

RSPO NOTIFICATION OF PROPOSED NEW PLANTING

Tick whichever is appropriate

| | |
|------------|---|
| | This is a completely new development and stakeholders may submit |
| comments X | This is part of an on-going planting and is meant for notification only |

Date of Notification:

COMPANY: Mong Reththy Investment Cambodia Oil Palm Co., Ltd (MRICOP)

SUBSIDIARY:

The project is owned by MRT-TCC Sugar Investment Co., Ltd (MTSI), a company registered in Cambodia. MRICOP is solely and fully responsible for managing the operations of the on-going project for MTSI.

Both MRICOP and MTSI are owned by the same Joint-Venture partners, comprising TCC (a holding company registered in Thailand and MRT (a holding company registered in Cambodia. The JV partners hold 75% and 25% shareholding respectively in both MRICOP and MTSI.

RSPO MEMBERSHIP No.: 1-0109-11-000-00

GENERAL INFORMATION: RSPO Certification

MRICOP Plantation Management Unit successfully obtained their RSPO certification on 15th August 2012. The audit was conducted on 24th – 28th April 2012 by Moody International Certification (Malaysia) Sdn. Bhd. (now called Intertek Moody).

Based on the certification audit, MRICOP has been able to demonstrate its compliance with the RSPO P&C (October 2007), Cambodian Local Indicators (March 2012) for Small Producing Countries (SPC) and the RSPO Supply Chain Certification Standard (November 2011) for palm oil mill.

The MRICOP Plantation Management Unit (MRICOP Palm Oil Mill) which has been certified for the scope 'Production of Crude Palm Oil and Palm Kernels' consists of the following:

- i) MRICOP Palm Oil Mill
- ii) Estate A
- iii) Estate B
- iv) Estate C (belonging to MTSI) has been successfully audited and after the 1st Annual Surveillance Assessment (ASA-01) is now included as an out-grower (independent supplier) supplying FFB to the mill

MRICOP had included MTSI (Estate C), being part of the supply base, into its 3-year Time Bound Plan for certification which was planned to be realized by 2015. However, it is commendable that this has been completed ahead of schedule through verification on site conducted on site during the Annual Surveillance Assessment (ASA-01) in June 2013.

LOCATION OF PROPOSED NEW PLANTING:

MRICOP New Land and MTSI New Freehold Land (MTSI NFL) is located in Prey Nop and Kampong Seila Districts, Preah Sihanouk Province

Location Reference:

The MRICOP New Land and the MTSI NFL areas are located in the coastal zone of Prey Nop and Kampong Seila Districts, Preah Sihanouk Province. The areas covered include the following:

- I. MRICOP New Land on Estate B (now Division B4) covering an area of 1,649.50 ha
- II. MTSI New Freehold Land (MTSI NFL) which covers an area of about 2,432.42Ha. These areas are further divided into three different blocks named as Block-A (524.13Ha), Block-B (862.22Ha) and Block-C (1046.07Ha). The new project site is located next to MTSI's existing oil palm plantation project of 8,287.58 Ha.

GPS Reference:

- I) MRICOP Land Estate B(Division B4)- GPS Reference: 10°50'45.9"N, 103°52'26.2"
- II) 3 parcels of land on MTSI NFL – GPS Reference
 - Block A – 10°59'34.6"N, 103°50'03.8"
 - Block B –11°00'48.7"N, 103°55'39.3"
 - Block C –13°31'19.1"N, 104°33'50.8"

Company Contact Information:

Contact Persons:

- | | |
|---------------------------------------|-----------------------------|
| 1) Mr Sumate Pratumswan | 2) Mr It Nop |
| Vice President Agriculture / Oil Palm | General Manager Plantations |
| MRICOP | MRICOP |

Correspondence Address:

#52, St 598, Sangkat Boeung Kak II, Khan Toul Kork, Phnom Penh,
Cambodia Telephone No.: 855-23986438
Fax No.: 855-23986439

Location Address MRICOP CPO Mill Office

CheoungKor Commune, Prey Nop district, Preah Sihanouk Province,
Cambodia Tel: (885-17) 758-329

