

RSPO NOTIFICATION OF PROPOSED NEW PLANTING

This notification shall be on the RSPO website for 30 days as required by the RSPO procedures for new plantings (http://www.rspo.org/?q=page/535). It has also been posted on local on-site notice boards.

Date of notification: 7 Sep 2015

Tick whichever is appropriate

	This is a completely new development and stakeholders may submit comments.
\checkmark	This is part of an ongoing planting and is meant for notification only.

Company Name	Cargil Incorporated		
Subsidiary	PT. Harapan Sawit Lestari		
RSPO Membership No.	2-0215-11-000-00		
Company address	Desa Manis Mata		
	Kecamatan Manis Mata		
	Kabupaten Ketapang		
	Kalimantan Barat		
	Tel. (62 21) 30022988		
	Fax. (62 21) 30022987		
Capital Status	Foreign Investment (PMA)		
Type of business	Palm oil plantation and milling		
Geographical Location	111.012 E and -2.21549 S		
	111.018 E and -2.24477 S		
	111.037 E and -2.295 S		
Status of land	PT. HSL own land (Inti)		
ownership	HGU No. 143/HGU/BPN/97/A/106 (± 5,137 Ha)		
	 Smallholder 1) Surat Pernyataan Tanah (SPT), and 		
	2) Surat Pernyataan Penguasaan Fisik Tanah		
	(SPPFT) Provident Director – Niberong Somehit		
Contact Person	President Director – Nharong Somchit		
	 Email Address: <u>Nharong_Somchit@cargill.com</u> Group Sustainability Manager – Yunita Widiastuti 		
	Email Address: Yunita Widiastuti@cargill.com		



Total area of new planting	 Inti = 1,200 Ha Plasma = 2,684 Ha
	Total area for new planting = 3,884 Ha

Executive Summary:

PT. HSL begins to implement new planting plans for production of palm oil. These plans are to expand an area of 1,200 Ha of Kemuning Estate PT. HSL (Inti) and new planting of 2,684 Ha of plasma. This NPP is part of HGU area (5,137 Ha) which obtained since 1997 owned by Kemuning Estate, PT.Harapan Sawit Lestari. This Kemuning Estate commenced planting from year 2000 – 2006 with total 2,320 Ha, so total balance area about 2,800 Ha – enclave, not released and not developed at that time due to water logged problem also. We able to manage the water management in 2011 and to ensure government not classified this area as "abandon land", there is a commitment with local people to extend the plasma scheme and also release HGU land which enclaved earlier then extend the Inti area in Kemuning Estate by applying this NPP.

Permitted area for PT. HSL was approved by Ketapang regency on 26 January 2004, No. 23 year 2004 and on 9 November 2004, No. 352 year 2004. The plantation permit was issued by Ketapang regency on 31 October 2003 as letter No. 551.31/2311/Disbun-C (\pm 5,819 ha). New planting area of 1,200 Ha inti is within HGU of PT. HSL No. 143/HGU/BPN/97/A/106 (\pm 5,137 Ha). It is appertained to and managed under Kemuning Estate of PT. HSL.

In the case of smallholder, partnership takes form of an MoU whereby smallholder produces an exclusive supply of Fresh Fruit Bunches with financial backing (credit) from Bank Syariah Mandiri. New planting area is located in Ketapang Regency, West Kalimantan Province. PT. HSL will carry out land survey, eligibility study, zero burning land clearing and providing certified palm seed. The smallholder will partake actively in this development as part of knowledge transfer from PT. HSL. As a form of independence, PT. HSL will hand-over the management of plantation to smallholder when it meets technical requirements and or meets the age of 4 years.

The result of HCV assessment that carried out by faculty of forestry IPB in 2013 shows that there is no primary forest in new planting areas of inti and smallholder respectively. New planting areas are within classification of other land-use. Based on the LUC in PT HSL, result also shows that there is no primary forest in the concession area. The satellite image of Google earth, April 2013 showed that rubber, secondary regrowth and the grassland are dominant land cover.

