-RE (Business Permit for the Utilization of Timber Forest Product in Ecosystem Restoration) which is part of the Riau Ecosystem Restoration program on January 9, 2020. Considering the implementation of an effective and efficient management system, the certification process was applied for the group. This group certification refers to the IFCC PD 1005:2017 procedure and establishes PT Gemilang Cipta Nusantara as the parent organization of this group. The members of the Riau Ecosystem Restoration are divided into two management estates, namely Pulau Padang Estate and Kampar Peninsula Estate, as follows:

1. PT Gemilang Cipta Nusantara in Kepulauan Meranti Regency (Pulau Padang Estate/RPP)
2. PT Gemilang Cipta Nusantara in Pelalawan Regency (Kampar Peninsula Estate/RKP)
3. PT The Best One Unitimber in Pelalawan Regency (Kampar Peninsula Estate/RKP)
4. PT Sinar Mutiara Nusantara in Pelalawan Regency (Kampar Peninsula Estate/RKP)
5. PT Global Alam Nusantara in Pelalawan Regency (Kampar Peninsula Estate/RKP)

The certification of PT Gemilang Cipta Nusantara has initially applied for IFCC Sustainable Forest Management certification standard with a Group Certification scheme of only two members, namely PT Gemilang Cipta Nusantara in Kepulauan Meranti Regency (RPP) and PT Gemilang Cipta Nusantara in Pelalawan Regency (RKP). In this Surveillance 1 Audit, there are members added to the scope of certification. Thus, all group members are now registered for certification. Members sampled for this audit are PT Gemilang Cipta Nusantara in Pelalawan Regency, PT Global Alam Nusantara, and PT The Best One Unitimber.

The group certification is performed for the Management Unit that holds its own concession permit (IUPPHK). The followings are the IUPHHK-RE for each member of the group:

- 1) Minister of Forestry Decree No. 395/Menhut-II/2012 dated July 24, 2012 regarding the Granting of a Business Permit for the Utilization of Timber Forest Products for Ecosystem Restoration in Natural Forests to PT Gemilang Cipta Nusantara for a Production Forest Area of approximately 20,265 (twenty thousand two hundred sixty five) Hectares in Pelalawan Regency; updated by the Ministry of Environment and Forestry Decree SK 930/MenLHK/Setjen/PLA.2/10/2019 dated October 18, 2019 of 20,123.33 Ha,
- 2) Minister of Forestry Decree No. 825/Menhut-II/2013 dated July 24, 2013 regarding the Granting of a Business Permit for the Utilization of Timber Forest Products for Ecosystem Restoration in Natural Forests to PT Gemilang Cipta Nusantara for a Production Forest Area of approximately 20,450 (twenty thousand four hundred fifty) hectares In the Kepulauan Meranti Regency; updated by the Ministry of Environment and Forestry Decree SK 874/MenLHK/Setjen/PLA.2/10/2019 dated October 18, 2019 of 20,598.53 Ha,
- 3) Decree of the Minister of Forestry No. 747/Menhut-II/2014 dated September 15, 2014 regarding the Granting of a Business Permit for the Utilization of Timber Forest Products for Ecosystem Restoration in Natural Forests to PT The Best One Unitimber for a Production Forest Area of approximately 39,412 (thirty nine thousand four hundred and twelve) hectares in Pelalawan Regency; updated by the Ministry of Environment and Forestry Decree SK 515/MenLHK/Setjen/PLA.2/8/2019 dated October 18, 2019 of 40,665.67 Ha,
- 4) Decree of the Minister of Forestry No.230/Menhut-II/2014 dated March 14, 2014 regarding the Granting of Business Permits for the Utilization of Timber Forest Products for Ecosystem Restoration in Natural Forests to PT Global Alam Nusantara for a Production Forest Area of approximately 36,830 (thirty six thousand eight hundred and thirty) Hectares in Pelalawan Regency; updated by the Ministry of Environment and Forestry Decree SK 836/MenLHK/Setjen/PLA.2/10/2019 dated October 18, 2019 of 36,524.78 Ha,
- 5) Decree of the Minister of Forestry No. 162/Menhut-II/2014 dated February 18, 2014 regarding the Granting of a Business Permit for the Utilization of Timber Forest Products for Ecosystem Restoration in Natural Forests to PT Sinar Mutiara Nusantara for a Production Forest Area of approximately 32,830 (twenty thousand two hundred sixty five) Hectares in Pelalawan Regency; updated by the Ministry of Environment and Forestry Decree SK 567/MenLHK/Setjen/PLA.2/8/2019 dated August 20, 2019 of 32,781.06 Ha.