Figure I: Map showing Location MRICOP / MTSI area including new land in Cambodia

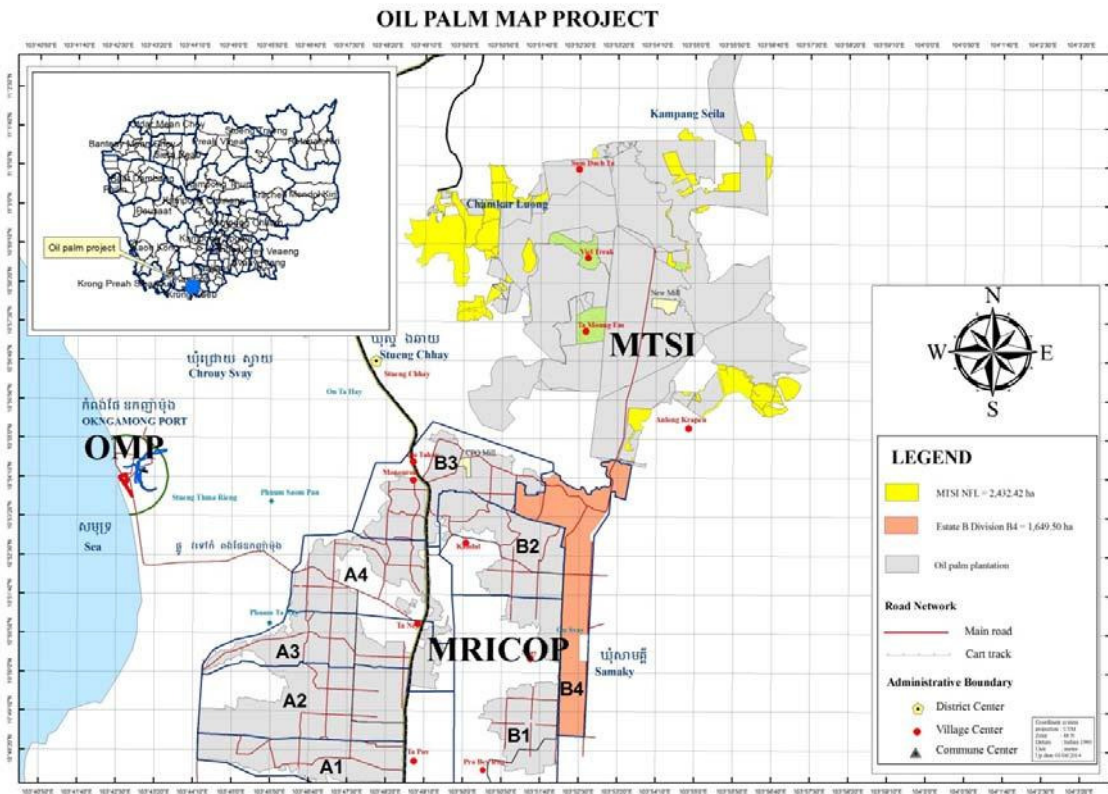


Figure II: Project Map Estate B showing the newly acquired land (now Division B4)