In the areas intended for new planting, no peat soils were identified. This assessment was carried out from map of soil of the region and during HCV assessment by faculty of forestry IPB in 2013.

PT. HSL commissioned the preparation of Environmental Impact Assessment (AMDAL) in 19 November 2002 and received government approval in March 6, 2003. AMDAL was prepared by an accredited AMDAL consultant and included consideration of both negative as well as positive social and environmental impacts. The scope of AMDAL included assessment of impacts associated with land development, infrastructure, road access, mill operations and transportation. AMDAL also included assessment of the suitability of soils, topography and drainage and analysis of the land cover vegetation. AMDAL assessed the impacts on natural ecosystems and water resources.

Social Impact Assessment (SIA) that carried out by PT. LINKS in 2010 was oriented to reach reliable social impact which potentially arises due to development of PT. HSL project. Regionally, majority of local people living in the vicinity of business areas belong to Dayak



Tribe, Malay, Javanese, Madurese as well as some of them are Chinese. Dayak community commonly inhabits along Sungai Jelai, while other areas are dominantly inhabited by Malay, Javanese transmigrants, and Chinese descendants.

The smallholder model in this project, in which there is no land purchase, but partnership through MoU between smallholder and PT. HSL which gives to the project the characteristic of low land conflict. The MoU also requires of land ownerships.

HCV Assessment that conducted by faculty of forestry IPB in 2013 have identified HCV areas in different categories. The assessment was carried out covering new planting areas of inti and plasma. The assessment identified 5 types of HCV. These HCVs are HCV 1.2, HCV 1.3, HCV 4.1, HCV 5 and HCV 6. The assessment also provides recommendation for the company in managing the HCV area. HCV areas are outside of those intended for planting.



LOCATION MAPS



Figure 1. Location map of PT. HSL and smallholder new development in Ketapang Regency, West Kalimantan





Figure 2: Location map of PT. HSL new development of 1,200 Ha





Figure 3. Location map of smallholder new development of 2,684 Ha





Figure 4. Map of new development within region map (RTRW)



SUMMARY FROM SEI ASSESSMENTS:

The SEIA development and preparation of management and monitoring Plan for PT. HSL is prepared under cooperation agreement between PT. HSL and AMDAL consultant and PT.LINKS. The preparation of such report refers to the result of identification and analysis of Social Impact Assessment in the area of PT. HSL, Ketapang Regency, West Kalimantan Province and the frame of reference of the agreed work.

Results from identification and categorization based on findings and fieldwork in HSL's areas are presented in table below.



No	Social Aspects	Area Studied	Form of Social Problem	Trigger of Problems	Community Reaction	Company Response
1	Transparency and Legal Compliance	Dusun Abi, Pakit, Kalimantan, Keladi, Asam Besar, Landau, and Manis Mata	Repeated claiming for	Due to improper practices implemented before HSL was managed by Cargill	Community expressed, company has taken over their ancestral lands and did not give proper compensation for it.	HSL under Cargill implement proper land acquisition with transparent ways. They also create control dociments for compensation and land releasing since 2005.
					Planting rubber and other plants between palm oil's problematic areas. Local people demand and protest to get land compensation from the management. Those who live in Kemuning Estate, Asam Besar and Kebanteng	Conducting discussion with community members who have claimed their land and also by negosiation mediated by county authority. If based on the fact that local people have not obtained compensation, so HSL will give them proper payment as requested and of course document it. Specifically for ancestral land (tanah ulayat) located in Asam Besar village, HSL does not have any documented accounts for
					Tengah is recently mobilizing people to get compensation from the company. While in Manis Mata, protest to obtain compensation is launched by person.	compensation because such practices were done away before Cargill managed HSL.
2	Responsibility to the	Kemuning Estate (Abi,Pakit,	Company should fulfil	Safety equipments and tools distribution in	Employees complained about the renewals of safety equipments and tools	Providing safety equipments and tools regularly and evaluating its stocklist