And in carrying out its operations, all group members have RKUPHHK documents, as below:

- 1) SK No. 44/VI-BRPUK/2013 dated May 6, 2013 in the Ratification of RKUPHHK-RE in Natural Forest in Production Forest for 2013 to 2022 on behalf of PT Gemilang Cipta Nusantara in Pelalawan Regency, Riau Province,
- 2) SK No. 7623/MenLHK-PHPL/JASLING/HPL.2/11/2021 dated November 26, 2021 in the Ratification of the Revised RKUPHHK-RE in Natural Forests in Production Forests for 2014 to 2023 on behalf of PT Gemilang Cipta Nusantara in Kepulauan Meranti Regency, Riau Province,
- 3) SK No. 2042/Menlhk-PHPL/JASLING/HPL.2/4/2021 dated April 14, 2021, in the Ratification of the Revised RKUPHHK-RE in Natural Forests in Production Forests for 2014 to 2023 on behalf of PT Global Alam Nusantara in Pelalawan Regency, Riau Province,
- 4) SK No. 8166/Menlhk-PHPL/JASLING/HPL.2/12/2020 dated December 30, 2020 in the Ratification of the Revised RKUPHHK-RE in Natural Forests in Production Forests for 2016 to 2025 on behalf of PT Sinar Mutiara Nusantara in Pelalawan Regency, Riau Province,
- 5) SK No. 6103/Menlhk-PHPL/JASLING/HPL.2/2/2020 dated November 16, 2020, in the Ratification of the Revised RKUPHHK-RE in Natural Forests in Production Forests for 2016 to 2025 on behalf of PT The Best One Unitimber in Pelalawan Regency, Riau Province.

There is no conversion of natural forest to plantations after December 31, 2010, thus the IFCC certified area is the total of the five Management Units, 20,123.33 Ha + 20,598.53 Ha + 36,524.78 Ha + 40,665.67 Ha + 32,781.06 Ha = 150,693.37 ha. The group of PT Gemilang Cipta Nusantara do not harvest wood in the forest. The forest products to be managed by the Management Units are in the form of carbon trading, ecotourism, hydrological benefit business and non-timber forest products.

The detail condition of each member are as follows:

- 1) PT Gemilang Cipta Nusantara in Pelalawan Regency

According to the RKUPHHK-RE, the spatial layout is Protected Zone of 6,000 Ha, Production Zone of 13,414 Ha, Non-Production Zone of 851 Ha, with a total of 20,265 Ha. It is geographically located between 0° 21'23.83" to 0° 32' 8,19" North and 102° 43'25,72" to 103° 0' 29,05" East. The working area boundaries are Permanent Production Forest Area of Tasik Besar Serkap to the north, Permanent Production Forest Area of Tasik Besar Serkap to the east, PT RAPP and PT Mitra Hutani Jaya to the south, and Production Forest Area to the west.

PT Gemilang Cipta Nusantara in Pelalawan Regency is part of the forest group of Tasik Besar Serkap/Tasik Sarang Burung, and also part of the Kampar and Serkap sub-watersheds, Kampar and Apung watersheds. The climate is type A (Schmidt & Fergusson) with rainfall of 1,949 to 2,951 mm/year, average monthly temperature is 26.1 to 27.5° C, and humidity of 81-84%. Based on forestry administration, it is included in KPHP Tasik Besar Serkap, Riau Province Forestry Service.