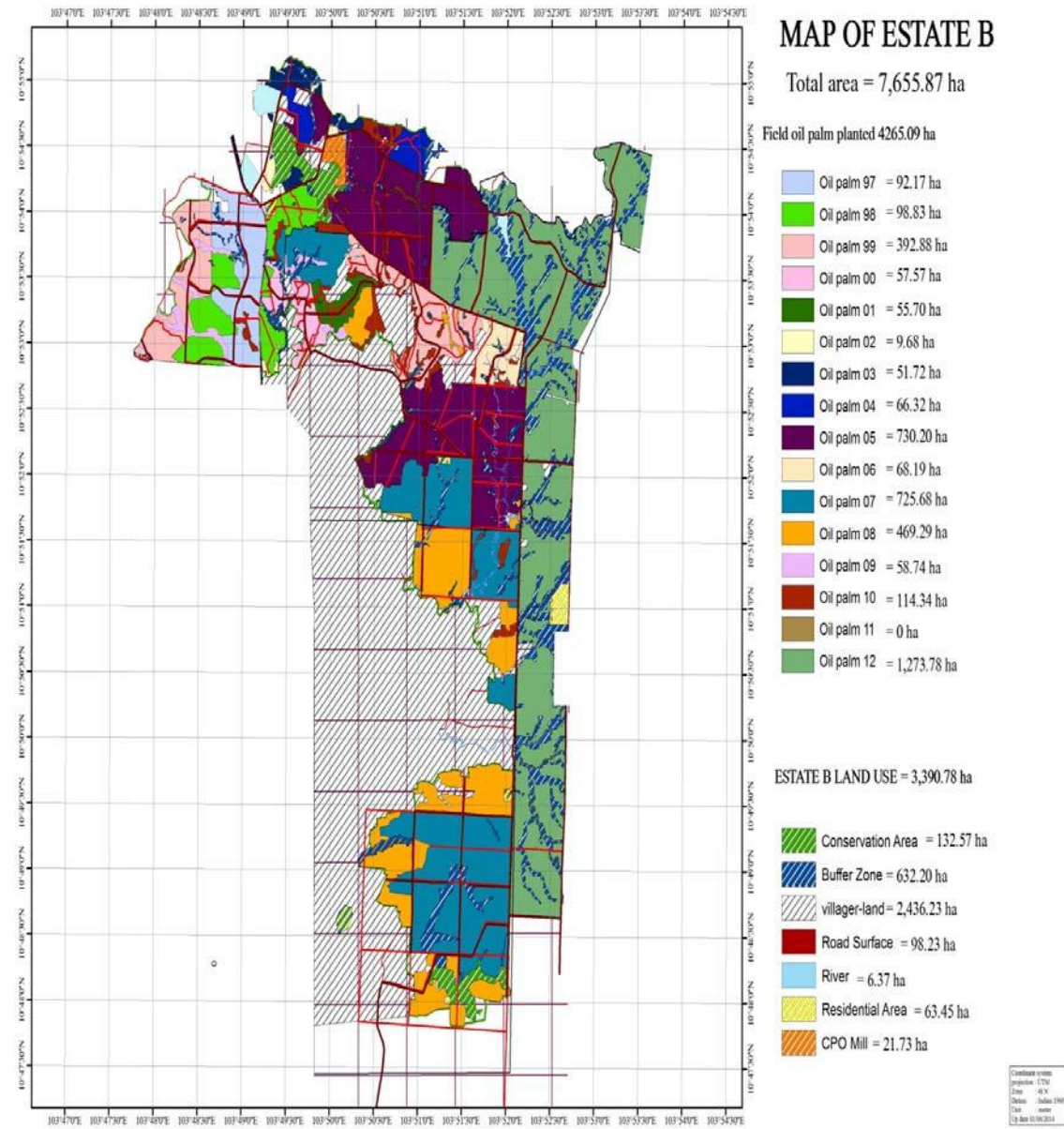
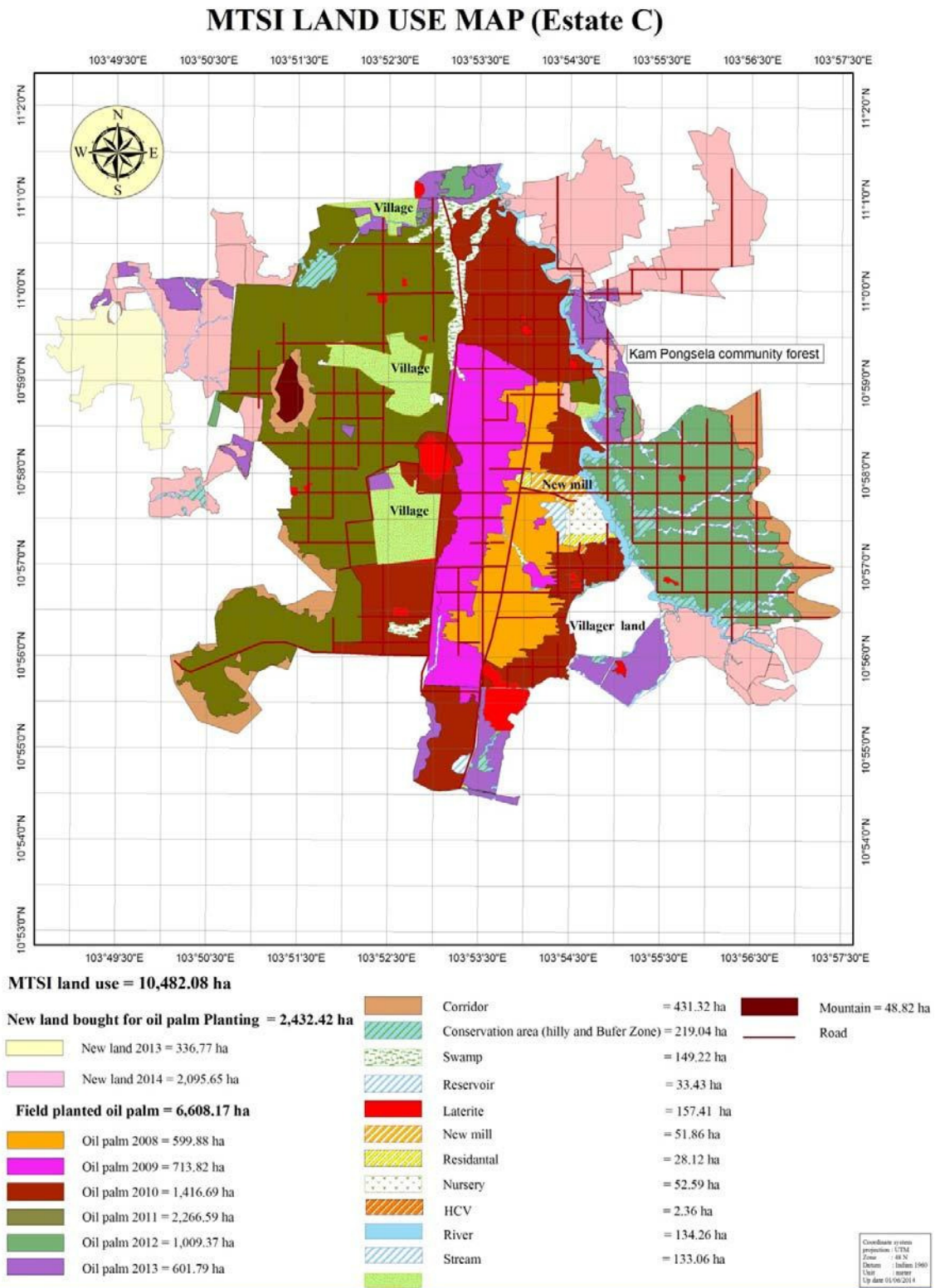