No	Social Aspects	Area Studied	Form of Social Problem	Trigger of Problems	Community Reaction	Company Response
	employees	Kalimantan), Hampul	What employees need / required	timely manner	(ideally every 6 months)	
		Kemuning Estate, Manis Mata and Specially designated harbor owned by HSL in Jambi Village		Housing need for employees	Complaining inadequate numbers of housing for employees. At specially designated harbor, the management must post additional 3 security guard in guest room temporarily.	Company has planning ability to develop housing for employees who do not have it yet.
		Manis mata		Medical equipments and officer shortage compared to the number of employees and family as well as local people who visited that medical service centre	Addressing a proposal to internal management for improving medical services and adding some medical officers	Company medical service centre is operational support for company. Medical service centre responsible is employees and family. Local community can refer to community medical centre.
		Abi, Pakit, Kalimantan, Manis Mata,	Addressing a protest regarding employee's right at work	A need to get equal opportunity for working at the company	Addressing a social jealousy about the dominant number of Javanese employees who work at strategic position in HSL. Meanwhile, local community are	Providing a clarification and clear information about a competency gap among local people. They are not able to reach company standard for



No	Social Aspects	Area Studied	Form of Social Problem	Trigger of Problems	Community Reaction	Company Response
		Asam Besar, Keladi, Tarahan Bagan Kusik, Beliang Sungsang, Paku Juang and Keluwin			just recruited for freelance labor in maintenance department.	employee recruitment. Open chances and opportunity for local people to work in the projects, but it should match with their competence level
3	Partnership with KKPA farmers	Kemuning Estate, Manis Mata, Asam Besar, Pakalang Tukang, Kebanteng Tengah	Repeated claims for land in plasma areas.	Undocumented land acquisition Some of plasma have been sold to third parties or subcontracted. But local people as the owner claim it to the company.Local people have handed some of their land for palm oil plantation for HSL operation but they did not get any shared areas.	Addressing compensation request to HSL internal management. A protest to get compensation is usually launched by blocking the road and planting rubber in the claimed areas.	Providing an evident that HSL has implemented proper procedures for land acquisition in transparent and accountable ways. It is done by implementing control document for payment archives and compensation for issues that raised since 2005. Carrying out a discussion with local people who claimed their land and this discussion should involve county authority as mediator. If an evident is foundthat local people has not obtained any compensation, so HSL will provide proper payment and keep it in an archive or other forms of documentation.
		Kemuning Estate,	Discontendedness	Income fluctuation and	Expressing their dissatisfaction about	Making a clarification that KKPA



No	Social Aspects	Area Studied	Form of Social	Trigger of Problems	Community Reaction	Company Response
No	Social Aspects	Area Studied Area Kebun KKPA ASL and Kebanteng Tengah	Form of Social Problem Among farmers caused by low income and profit rate as well as fees deducted for KKPA.	Trigger of Problems Intransparency in KKPA management	Community Reaction harvest income in KKPA which are only worth of Rp.50.000-Rp.100.000 during 2010. Expressing suspicion that internal management has improperly done many intransparency in managing KKPA that causes low income. In Kemuning Estate, local community	Company Response income/profit rate is around Rp.50.000- Rp100.000. It is actually not an income but just a non-interest loan given by company to help farmer cope with low income after harvesting and because some of palm oils were not transported due to broken road. Confirming that they have not done any facilitation training for capacity building for KUD because the company is busy
					confirmed that their KUD KKPA has not carried out Annual Members Assembly for 8 years. Local people living in Kebanteng Tengah and Pakit has deployed mass for protest, and also involved LSM LAKI and a figure	solving the KKPA problems. Confirming that company has acknowledged local people demands and also protest.
					named SIHOMBING.	Confirming that company has also acknowledged local community demand in Kebanteng Tengah but meeting for clarification has not been attended by regional parliament (DPRD) because of time constraint.
4	Contribution to local development.	All locations	local demands and proposal to obtain aids	Improper social approach that company	Improper social approach that company had done in the past and unavailability of	Implementing procedures and selection process without any clear guidance and



No	Social Aspects	Area Studied	Form Problem	of Social	Trigger of Problems	Community Reaction	Company Response
			from HSL		had done in the past and	standard and limitation about how to	procedures.
			inoin rioL		unavailability of standard	provide/grant aids in recent.	
					and limitation about how		
					to provide/grant aids in		
					recent.		