- 2) PT The Best One Unitimber is geographically located between 0°19'33.55" to 0°28'53.34" North and 102°23'18.45" 102°40'52.55" East. The work area boundaries are PT Harapanjaya Makmur Lestari, PT Sinar Mutiara Nusantara, PT Global Alam Nusantara to the north, Wildlife Sanctuary, PT Sinar Mutiara Nusantara to the east, PT RAPP to the south, and Kutub River to the south. It falls under the administrative government of Teluk Meranti Regency, including Teluk Meranti Village, Kuala Panduk Village, Petodaan Village and Teluk Binjai Village.

The spatial layout of PT The Best One Unitimber is Non-Production Zone of 398,78 ha, and Protected Area of 40,266.89 ha which is divided into Buffer Zone of Tasik Besar Serkap Wildlife Sanctuary of 652.74 ha, KPPN of 307.89 ha, KPSL of 37,190.79 ha, River Border of 446.74 ha, water bodies of 1,133.21 ha, Research Zone of 535.53 ha, with a total of 40,665.67 ha.

Type of climate is included in type A (Schmidt and Fergusson) with annual rainfall of 2,214.83 mm/year. The average monthly air temperature ranges from 28 to 33.7° C and relative humidity ranges from 60.2 to 74.0%. Based on the GIS measurement of the Indonesian Earth Map with a scale of 1:50,000, the whole state of the land in the concession is peat

soil with a topography of 100% flat (slope 0-8%). According to the National Peat Ecosystem Function Map (Permen LHK No. SK.130/MenLHK/Setjen/PKL.0/2/2017), the working area of the Management Unit includes a peat area with a Protected Function Ecosystem of 19,160.07 ha and a Cultivation Function of 21,505.60 ha. Based on the results of the High Conservation Value (HCV) study in 2017, the presence of HCV 1, 2, 3, 4, 5, and 6 as a whole is in the IUPHHK-RE area of the Management Unit, thus, the entire area is a protected zone.

3) PT Global Alam Nusantara is geographically located between 0°28'15.95" to 0°29'38.54" North and 102°23'50.97" to 102°38'25.41" East. The work area boundaries are CV BPM, PT Mutiara Riau Perkasa to the north, PT Sinar Mutiara Nusantara to the east, PT The Best One Unitimber to the south, and PT Harapanjaya Makmur Lestari and PT Madukoro to the west.

PT Global Alam Nusantara is administratively includes the villages of Teluk Meranti, Teluk Binjai and Petodaan, Teluk Meranti District. The spatial layout of its 36,524.78 hectares concession is Non-Production Zone of 301.5 ha, Protected Zone of 36,223.29 ha, which consists of peat dome of 7,991.19 ha, protected area of flora and fauna habitat of 27,471 ha, River Border of 182.06 ha, and research area of 578.30 ha.

The concession has an altitude of 0-25 m above sea level, with a climate type of A (Schmidt and Fergusson). The annual rainfall is 2,214.83 mm/year with relative humidity ranges from 60.2 to 74.0%, with an average of 68.76%. The geological physical condition is divided into two formations, namely alluvium and coastal formations (91.94%) and quartz porphyry formations (8.06%). The distribution of species is dominated by soil type associations of Tropohemists; Tropofibrists/MDW located in the peatland land system, namely Tropohemists; Tropofibrists/GBT (51.38%), Troposapristis; Tropohemists/MDW (47.98%) and Fluvaquents; Tropaquepts; Tropohemists/KLR (0.65%). The main rivers flowing in the area are Serkap River and Simpang Siangar River.

4) PT Sinar Mutiara Nusantara is geographically located between 0°31'41.90" to 0° 29'47.11" North and 102° 35'33.73" to 102° 55' 10.84" East. The concession boundaries are SM Tasik Metas, PT Peranap Timber to the north, PT Gemilang Cipta Nusantara Pelalawan Regency to the east and south, PT The Best One Unitimber and SM Tasik Metas to the west. Administratively, PT Sinar Mutiara Nusantara is included in two villages namely Teluk Meranti Village and Pulau Muda Village, Teluk Meranti District, Pelalawan Regency, Riau Province.