Figure III: Project Map (MTSI Land use Map showing the newly acquired MTSI NFL)



PROJECT DESCRIPTION

I. MRICOP Land on Estate B (now Division B4) covering an area of 1,649.50 ha

MONG RETHTHY INVESTMENT CAMBODIA OIL PALM CO., LTD's (MRICOP) business License: Inv. 439/97E BN.ntk, dated December 05, 1997, is the first company in the Kingdom of Cambodia that has planted oil palm commercially. His Excellency Dr. Oknha Mong Reththy, the current advisor to the Board of Directors, initiated the oil palm project in 1994 on about 11,000 hectares of economic concession land in Prey Nop district, Preah Sihanouk province, Cambodia. Up to now, MRICOP has grown oil palm in the areas of 8,500 ha and has been determined with its plan to proceed and complete the area of about 11,000 ha by the year of 2011/2012. The official total RSPO certified area for MRICOP prior to the new land acquisition and transfer is 12,200 ha.

In December Year 2010 MRICOP commenced negotiations for the purchase of more than 2,000 ha of land in Block C and the adjoining area for sustainable oil palm cultivation from Mong Reththy Group Co. Ltd, a private limited company duly incorporated and existing under the laws of the Kingdom of Cambodia, represented by Oknha Mong Reththy, President, with its registered address at Building 152S, Preah Norodom Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia.

In view of the expansion plans, the HCV assessment of about 812 ha in Block C was conducted in Y 2012 by Envirologic Consulting. MRICOP commenced and completed planting of the area in Y2012 on the assumption that the land transfer process will be completed. However, the process of official transfer of the land to the company was not completed until middle of last year. As such, the management made an official decision not to include this land under the asset for Y 2012/2013. All matters pertaining to the land acquisition was completed in mid-2013. The uncertainty in knowing exactly when and how much of the area could be acquired was the reason why MRICOP did not inform the RSPO Secretariat for Public Notification of this New Planting.