SUMMARY FROM HCV ASSESSMENT(S):

The HCV assessment was conducted by Faculty of Forestry IPB (Bogor Agriculture Institute) on 2014. HCV areas identified in the assessment were allocated outside those intended for planting of 1,200 Ha of INTI and 2,684 Ha of smallholder's. However, the assessment identified 5 types of HCV in entire PT. HSL and smallholders and provides recommendation for the company in managing the HCV area present within the concession area, also to enable all the available resources to be focused, integrated and effective achieving the HCV management outcome. Identified HCV areas are shown in table below.

Table 1. Identification of HCV areas

	HCV Title	Finding
1.1	Areas that Contain or Provide Biodiversity Support Function to Protection or Conservation Areas	Absent
1.2	Critically Endangered Species	Present
1.3	Areas that Contain Habitat for Viable Populations of Endangered, Restricted Range or Protected Species	Present
1.4	Areas that Contain Habitat of Temporary Use by Species or Congregations of Species	Absent
2.1	Large Natural Landscapes with Capacity to Maintain Natural Ecological Processes and Dynamics	Absent
2.2	Areas that Contain Two or More Contiguous Ecosystems	Absent
2.3	Areas that Contain Representative Populations of Most Naturally Occurring Species	Absent
3	Rare or Endangered Ecosystems	Absent
4.1	Areas or Ecosystems Important for the Provision of Water and HCV Prevention of Floods for Downstream communities	Present
4.2	Areas Important for the Prevention of Erosion and Sedimentation	Absent
4.3	Areas that Function as Natural Barriers to the Spread of Forest or Ground Fire	Absent
5	Natural Areas Critical for Meeting the Basic Needs of Local People	Present
6	Areas Critical for Maintaining the Cultural Identity of Local Communities	Present



The result of HCV assessment that carried out by faculty of forestry IPB in 2013 shows that there is no primary forest in new planting areas of inti and smallholder respectively. New planting areas are within classification of other land-use. Based on the LUC in PT HSL, result also shows that there is no primary forest in the concession area. The satellite image of Google earth, April 2013 showed that rubber, secondary regrowth and the grassland are dominant land cover. Please refer to the map below:





Figure 5: Land cover map of Cooperative Beringin Jaya Lestari





Figure 6: Land cover map of Cooperative Beringin Jaya Lestari (southern area)





Figure 7: Land cover map of Cooperative Sinar Beraduk Jaya





Figure 8: Land cover map of Cooperative Tagari Utama Mandiri





Figure 9: Land cover map of Kemuning Estate PT HSL



Stakeholder's consultation:

The Stakeholders' consultation was held on January 21, 2014 at Manis Mata, Ketapang district, West Kalimantan Province. Consultation with the relevant stakeholders was attended by community's leaders, heads of village and cooperatives. The consultation was to provide opportunities for communication and sharing the information / opinion / suggestions between the company and the workers, contractors, suppliers, smallholders, consumers, government agencies and communities to move forward for the benefit and common progress. This is also part of the process of free, prior and informed consent procedures to ensure that there is a balance in the social and environmental harmony in the development of the oil palm planting project between PT. HSL and stakeholders.

SUMMARY OF PLANS:

New planting area of 1,200 Ha is and expansion program for Kemuning Estate of PT. HSL and is within HGU 143/HGU/BPN/97/A/106. New planting areas for smallholder are located outside of HGU with total area of 2,684 Ha. The detail area and time plan are summarized in table below.