The land condition is peat soil with a topography of flat (slope 0-8%). The distribution of soil types consisting of two species dominated by the association Tropohemists, Tropofibrists 88, 95% and the association of Troposapristis, Tropohemists (8.48%). The rock type is a surface sediment formation (alluvium). The whole area of the Management Unit is a protected zone due to the presence of HCV 1 to 6. The spatial layout of PT Sinar Mutiara Nusantara is Non-Production Zone of 701.69 ha and Protected Zone of 32,079.37 ha, which consists of Buffer Zone SM Tasik Besar Serkap and KPPN Tasik Metas of 1,601.11 ha, SDG Conservation of 325,26 ha, Research Forest Plot of 384.43 ha, river borders and lakes of 326.01 ha, Protected zone (KPPN/KPSL/Peat Dome) of 28,943.64 ha, and Canals of 498.92 ha, with a total of 32,781.06 ha.

5) PT Gemilang Cipta Nusantara in Kepulauan Meranti Regency is geographically located between 01° 04'53.95" to 0° 16'15,14" North and 102° 15'42.49" to 102° 24' 33.47" East. The work area boundaries are PT RAPP Estate Pulau Padang, SM Tasik Tanjung Padang to the north, and PT RAPP Estate Pulau Padang to the east, south, and west. The spatial layout of PT Gemilang Cipta Nusantara in Kepulauan Meranti Regency (RPP) are Protected Area of 6,857.50 Ha and Production Zone of 13,741.03 Ha with a total of 20,598.53 Ha.

PT Gemilang Cipta Nusantara in Kepulauan Meranti Regency is part of Pulau Padang Forest Group and Mengkopot and Tebis Panjang sub-watersheds, Dedap and Melibur watersheds. Based on forestry administration, it is part of KPHP Unit XXIII Tebing Tinggi, Riau Province Forestry Service.

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

Generally, the residents around the work areas of the two estates are Malay, Batak, Minang, Javanese, and Sulawesi ethnic groups. The main livelihoods of the community are farmers, fishermen, workers in oil palm plantations and plantation companies. According to the village heads, there are no indigenous peoples in and around the area of the PT Gemilang Cipta Nusantara.

The group of PT Gemilang Cipta Nusantara has a Report on Potential Mapping and Conflict Resolution in the Riau Ecosystem Restoration Area, Pelalawan Regency, Riau Province. Based on document verification, PT Gemilang Cipta Nusantara has cooperation agreement on social management with the community and with the fishermen groups, as well as the establishment, training and fostering of Community with Fire Awareness (MPA). Currently negotiated agreements are with the honey harvesting group and farmers group.

There are Reports on the Implementation of Environmental Management and Monitoring Efforts for Ecosystem Restoration Activities of PT Gemilang Cipta Nusantara (RKP), PT The Best One Unitimber, and PT Global Alam Nusantara. The efforts taken by each sampled Management Unit are as follows:

- 1) PT Gemilang Cipta Nusantara (RKP) conducts agroforestry plant monitoring activities, mediating concession boundaries in a village, social assistance activities, ecosystem campaigns and introduction of ecosystem restoration, monitoring the construction of a ranger post. PT Gemilang Cipta Nusantara (RKP) opens business and local employment opportunities as well. Thirty percent of the workforce comes from the local community, when business opportunities are in the sectors of water transportation, temporary infrastructure, and horticulture development.
- 2) PT Global Alam Nusantara is opening the opportunity for the utilization of non-timber forest products, and job opportunities for the community as company partners.
- 3) PT The Best One Unitimber widely opens employment and business opportunities to the surrounding community such as daily workers, permanent workers, speedboat lease, and forest rangers; cooperation and assistance to the community (sports and social events, Ramadhan safari); utilization of non-timber forest products such as fish in the Serkap River.

PT Gemilang Cipta Nusantara group developed communication and consultation with the community and other relevant parties. This is evident with documents of socialization to the surrounding community which are held every year. PT Gemilang Cipta Nusantara group has provided adequate support to local communities around the company. These supports are in the form of Corporate Social Responsibility program which performed every year. There are as well aids to the surrounding community such as meat grinder machine, fund for the mosques, hand washing facilities and masks, fuel, and etc.