On completion of planting, the official survey and GPS measurements conducted showed that the actual area is 1,649.50 ha out of which 1,273.78 ha is planted while the balance of 365.72 ha consist of roads, conservation area, buffer zone and some residential area. The total of 1,649.50 ha is included for public notification in this NPP submission.

For MRICOP Land, in anticipation of future expansion plans, the management engaged the services of Envirologic Consulting, an approved High Conservation Value (HCV) assessor of RSPO to carry out the HCV assessment in January 2012. For the study, Envirologic Consulting comprehensively assessed Estate C (3,579 ha) on MTSI and Block C (812 ha) on MRICOP located in Preah Sihanouk Province, Cambodia for all the six HCVs. The HCV assessment was conducted in by a team of three ecological and social experts focusing on all six HCVs. In the absence of a national HCV toolkit, the assessment was carried out using the High Conservation Value Forest Toolkit (ProForest, December 2003) for the Identification of High Conservation Values in the project site and its adjacent land area.

The findings indicate that adjacent to Block C land area, to the east, is the Phnom Bokor National Park, which is a significant large landscape level Forests. Therefore, HCV 2 is present.

For MRICOP New Land, Division B4 borders the existing Estate B on the economic concession land located towards the East. There are 3 settlements and two neighbouring villages (Svay and PreahKraga).

II. MTSI New Freehold Land (MTSI NFL) which covers an area of about 2,432.42Ha.

MTSI (MRT-TCC SUGAR INVESTMENT CO., LTD.) currently holds the land title of the total 8,287.58 Ha, which it had acquired since 2006. Actually, the company's original business objective was the agro-industrial plantation of sugar cane. The sugar cane plantation was started in 2007. However, it was realised that the land is unsuitable for the planting of sugar cane. The company management then, made a decision to convert the sugar cane plantation to an oil palm plantation, which has been established since 2008. The first planting started in the end of the same year.

As at the end of the year 2013, the company has planted oil palm on the total land of 6,608.17 Ha, in which 1,313.7 Ha is mature areas and the remaining 5,294.47 Ha is immature areas. The company has completed planting in this area by Y 2013. A total of 932.51 ha is left unplanted, out of which 2.32 ha is HCV area and the rest consists of water bodies, low-lying areas etc.

The JV partners for MRICOP and MRT-TCC Sugar Investment Co., Ltd (MTSI) has long-term master plan to expand the planted area and to achieve about 30,000 ha. One of its objectives is to acquire land which is in proximity to the present planted area. This would provide a contiguous area which makes management of plantation operations a simpler task.

However, the only drawback in land acquisition in Cambodia is that it is a lengthy process and it is not easy to acquire large tracts of land at one go. This means that you have to be content with buying small parcels of land and amalgamating them.

In Year 2013 MTSI was successful in acquiring new land. The MTSI New Freehold Land (MTSI NFL) project involved 3 different parcels of land and 3 land owners. The respective parcels are located in the coastal zone of Prey Nop and Kampong Seila Districts, Preah Sihanouk Province covering an area of about 2,432.42Ha. These areas are further divided into three different blocks named as Block-A (524.13Ha), Block-B (862.22Ha) and Block-C (1046.07Ha).

The new project site is located next to and connected to MTSI's existing oil palm plantation project of 8287.58 Ha. In addition, this will be close to the new palm oil mill that is under construction on MTSI land. The primary function and land-use objective of the MTSI's NFL is the creation of a sustainable oil palm plantation. The MTSI NFL has already started to plant oil palm in 2013 in Block-A and Block-C. The total planted area was 319.38 Ha, of which 228.98 Ha in Block-A and 90.40 Ha in Block-C from the total of MTSI's NFL of 2,432.42 Ha.