Properties	Location	Total Area (Ha)	Planting Time Table
PT. HSL	Kemuning Estate	1,200	2015
Smallholders			
Cooperative Beringin Jaya Lestari	Manis Mata Village Ratu Elok Village Asam Besar Village Danau Buntar Village	934	2015
Cooperative Sinar Beraduk Jaya	Pantai Ketikal Village Petanaman Village	750	2015
Cooperative Tagari Utama Mandiri	Asam Besar Village Kuala Asam Village Bagan Kusik Village Belian Sungsang Village	1,000	2015
	Batu Sedau Village		

Table 2. Area and time plan for new planting



Lipat Gunting Village

Total New Planting Area

3,884 Ha

Management and mitigation measures for Social and Environmental Impact Assessment as below:

Table 3. Management and mitigation measures for Social Impact Assessment

No	Potential Impact	Proposed Mitigation Measures
1	Managing social problem	 Evaluation on working equipment and safety tools are necessary and urgent. Housing, support, employee's rights, medical and healthcare services, as well as other means for labor unions should be fulfilled by the company respectively. It is highly recommended for internal management to fulfill any kinds of employee's right as it is accordance to normative and legal requirement as well as related to compliance to mutual agreements.
2	Managing local stakeholder	 Tracking: By collecting information and data related to activities and also relationship demonstrated by stakeholders. Informing: It is one way communication, done by providing annual or quarter report. Consultation: Maintaining the dialogue flows between company and relevant stakeholders through informal sources (or can be called as "back channel dialogue"). Support: Activities that relate to the provision of financial support or non-financial one which can be demonstrated through philanthropic activities and sponsorships. Collaboration: Managing collective projects with one stakeholder bounded up within informal agreement. Partnership: Managing collective projects with several stakeholder swithin informal agreement.
3	Managing local needs	 The social management should be oriented to the management of social problems at local communities. Efforts to manage this social problem as well as answer the needs of the community management and development of cooperatives and farmers KKPA, increase revenue and unconditioned stability of income. The social management should be oriented to social cohesion (social cohesion). In the case of the management has not develop an optimal social communication with the local community or the analysis related to the degree of proximity of the reactive (negative relationship patterns) between the management and the public, should be used as a basis



 for evaluating and developing social cohesion improvements management of the community around the project. Human resource oriented and strengthening the local economy. PT. HSL Management needs to respond to the needs of the local community to be able to work in the project through a special recruitment mechanism. Given that local people around this area and has a hard character and low competence in the work, before the hiring is done, companies need to develop an agreement on the terms of recruitment, training, problem solving and termination of employment that involves government officials and representatives of rural communities. This agreement by both parties to be your labor recruitment and resolution of recruitment. In
 Company in partnership with communities and governments around the village area gardens can also support joint advocacy agenda conveyed to the government districts and provinces, such as electricity, road improvement district and village, as well as construction of public facilities to gradually condition of quasi state was experiencing at this time be addressed.

Table 4. Management and mitigation measures for Environmental Impact Assessment

No	Impact	Source of Impact	Location	Mitigation	Time Frame
1	Soil erosion	Land clearing activity	Planting area exclude conservation	 Build terraces on the sloping area following the land contour Build drainage in the area Intensify the vegetation cover to maximize soil protection 	Throughout the construction phase
2	Reduction in diversity of protected vegetation / wild species	Land clearing activity	Conservation areas and riparian	 Provide planning for conservation area Provide warning signboards of illegal logging and illegal hunting, and socialize to the public 	Throughout the construction and operational phase
3	Land fire potential	Land clearing activity and other activity that	Planting area	 Land clearing without burning (zero burning) Build control tower to monitor fire hazard and necessary equipment 	Throughout the construction and operational



		possibly contributes to land fire at the operational phase		 Provide adequate fire extinguishers and access to isolate the spread of flames Build the water reservoir at capacity, which in case of emergency, the water reservoir can be used for firefighting process Conduct socialization to communities
4	Socio- economic and culture	Land clearing activity and recruitment	Surrounding villages in Manis Mata Sub-district	 Prioritize workers recruitment in surrounding areas according to the needs and required qualifications Provide information to local people when job opening Provide clinic, housing facility, education, sport and worship place Provide scholarship for student from surrounding communities
5	 Health issues Increasing number of malaria disease Increasing number of occupatio nal illness Increasing number of diarrhea 	Planting activity	Surrounding villages in Manis Mata Sub-district	 Encourage to use mosquito net Provide health and safety training Provide safety committee Disciplinary action for health and safety violation