Description of the Ecological conditions of the concession

The sampled Management Units have identified the forest management activities that have significant environmental impacts and carried out an environmental impact assessment that analyses these potential impacts as stated in the IUPHHK-RE UKL-UPL documents of PT Gemilang Cipta Nusantara (RKP) in 2012, PT Global Alam Nusantara of 2013, and PT The Best One Unitimber of 2014. The working area of these management units are natural forests in peat swamp forest ecosystems and riparian zones. Some of the original ecosystems are maintained and become Protected Zones and some are Production Areas and Non-Production Areas.

The Protected Zone, besides functioning to protect soil and water, also functions to protect endangered, endemic, rare and/or protected flora and fauna and their habitats. Each management unit identified many species of flora and fauna. Most of the species are similar with each management unit because the forest location is adjacent with each other.

- 1) PT Gemilang Cipta Nusantara (RKP)

The species of vegetation in the work area include binuang (*Octomeles sumatrana*), fig wood (*Ficus gibbosa*), Suntain (*Palaquium* sp.), etc. There are as well rare tree species, namely ramin (*Gonystylus bancanus*), balam (*Palaquium*

leiocarpum), punak (*Tetramerista glabra*), etc. Ramin tree (*Gonystylus bancanus*) is a rare tree species that is protected by law. Meanwhile protected, rare and/or endangered wildlife found were beruk (*Macaca nemestrina*), jungle cat (*Prionailurus bengalensis*), pangolin (*Manis javanica*), etc.

2) PT The Best One Unitimber

The flora species identified were forest mangosteen (*Garcinia mangostana*), guava (*Syzygium sp.*) durian (*Durio carinatus*, etc. The protected species of flora by law is ramin (*Gonystylus bancanus*). The fauna species were yellow neck weasel (*Martes flavigula*), sun bear (*Helarctos malayanus*), red bird (*Lophura erythrophthalma*), and arowana fish (*Scleropages formosus*).

3) PT Global Alam Nusantara

Rare tree species in this Management Unit were meranti flower (*Shorea teysmanniana*), meranti mangroves (*Shorea platycarpa*), *Diospyros sp*, etc. As for the protected, rare and or endangered wildlife, include sumatran tiger (*Panthera tigris*), sumatran clouded leopard (*Neofelis diardi*), rock cat (*Pardofelis marmorata*), ungko (*Hylobates agilis*), etc.

The sampled Management Units' efforts in implementing appropriate/measured steps to protect the area from damage due to forest management operational activities, include:

- Installation of protected area signage,
- Setting area boundaries,
- Conduct forest security patrols to prevent and combat illegal activities,
- Installing boards/signboards prohibiting fire, cutting down trees and encroaching on forests,
- Perform fire extinguishing in case of forest and land fires,
- Socialization to the surrounding community.

Results of the Public Consultation

Prior to undertaking the Recertification Audit, PT AJA Sertifikasi Indonesia conducted Public Consultation commencing May 11, 2022, which asked stakeholders to provide feedback and information on PT Gemilang Cipta Nusantara. The public consultation was uploaded to the PT AJA Sertifikasi Indonesia website (www.ajaindonesia.com), sent to relevant parties via email 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 Gemilang Cipta Nusantara. Such information were given consideration in the audit process by PT AJA Sertifikasi Indonesia.

PT Gemilang Cipta Nusantara has identified all necessary certification requirements such as legal aspects that include compliance with international regulations and conventions. The established management system for certification includes all field activities for a registered area of 150,693.37 ha.

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

The results of Surveillance 1 Audit and Extension of Scope of certification did not generate any non-conformity. The Management Units operates effectively.

Conditions under which the certificate is issued

Certificate number AJA/IFCC-PEFC/FMC-HA/00059/VIII/2021 is valid until August 30, 2024, provided that PT Gemilang Cipta Nusantara maintains its Surveillance schedule and does not have potential major non-conformities at the next Surveillance.