The land owners had in fact acquired the land earlier from the local people. Through a process of careful negotiations, and with procedures adhering to free prior and informed consent (FPIC) the management had discussions with the 3 land owners and the neighbouring stakeholders before the land was acquired. The land owners were compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

The land acquisition committee was headed by Mr Wichai Kotaratititam, the EVP Operation / Manufacturing of MRICOP. The process of payment was done in 3 steps. The agreement was based on the terms that land clearing would commence only when the first down payment is completed. The final payment will be done when the land clearing and new planting was completed without any problem with the villagers. The transfer of land title to MTSI is in the process. All documents and agreements related to the land acquisition are in place.

As per the understanding, land clearing works commenced only after the first down payment was completed. The uncertainty in knowing exactly when and how much of the area could be acquired was the reason why MRICOP/ MTSI could not adhere strictly to the RSPO's New Planting Procedure (NPP) earlier. In addition, with the uncertainty it may not be practical to engage an external expert to carry out an ESIA study on the parcels that were being planned to be acquired. Under the top management's directive felling, land clearing and land preparation was undertaken on the new land as and when the parcels were acquired. The decision to commence early felling and clearing was because of the timing constraints and the limitations on the availability of heavy equipment. The targeted plan to complete felling and clearing during the dry weather and to prepare the land in time to commence new planting during the oncoming rainy weather in the month of May would be upset, if the program was delayed.

However, the management of MRICOP, in fulfilling its obligations as a registered member of RSPO and in meeting with the requirements of NPP is now formally submitting the NPP for public notification of its new oil palm development. As part of the process, the management had initiated an ESIA study to be done by an external expert on the MTSI NFL land and surrounding areas of the land that was acquired.

A comprehensive and participatory independent Environmental and Social Impact Assessment on the land has been completed in April 2014. This included both internal and external stakeholders. The assessment was conducted by Green Consultancy Group Co. Ltd. and the final Report is ready. The ESIA study included a study on flora and fauna and comments on endangered species.

The SEIA did not identify any potential HCVs in the new project area. As such the management decided not to initiate an HCV assessment by an external expert. In addition the said new project area is located adjoining to the existing MTSI land (Estate C) where an exhaustive HCV assessment was conducted by an RSPO registered HCV Assessor from Envirologic (M) Sdn. Bhd. The High Conservation Value Assessment on the MTSI land was conducted in January 2012.

The earlier HCV assessment and comments made were taken as the guide during land clearing and planting operations on the MTSI NFL. Mitigation and monitoring plans which were drawn up based on the earlier HCV Report were adhered to. The Company has taken an initiative to identify small areas of forested areas, and water bodies as conservation areas and corridors, wetlands which are subject to inundation as buffer zones and disturbed forest are earmarked for conservation. The selection of the identified conservation zones by the Company were on the basis of vegetation, steepness of the slopes, unsuitability of the land for oil palm (water logged and wet lands).

SUMMARY FROM SOCIAL AND ENVIRONMENTAL IMPACT ASSESSMENT (SEIA)

MTSI NFL has prepared the SEIA for the proposed oil palm development project. The Environmental and Social Impacts Assessment was carried out by an independent consultant, Green Consultancy Group Co. Ltd. in April 2014.

The SEIA main issue studied in the assessment is company profile and general condition of the project covering demographic data, economic as well as availability of public transportation. The assessment is also conducted to identify the demand of transparency aspect (principal 1) and legal compliance as well as applicable law (principal 2), responsible consideration of employees an individuals and communities (Principle 6) and Responsible new plantings (Principle 7) stated in P&C RSPO Cambodian Local Indicators.

The SEIA covered the whole lifecycle of plantation development. It involved environmental sampling, aquatic studies, terrestrial studies, land use studies and socio-economic studies. The assessment was based on field inspections and surveys, consultations with stakeholders and desktop literature studies. Primary data collection was done in a participatory manner using structured and semi-structured interviews. Summaries and findings of the interviews and public consultation meetings are included in the SEIA report. The assessment enabled the team to identify the positive and negative impacts of the project. The findings provided a basis for an Environmental and Social Management and Monitoring Plan.