The purpose of management and monitoring plan of HCV are:

- To ensure all the identified HCV and all area that assigned as HCV are protected and managed well, so that the HCV functions are well preserved.
- To enhance the administration and documentation of the management and monitoring in the sense that the process carried out is more systematically according to the legal aspects.

The basic programs and activities that fulfil the HCV management are summarized as table below.



Table 5. Management and mitigation measures for HCV assessment

No	Program	Proposed Mitigation Measures
1	Management and mitigation plans for threats to HCV areas	 Inventory and Identification of all HCV Areas that are threatened or exposed to disturbances. Socialization about the existence and importance of protecting HCV areas to the local communities and people around the HCV areas. Socialization about the existence and importance of protecting HCV areas to employees. Develop an SOP of management and monitoring HCV. Dialogue with stakeholders, especially government for increasing protecting HCV elements and areas. Develop organization structure for HCV management and monitoring system. Reduce sediment loads and river silting by river leaching.
2	Management plans to enhance or maintain conservation values of identified HCV Areas	 Demarcate all of HCV areas boundaries. Maintain the boundary poles. Provide HCV signboard in all HCV areas with hunting ban to protect flora and fauna reserved include the sacred place. Enrichment and rehabilitation in HCV areas. Reserve the riparian zone.
3	Monitoring plan of HCV	 Measure the intensity of disturbance in HCV areas including fire hazards potential. Monitor the development of the buffer zone condition. Monitor recent condition and density plant species biodiversity include protected and endangered species. Monitor recent condition and density of wildlife species biodiversity include protected and endangered species. Monitor the realization of rehabilitation activity and percentage of rehabilitation coverage area. Monitor the river quality periodically.



VERIFICATION STATEMENT:

This report serves as notification for the new planting plan to be conducted by PT Harapan Sawit Lestari in 2015. Based on the new planting procedure as enforced on January 1st 2010, the organization has to follow new planting procedure and submit the relevant document (Social Environmental Impact Assessment, High Conservation Value Assessment, and other relevant documents) to adhere to the requirement of RSPO P&C. The management plan has included the findings of the SEIA conducted by the government approved consultants as well as incorporating the HCV and SIA assessments findings by independent consultant.

In addition, RSPO has announced additional requirement for criterion 7.8 of the RSPO P&C 2013 where the organization has to present documentations on land use changes, identified and estimated carbon stock, as well as plan to minimize net GHG emissions. These documents are to be reported to RSPO secretariat as standalone document at the same time as the submission of this report.

PT Harapan Sawit Lestari has opted for RSPO NPP desk audit against the above relevant documents and two SGS (Zaenal Abidin and Langlang Buana) auditors have conducted the desk review of New Planting Procedure documents submitted by the organization gradually on 24 February 2015, 16 March 2015, 1 April 2015, and 8 June 2015 at PT SGS Indonesia.

Based on the review of Social Impact Assessment document, HCV Assessment document, Summary of Planting, High Carbon Stock assessment documentations (including land use change analysis), and Carbon emission and sequestration documentations, it can be concluded that the assessment and plans are comprehensive, professional and in conformance with RSPO New Planting Procedure.

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Signed on behalf of SGS Indonesia,	Signed on behalf of PT Harapan Sawit Lestari
Kulo	mation
Zaenal Abidin Qualified RSPO Lead Auditor Date: 10 July 15	Yunita Widiastuti Group Sustainability Manager Date: 10 July 15