The following conclusions were made based on the Assessment:

- i) At the present state of the land, the forest had deteriorated because of unregulated felling in the past, over 2 decades. Presently, the value of existing forest resources are rather low, as the commercial stands have been totally removed and there is no observation of mother trees left in surveyed areas of 12,419 square meters. Instead of exposing these to the risks of conservation, the replacement of these areas into another alternative and reversible land-use is presumed to be economically more viable.
- ii) On this context, it appears that the project area is best used for palm oil production under sustainable land-use planning and management, incorporating adequate protection and/or conservation measures and community considerations.
- iii) The environmental impacts of the project can be reduced by proper planning and implementation of the recommended monitoring and mitigating measures
- iv) The habitat loss and impact on wildlife is minimal. The loss is compensated by the establishment of buffer zones which will provide habitat for mammals, water birds and amphibians.
- v) The local people appear to welcome the oil palm project as they see it as an opportunity to bring development to the area and for improvement to their livelihood through employment.
- vi) Most of the villagers have land for settlement and for some agriculture. There are some reservations on the access to resources e.g. wood, which the management would address.

SUMMARY FROM HCV ASSESSMENT

The MRICOP New Land (Division B4) on Estate B covers an area of 1649.50 ha. No new HCV assessment was conducted. However, the HCV assessment conducted by Envirollogic Consulting in January 2012 had covered an area of 812 ha on Block C which is situated inside the Division B4. The findings indicate that adjacent to Block C land area, to the east, is the Phnom Bokor National Park, which is a significant large landscape level Forests. Therefore, HCV 2 is present.

For MRICOP New Land, Division B4 borders the existing Estate B on the economic concession land located towards the East. There are 3 settlements and two neighbouring villages (Svay and PreahKraga).

ON MTSI NFL, the SEIA did not identify any potential HCVs in the new project area. As such the management decided not to initiate and HCV assessment by an external expert.

For the record, MRICOP had completed a comprehensive and participatory independent High Conservation Value (HCV) Assessment on MTSI Land to identify the presence of environmental and social HCVs within the land and at the adjacent areas that could be negatively affected by the development.

The assessment was commissioned by the Management to gather information which is needed by the plantation organization in-order to make management decisions that have or may have impacts on the high conservation values identified. The assessment was carried out from 26th January 2012 to 2nd February 2012 by Envirollogic Consulting which is an approved HCV Assessor of RSPO. The scope of the Assessment covered 3,579 Ha (Estate C) and 812 Ha (Block C), both unplanted, covering a total area of 4,391 Ha located in Preah Sihanouk Province, Cambodia. This complete Assessment covered all 6 High Conservation Values of MTSI for the new oil palm plantation project managed by MRICOP

The HCV Assessment entailed a systematic evaluation of the conservation value of the ecological, biodiversity and cultural elements at the land for the project. The assessment included field surveys, consultation and interviews with local communities, information sourcing at the local government offices and desktop studies. The HCV Assessment identified a number of HCVs (biodiversity and social) which will be protected by MRICOP. The result of the Assessment enabled the management to draw up an HCV Management and Monitoring Plan for maintaining and enhancing the identified HCVs.

SUMMARY OF PLANS

For MRICOP New Land (Division B4) on Estate B on completion of planting, the official survey and GPS measurements conducted showed that the actual area is 1,649.50 ha out of which 1273.78 ha is planted while the balance of 365.72 ha consist of roads, conservation area, buffer zone and some residential area.

From the total of MTSI's NFL of 2432.42Ha, 166.9 ha will not be developed because of stream, corridor, roads etc. The balance of 2,265.52 ha is plantable. Clearing and planting is in progress. In this year 2013, a total of 319.38 ha were planted with oil palm. The company has plans to complete the planting of the remaining area by Year 2014.

The Environmental and Social Impact Assessment (ESIA) and the earlier conducted HCV Assessments have enabled MRICOP to identify the positive and negative impacts of the project to the environment, social and cultural aspects and the biological diversity. The Management has and will undertake full responsibility to ensure that good agricultural practices are adopted at all times during land clearing works and the establishment of the oil palm plantation in the aforesaid project area.

VERIFICATION STATEMENT

(Please see attached - CB Intertek NPP verification statement 2014)

Signed for and on behalf of
Moody International Certification (Malaysia) Sdn. Bhd.

.....
Name:

Designation:

Date:

Signed for and on behalf of
Mong Reththy Investment Cambodia Oil Palm Co., Ltd.



.....
Name: Mr Sumate Pratumswan

Designation: Vice President Agriculture / Oil Palm
MRICOP

Date: