

MINUTES OF MEETING OF RSPO 24th BHCV WORKING GROUP

Minutes for RSPO BHCV WG

Date: 15/04/2014 (PM) – 16/04/2014

Start Time: 2.00 pm

Venue: Santika BSD City Hotel, Serpong, Indonesia

Attendance

Members and Alternates

1. Olivier Tichit (OT, Sipef) – Co-chair
2. Anne Rosenbarger (AR, WRI) – Co-chair
3. Dato' Henry Barlow (HB, Independent)
4. Dr. Gan Lian Tiong (GLT, Musim Mas)
5. Peter Heng (PH, GAR)*
6. Norazam Abdul Hameed (NAH, FGV)
7. Alexandra Booth (AB, Olam)
8. Tang Men Kon (TMK, Sime Darby)
9. Michal Zrust (MZ, ZSL)
10. John Payne* (JP, BORA)
11. Michael Brady** (MB, IFC)
12. Anders Lindhe (AL, HCV RN)
13. Dwi Muhtaman (DM, Jaringan NKT)
14. Chong Wei Kwang (CWK, GAR)

Invitees

1. Ling Chia Yi (LCY, Hap Seng)
2. Frankie Patrick (FP, Hap Seng)
3. Charlie Chow Kok Cheng (CC, Hap Seng)
4. Mohamad Pirabaharan (MP, Minamas)*
5. Dani Ikhsan Prasetyo (DP, Minamas)
6. Donald Ginting (DG, First Resources)*
7. Bambang Dwilaksono (DD, First Resources)*

With Apologies

1. Simon Siburat (SiS, Wilmar)
2. Adam Harrison (AH, WWF International)
3. Sophie Persey (SP, REA Kaltim)
4. Melissa Yeoh (MY, WWFM)
5. Glen Reynolds (GR, SEARRP)
6. Reza Azmi (RA, WildAsia)

RSPO Advisors

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Secretariat Staff

Salahudin Yaacob (SY)
Asril Darussamin (AD)
Oi Soo Chin (OSC)

* Attended only on the 15th April 2014

** Attended only on the 15th and 16th (AM)
April 2014

- | | |
|---|--|
| <ol style="list-style-type: none"> 8. Riswan (RI, PT PN3)* 9. Tio Handoko (TH, PT PN3)* 10. Khairul Fahcry (KF, PT PN3)* 11. Liam Sian Choo (LSC, Bumitama)* 12. Peter Lim (PL, Bumitama)* 13. Agam (AG, Bumitama)* 14. Haskarlianus Pasang (HP, PT SMART)* 15. Williem Cahyadi (WC, PT SMART)* | |
|---|--|

Agenda

1. Opening Meeting by Co-chair
2. Update on INA HCV TF
3. HCV RSPO Indonesian Working Group (HCV-RIWG)
4. Presentation on GAR's Land Use Change (LUC) analysis
5. Presentation on Hap Seng's LUC analysis
6. Presentation on PT BSMJ's LUC analysis
7. Presentation on PT PN3's LUC analysis
8. Presentation on Bumitama's LUC analysis
9. Assigning compensation panel to Sime Darby
10. Complainant's enquiry on compensation plan submitted by company
11. HCV Assessors Licensing Scheme progress report
12. HCV and Smallholders
13. Next BHCV/CTF meeting
14. Update on PT WINA & Sipef compensation case
15. Update on riparian management guidelines
16. Finalisation of RSPO BHCVWG's TOR
17. Development of BHCVWG's Work plan
18. Presentation on fire monitoring tool for SMART by Dr. Ilaria Palumbo
19. Closing meeting

Item	Description	Point Person
<p>1.0</p> <p>1.1</p> <p>1.1.1</p> <p>1.2</p> <p>1.2.1</p> <p>1.3</p> <p>1.3.1</p>	<p><i>Opening Meeting by Co-chair</i></p> <p><u>Opening meeting</u> The co-chair opened the meeting by welcoming RSPO BHCV WG members and participants. He requested members and participants introduce themselves. He then briefly presented the agenda of the meeting.</p> <p><u>Approval of Minutes of previous meeting</u> The members reviewed and approved the previous meeting notes.</p> <p><u>Action point</u> To upload approved meeting notes/minutes on RSPO website.</p>	<p>OSC</p>
<p>2.0</p> <p>2.1</p> <p>2.2</p> <p>2.3</p>	<p><i>Update on INA HCV TF</i></p> <p>PH gave an update on the progress of INA HCV TF. He informed members on the proposal from Indonesian growers to organise a workshop to socialise the legal review document.</p> <p>PH expressed his gratitude to WILMAR, Sipef and Musim Mas for agreeing to join the TF. Miss Sian Choo from Bumitama expressed her interest to join the TF.</p> <p>See Annex 1 for presentation slides.</p>	
<p>3.0</p> <p>3.1</p> <p>3.1.1</p> <p>3.2</p> <p>3.2.1</p> <p>3.2.2</p> <p>3.3</p>	<p><i>HCV RSPO Indonesian Working Group (HCV-RIWG)</i></p> <p><u>Update on Management and Monitoring of HCV Guidance Document</u></p> <p>SY informed members on the completion of the Management and Monitoring of HCV guidance document developed by HCV-RIWG in Bahasa Indonesia. He then sought permission from WG to translate the document to English.</p> <p><u>Decisions made:</u></p> <p>i. The WG agreed to have the document translated to English.</p> <p>ii. AL suggested that both HCV RN and Jaringan NKT Indonesia should start communicating with each other.</p> <p><u>Action point:</u></p> <p>i. To translate the Management & Monitoring of HCV guidance document.</p>	<p>AD</p>

Item	Description	Point Person
4.0	<p><u>Presentation on GAR's Land Use Change (LUC) analysis</u> HP presented GAR's and PT SMART's LUC analysis. See Annex 2 for presentation. AR requested GAR to provide information on when the HCV assessment was done for each of the PT (company). AR added that in cases where zero liability was found in the concession, the information should also be reported together with the LUC analysis.</p> <p>A compensation panel was assigned to GAR. The panel comprised of FGV, NBPOL, WWF International and BORA.</p>	
4.1	<p><u>Action point</u></p> <ul style="list-style-type: none"> i. To check and provide the actual dates of the HCV assessment dates for the nine concessions. ii. To confirm whether the nine concessions comprise the complete list of land cleared without HCV assessment during the period Nov 2005 – Dec 2009 and if there were any land cleared after Dec 2009 without HCV assessment. iii. To confirm with NBPOL on their involvement as compensation panel for GAR's compensation case. Sipef will take over the role in the compensation panel if NBPOL is not available. 	<p>HP(GAR)</p> <p>HP(GAR)</p> <p>OT</p>
4.2	<p>Anders commented that GAR's reported liability was not done in the spirit of compensation and it could be seen by the outside as the company deliberately waited to become a member to reduce its liability. He suggested the working group consider the language in the final draft of the procedures. The second suggestion was to ask GAR whether they have looked into this and had any suggestions which will get the WG out of the current situation.</p>	
4.3	<p><u>Important note for establishment of compensation panel</u></p> <ul style="list-style-type: none"> i. To develop clear definition on conflict of interest for organisations which will be involved in the compensation panel. ii. As WRI will be reviewing LUC analysis submitted by companies, they will not be involved in approving compensation plan proposed by companies. iii. If panel members are required to sign a Non-Disclosure Agreement (NDA), the NDA will be prepared by the respective company. 	<p>BHCV WG</p>

Item	Description	Point Person
<p>5.0</p> <p>5.1</p> <p>5.2</p>	<p><u>Presentation on Hap Seng’s LUC analysis</u> CC presented LUC analysis for Hap Seng (River Estates) Sdn Bhd, Tomanggong Group of Estates. See Annex 3 for presentation.</p> <p>OT confirmed that Hap Seng had entered compensation process.</p> <p><u>Decisions made:</u> The WG confirmed that the non-affected units can proceed with certification process. OT announced that the affected units will be allowed to proceed with certification process once their compensation plan has been approved by the compensation panel.</p> <p>A compensation panel was assigned to Hap Seng. The panel comprised of SIME, SEARRP, WRI & BORA.</p> <p><u>Action point:</u> i. Hap Seng to submit relevant shapefiles, maps and satellite imagery to LUC reviewer.</p>	<p>CC</p>
<p>6.0</p> <p>6.1</p> <p>6.2</p>	<p><u>Presentation on PT BSMJ’s LUC analysis</u> DG presented the LUC analysis for PT BSMJ. See Annex 4 for presentation.</p> <p>A compensation panel was assigned to First Resources. The panel comprised of WILMAR, Sipef, IFC and WWF Malaysia.</p> <p><u>Decisions made:</u> Physical presentation of the next LUC analysis for PT BSMJ is not required. The company is only required to send the requested files for review.</p> <p><u>Action point:</u> i. To submit updated version of reporting template to LUC reviewer. ii. To submit shapefiles, maps and relevant files for LUC review. iii. To check with management whether there are conflict of interests between WILMAR and First Resources.</p>	<p>OSC</p> <p>DG</p> <p>DG</p>

Item	Description	Point Person
<p>7.0</p> <p>7.1</p> <p>7.2</p>	<p><u>Presentation on PT PN3's LUC analysis</u> RI presented the LUC analysis for Batang Toru estate. He then gave an update on Sesimut Palm Oil Mill (POM) supply base arrangement. Effective 27th February 2014, PT PN3 removed Batang Toru estate which was the affected unit from Sesimut to Hapesong POM. He then proposed to the WG to consider allowing Sesimut POM to proceed with certification. See Annex 5 for presentation.</p> <p>The compensation panel assigned to PT PN3 comprise of GAR, FGV, WWFM and BORA.</p> <p><u>Decisions made:</u> The WG agreed that PT PN3 can proceed with certification for Sesimut POM with the condition that they remove Batang Toru estate from the supply base.</p> <p><u>Action point:</u> i. To send PT PN3 the latest reporting template. ii. To send associated data to LUC reviewer.</p>	<p>OSC RI</p>
<p>8.0</p> <p>8.1</p> <p>8.2</p>	<p><u>Presentation on PT Ladang Sawit Mas (LSM) Lestari Gemilang Instisawit (LGI) PT Agro Manunggal Sawitindo (AMS) LUC analysis</u> LSC presented the background of three companies entering compensation process. She explained that LSM entered the process via complaints channel and LGI and AMS via voluntary disclosure. She then handed over the presentation to AG. AG presented the LUC analysis for LSM, LGI and AMS. See Annex 6 for presentation.</p> <p>OT confirmed that Bumitama had entered the compensation process.</p> <p>The compensation panel assigned for Bumitama comprise of REA, IFC, NBPOL (or Sipef) and SEARRP.</p> <p><u>Decisions made:</u> Bumitama to submit relevant data to the Secretariat and LUC reviewer.</p> <p><u>Action point:</u> i. To send updated reporting template to Bumitama. ii. To submit updated reporting template to LUC reviewer.</p>	<p>OSC LSC</p>

Item	Description	Point Person
9.0	<p><u>Assigning compensation panel to Sime Darby</u> The compensation panel assigned to Sime Darby comprise of FGV, Sipef, ZSL and BORA.</p>	
10.0	<p><i>Complainant's enquiry on compensation plan submitted by company</i></p>	
10.1	<p><u>Discussion on complainant's request to comment on compensation plan submitted by company.</u> The complainant would like to find out from the WG whether they are allowed to provide comments for compensation plan proposed by the company.</p>	
10.2	<p><u>Decisions made:</u> The WG agreed that the complainant may provide comments for the compensation proposal submitted by company. However, OT reminded the WG that the role of compensation panel was to provide technical expertise for compensation cases. Therefore, the complainant may provide inputs to the complaints panel and the feedback can be forwarded to the compensation panel. The WG agreed that a flowchart should be developed to show the process of compensation mechanism.</p>	
10.3	<p><u>Action point:</u> To develop flowchart for compensation mechanism process.</p>	BHCVWG
11.0	<p><i>HCV Assessors Licensing Scheme progress report</i> AL presented the progress report for HCV Assessors Licensing Scheme developed by HCV RN and this is followed by question and answers session. See Annex 7 for presentation.</p>	
12.0	<p><i>HCV and Smallholders</i> AL presented the findings of Simplified HCV Guidance for Independent Smallholders TF meeting with representatives from Smallholders Working Group on March 18th 2014 in Kuala Lumpur. He informed the WG that the decision was to commission a consultant to draft HCV guidelines for smallholders in line with principles and recommendations from the TF. See Annex 8 for presentation.</p>	
12.1	<p>AL summarised that an alternative approach was needed and proposed solutions for development of the guidance. He then requested the WG to endorse the proposal.</p>	

Item	Description	Point Person
12.2	The meeting decided to give members until May 15 to comment on the HCV and Smallholder document distributed April 14. Absence of comments would be taken as consent.	
12.3	<p>Action point To get WG to endorse proposed recommendations of the TF meeting.</p>	OSC
13.0	<p>Next BHCV/CTF meeting Next BHCV/CTF meetings will be held from 19th – 22nd August 2014 in Kuala Lumpur.</p>	
14.0	<p>Update on PT WINA & Sipef compensation case AR provided updates on the progress of each compensation case. Both companies were in the process of submitting LUC analysis data to WRI for review.</p>	
15.0	<p>Update on riparian management guidelines OSC provided update on the draft document riparian management guidelines and requested the WG to provide comments.</p> <p>Action point:</p> <ul style="list-style-type: none"> i. To get consultant to provide list of knowledge gap in riparian management. ii. WG to send comments by 2nd of May 2014. 	OSC BHCVWG
16.0	<p>Finalisation of RSPO BHCVWG's TOR The WG revisited the membership section of the BHCV WG's TOR (Annex 9) and composition of the WG. See Annex 10 for composition of the BHCVWG.</p>	
16.1	<p>Decisions made</p> <ul style="list-style-type: none"> i. To retire non-active members of the BHCVWG and maintain them as pool of experts for the WG. ii. To invite more environmental and social NGOs to join the BHCVWG. 	
16.2	<p>Action point</p> <ul style="list-style-type: none"> i. To inform non-active members on their retirement. ii. To send invitation to environmental and social NGOs to join the BHCVWG. 	OSC OSC
17.0	<p>Development of the BHCVWG's Work plan MZ presented the proposed BHCVWG's work plan to the WG. The objectives of the work plan is to provide clear direction for the WG, within the remit of the TOR, to improve the environmental</p>	

Item	Description	Point Person
	performance of the RSPO certification standard. The proposed work plan is presented in Annex 11 .	
18.0	<p><i>Presentation on fire monitoring tool for SMART by Dr. Ilaria Palumbo</i></p> <p>Dr. Ilaria presented the fire monitoring tool for SMART and this was followed by questions and answers session.</p>	
19.0	<p><i>Closing meeting</i></p> <p>OT closed the meeting and thanked the members for their participation.</p>	

Attendance Sheet



Roundtable on Sustainable Palm Oil

RSPO Secretariat Sdn Bhd
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 59000 Kuala Lumpur
 Malaysia

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**24th Meeting of RSPO BHCVWG
 15th- 16th April 2014
 Hotel Santika BSD City Serpong, Jakarta**

No.	Name	Organisation	Signature 15/4/2014	Signature 16/4/2014
1.	Tang Men Kon	Sime Darby Plant.		
2.	O.TICHI	SIPER		
3.	Anne Rosenbarger	WRI		
4.	Michael Brady	IFC		
5.	Henry Baston	Independent		
6.	ANDREW LINDHE	HEU RN		
7.	Chong Wei Kuan	GAR		
8.	Peter Han	GAR		-
9.	Salahudin Yaacob	Rspu		
10.	ASRI DARUSSAMIN	RILO		
11.	MICHAEL ZROST	ZSL		
12.	Alexandra Birch	Olam		
13.	Gan Lion Tieng	Musiin Man		
14.	LING CHIA YI	HAP SENG		
15.	FRANKIE PATRICK	"		
16.	CHOW KOK CHENG	HAP SENG		
17.	Dani Nilsari Poesyo	Murmas Plantation		
18.				
19.				

ANNEX 1

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RSPO INA HCV Taskforce(TF) Work-in-progress

Prepared by Peter Heng
15 April 2014

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Work-in-progress to date

- Feedback on legal review organized by RSPO
 - Only four stakeholders provided comments.
 - Sophie (FPP) and Sisilia (Huma) will incorporate feedback into the legal review draft for discussion at the next INA HCV TF meeting.
 - RSPO led INA growers workshop
 - RSPO suggested a workshop for INA growers to receive feedback on the legal review draft.
 - Proposed date: early May 2014.
 - Facilitation by Formisbi (tentative)
 - Legal review draft for public consultation
 - RSPO advised that it is too early to conduct public consultation:
 - Construe as pressure
 - Technically the review is still a draft
 - Final decision is to be made by the TF.
-

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Work-in-progress to date

- Encourage more INA grower members to participate in the INA HCV TF
 - Confirmed new members – PT Cipta Usaha Sejati, Musim Mas, SIPEF, Wilmar
 - Three potential members in pipeline.
 - RSPO Secretariat and INA HCV TF to identify key people for informal dialogue with stakeholders (the Government of Indonesia (BPN, MoA, MoE, ISPO), growers (including GAPKI, GPPI) and communities.
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Thank you

GAR Land Use Change Liability Computation

Prepared by Haskarlianus Pasang
RSPO BHCV WG
15 April 2014

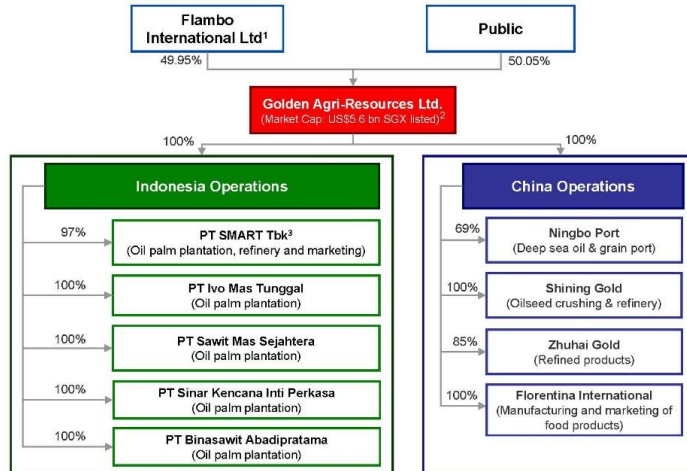


Agenda

- Corporate structure
- Background information
- Details of historic HCV assessment
- LUC analysis and map
- LUC analysis process
- SMART LUC liability * SIPEF template



Corporate and Shareholding Structure



Notes:

1. Widjaja Family has aggregate ownership of 49.95% in GAR
2. Market capitalisation as of 28 March 2014
3. Listed on the Indonesia Stock Exchange
4. Simplified organisation structure with principal operating subsidiaries

RSPO membership:

SMART	30Jan2005
IMT	17Jun2008
GAR	31Mar2011

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GAR remediation proposal – chronology

Oct 2011	GAR conducted retro assessment of HCV on land development without HCVA.
May 2011	Historic HCVA (HHA) and peat mitigation report submitted to RSPO
Sept 2011	Peer review of HHA submitted to RSPO
Feb 2012	RSPO agreed to implement HCV remediation and peat mitigation in 2 pilot estates over 8 phases.
Nov 2012	Remediation proposal presented to BHCV WG
Jun 2013	Updated proposal presented to and agreed by BHCV WG
Oct 2013	GAR presented the criteria to stop harvesting along river riparian area.
Jan 2014	GAR advised the BHCV WG that it is not agreeable to the 'no-harvesting' experiment



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Details of historic HCV assessment

	Company	Member of RSPO		Concession area (ha)	Areas cleared without HCV assessment		
					Nov2005- Nov2007	Dec2007- Dec2009	Total
1	PT Satya Kisma Usaha	SMART	SKU	6.950	1,113	358	1,471
2	PT Tapian Nadenggan	SMART	TND	24.407	6,163	0	6,163
3	PT Agro Lestari Mandiri	GAR	ALM	22,300	3,610	1,737	5,347
4	PT Buana Adhitama	GAR	BAT	14,300	417	1,057	1.474
5	PT Kartika Prima Cipta	GAR	KPC	19,200	0	1,022	1,022
6	PT Kencana Graha Permai	GAR	KGP	11,000	1,297	5,740	7,037
7	PT Mitrakaya Agroindo	GAR	MKA	23,100	7,218	5,730	12,948
8	PT Paramitra Internusa Pratama	GAR	PIP	20,000	0	2.467	2.467
9	PT Persada Graha Mandiri	GAR	PGM	19,750	0	2,996	2,996
	TOTAL			160,918	19,818	21,107	40,925

Source: Historic HCV Assessment (IPB 2011)



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	Land controlled by a non-member at time of clearance. 	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance. 
Land cleared after November, 2005 – November, 2007⁴	Remediation and/or compensation required only for Social HCVs (HCV 4, 5 & 6) if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.	Remediation and/or compensation is required only for Social HCVs (HCV 4, 5 & -6), if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.
Land cleared between December, 2007 - December 31, 2009	Remediation and/or compensation is required only for Social HCVs (HCV 4, 5 & 6) if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.]	Sum of: all areas cleared commercially without prior HCV assessment X their vegetation coefficient(s) in Nov 2005



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LUC analysis of PT SKU

PT Satya Kisma Usaha (SKU) – SMART concession.

Areas cleared without HCV assessment 358ha

	Classification	Clearing (ha)	Liability (ha)
Co-eff 0	Bare Lands	64 ha	0
Co-eff 0.4	Shrubs	102 ha	41 ha
Co-eff 0.7	Secondary forest	192 ha	134 ha
Total		358 ha	175 ha

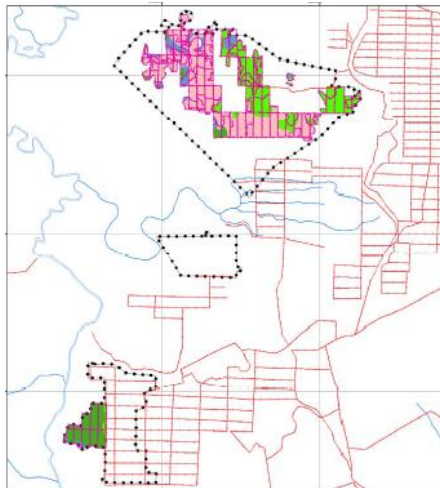
Compensation value USD 2,500 x 175 ha = USD 438,545*

* Pending clarification on definition of commercial and non-commercial land clearance.



7

LUC map



Land cover interpretation in PT SKU, Central Kalimantan based on satellite image taken in Aug 2006

LEGEND :

- Road
- River
- Planting Periode : 2006-2010
- Licens Area Border
- Land Cover :**
- Secondary Forest Areas
- Shrubs
- Young Oil Palm Plantation Areas
- Haze
- Bare Land

Source: Historic HCV Assessment (IPB 2011)



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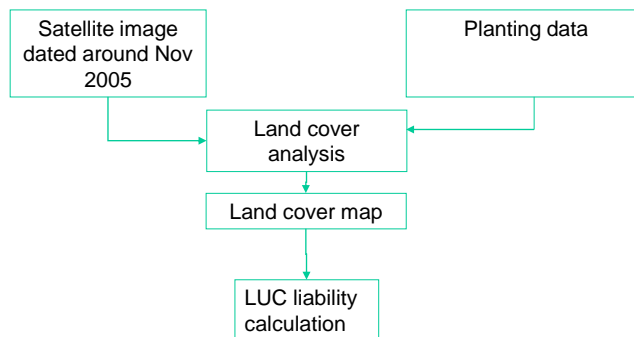
LUC analysis of PT SKU

Land Cover	%	Area (Ha)	Co- eff	Planted in 2005-2007	Planted in 2007 - 2009
Oil Palm Plantation	29.84	438.96	0	439	0
Bare Land	50.16	737.84	0	675	64
Shrubs	6.92	101.74	0.4		102
Secondary Forest	13.08	192.46	0.7		192
Total	100.00	1,471.00		1,114	358

Source: Historic HCV Assessment (IPB 2011)



LUC analysis process



SMART LUC liability * SIPEF template

date of submission	15-Apr-14		
box 01.1 - RPSO member	PT SMART	box 01.2 - RPSO member number	1-0019-05-000-00
box 01.3 - date of joining RPSO		30-Jan-05	
box 01.4 - subsidiary/management unit	PT SMART	box 01.5 - country	Indonesia
		box 01.6 - location within country	Indonesia
COMPENSATION CASE			
box 02.1 - volunteered	N	box 02.2 - reported or referred	Y
		box 02.3 - by	Grievance Panel
box 03.1 - cause of liability	Lack of HCV assessment prior to land clearing		
box 04.1 - time period of liability	Nov 2005 - Nov 2009		
box 04.2 - date of beginning of control of management unit by company	prior to Nov 2005		
		box 04.3 - explain date of end of liability	1 Jan 2010 - HCV assessment carried out.
box 04.4 - other units certified ?	Y	box 04.5 - date of first certification within group of companies	15-Sep-11
LAND-USE CHANGE			
box 05.1 - total project area (ha)		31,357	box 05.2 - use coefficient of 1 ?
box 05.3 - total raw liability (ha)		7,634	box 05.4 - final liability (ha)
box 05.5 - LLC (raw, all in ha)			
nov.2005 to end nov.2007		dec.2007 to end dec.2009	jan.2010 to Comp.Mech.
	0	0	after Comp.Mech.
	0	192	0
	0	102	0
box 05.6 - any non-commercial LC ?	Y	box 05.7 - specific circumstances	N
box 05.8 - LLC analysis internal ?	N		
SOCIAL ASPECTS			
box 06.1 - social liabilities ?	N		
REMEDATION PROPOSAL			
box 07.1 - Environment remediation plan (with schedule)	Remediation plan agreed by BHCV WG in June 2013, if implemented would have been completed by Sep 2017		Remediation plan agreed by BHCV WG in June 2013, if implemented would have been completed by Sep 2017
COMPENSATION PROPOSAL			
box 08.1 - Environment compensation plan (with schedule)	pending acceptance by BHCV WG		box 08.2 - Social compensation plan (with schedule)
			pending acceptance by BHCV WG
CHANGE OF COMPANY SOP			
box 09.1 - SOP changed/introduced	controls in place to ensure HCVs are conducted		

Thank you

ANNEX 3



Hap Seng Plantations Holdings Berhad Tomanggong Group Of Estates

Compensation Mechanism - Concept Note

New Planting Area of 1,430.24 ha

HSPHB Representative

- ▶ Mr Chow Kok Cheng, Senior General Manager - Estates
 - ▶ MBA (Heriot-Watt University, Edinburgh Business School)
 - ▶ AISP

- ▶ Mr Ling Chia Yi, Coordinator Agronomy Department
 - ▶ B.Sc Conservation Biology (Universiti Malaysia Sabah) (2007)

- ▶ Mr Frankie Patrick, Sustainability Executive
 - ▶ B.Sc Conservation Biology (Universiti Malaysia Sabah) (2008)

Company Background in General

- ▶ Hap Seng Plantations Holdings Berhad (HSPHB) is one of the many business division under Hap Seng Consolidated Berhad.
- ▶ Main office is located at Menara Hap Seng, Kuala Lumpur.
- ▶ HSPHB involves in the cultivation of oil palm and production of CPO and PK.
- ▶ Has a total area of more than 36 000 hectares (15 estates) and 4 mills. All mills has undergo the RSPO Main Certification audit along with 13 estates.
- ▶ HSPHB is spearheaded by Chief Executive - Group Plantations, Mr Au Yong Siew Fah and is assisted by Senior Planting Advisor - Mr Peter Liew, Senior General Manager, Estates - Mr Chow Kok Cheng and Processing Controller - Mr Robert Kimon.

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Company Background in RSPO

1. HSPHB has been RSPO member since September 2005.
2. RSPO member number 1-0098-11-0000-00
3. All estates and mills are located in Sabah.
4. First RSPO Main Assessment done at Sg Segama Group of Estates (9,907 Ha) in June 2011 by TUV Rheinland. Certificate awarded in May 2012.
5. Followed by Jeroco and Tomanggong Group of Estates in November 2012 by SIRIM QAS. Jeroco (14,117Ha) was awarded with the certificate in September 2013.
6. Certification for Tomanggong GOE is pending due to two newly planted areas of HSPHB estates (Northbank and Tabin Estate).
7. Total RSPO certified hectarage is 24,000 Ha (67% RSPO certified).

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Development History

- ▶ The Area of Interest (AOI) are Northbank Estate and Tabin Estate and located at Tomanggong Group Of Estates.
- ▶ The total area involved is 1430.24 ha (Northbank (1,124.00 ha) and Tabin Estates (306.24 ha)).
- ▶ The AOI was cleared from what previously known as a logged over forest. The land was acquired by HSPHB in 1998 (refer to Land Title Copy) from previous company EAC.
- ▶ The land was only developed in 2007.

5



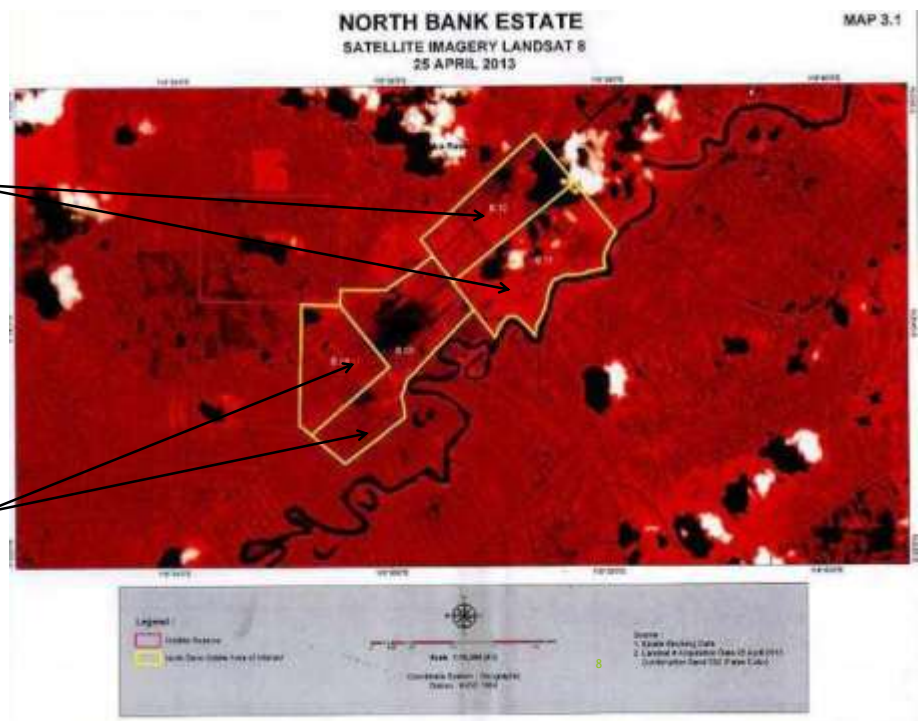
Chronology of Events for AOI in Northbank Estate

- ▶ Land Title: CL 095324897
 - ▶ Sanwide Division
 - ▶ Total 542.00 Ha
 - ▶ HSPHB acquired the land from Sanwide Enterprise Sdn Bhd in 1998.
 - ▶ HSPHB harvested remaining timber for housing and amenities in the 1999 and early 2000.
 - ▶ HSPHB cleared the land and planted oil palm in year 2008 and 2009
- ▶ Land Title: CL 095316304
 - ▶ Phase 4 and 5 Division
 - ▶ Total 582.00 Ha
 - ▶ Land acquired by RE in year 1961
 - ▶ RE harvest timber from the area in 60s and 70s
 - ▶ Late Dick Walsh (from RE) developed the area in year 1963.
 - ▶ Due to flood, majority palms died.
 - ▶ After the flood, RE supply more palms to the area but fail due to continuous flood in the 80s
 - ▶ The development is postponed since then.
 - ▶ HSPHB harvested remaining timber for housing and amenities in the 90s.
 - ▶ HSPHB cleared the land and planted oil palm in year 2011 and 2012

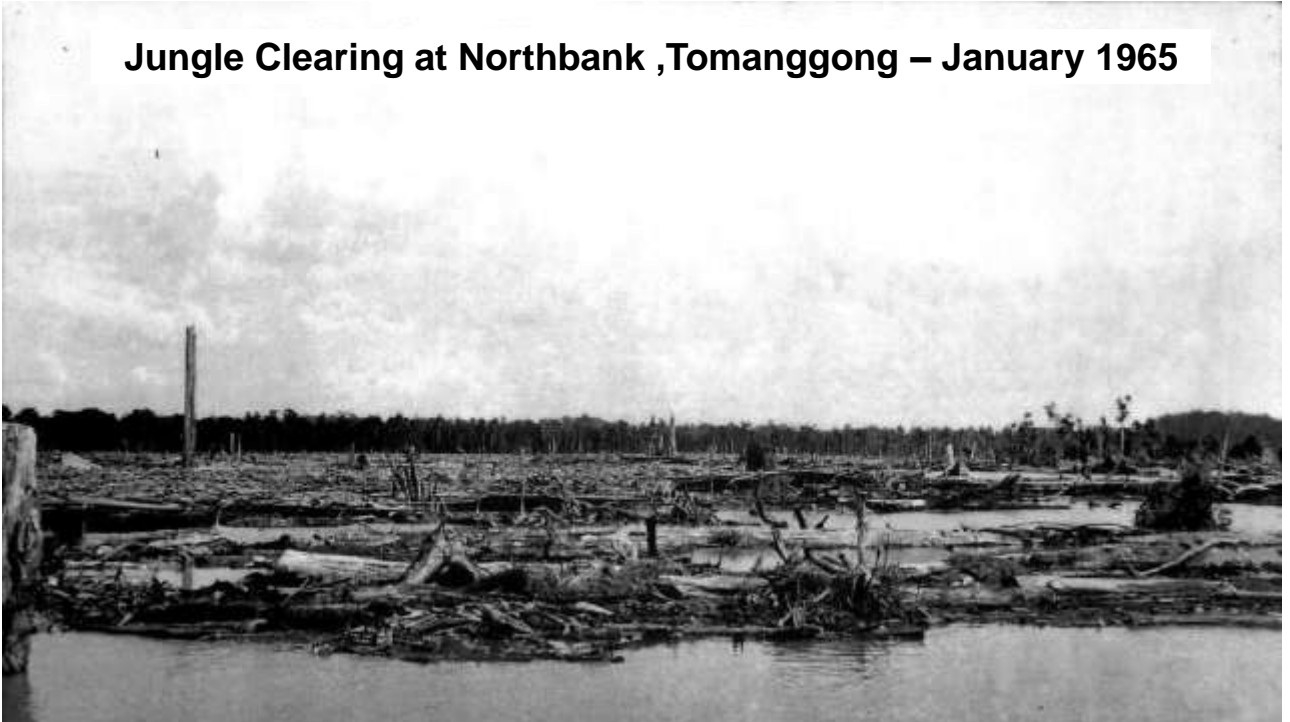
7

Phase 4 and 5 Division

Sanwide Division



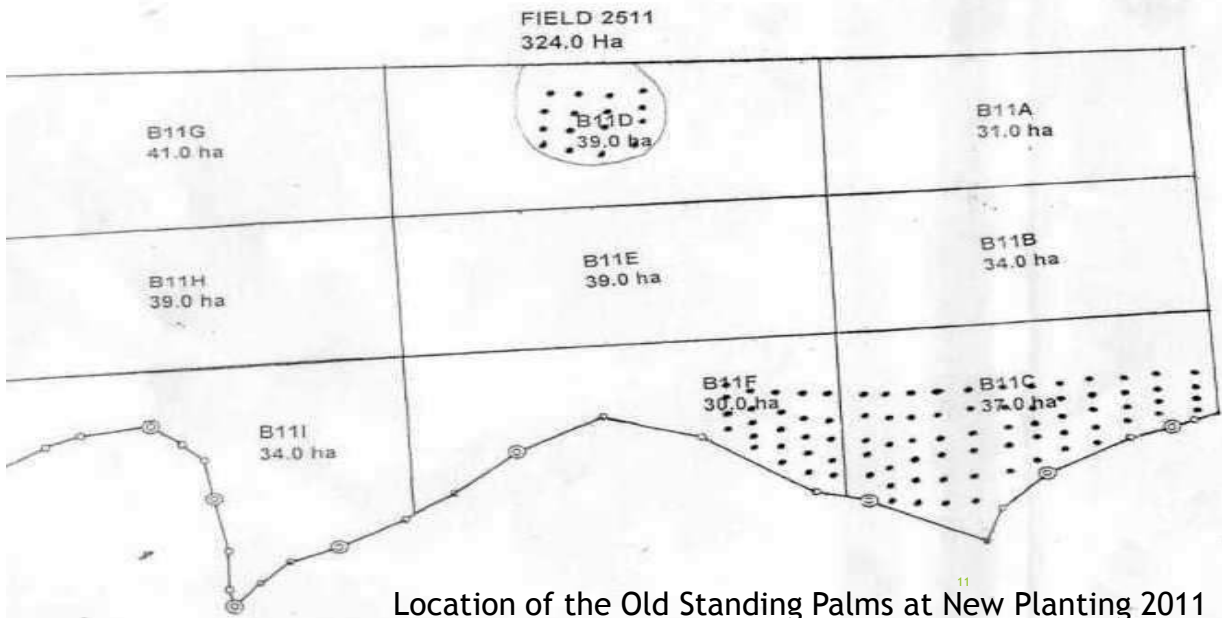
Jungle Clearing at Northbank ,Tomanggung – January 1965



Aerial View of The River Estates Sdn. Bhd. - July 1969



DIVISION : PHASE 4



Major Flood at Northbank in the 60s



Old palms at higher ground from previous planting in the 60s survive during the flood. They are standing at the 2011 new planting in Northbank Estate.



Estate NORTHBANK

Name of Contractor : Lim Engit Fun Dev.Ent Contract No. 985746

Registration No./NRIC _____

Address : Locked Bag No. 5 Division: NorthBank

91109 Lahad Datu Date: 06th December 2011

The Contractor hereby agrees with the Estate Manager to do the work detailed below upon the terms and subject to the conditions mentioned:-

To provide excavator (EX120) to carry out the following works :-			Amount (RM)
1) Shredding of old palms at <u>NP 2511 (324.0 Ha)</u>			
Field	Total Palm	Rate (RM/Palm)	Total Value (RM)
<u>2511</u>	<u>1000</u>	7.30	7,300.00

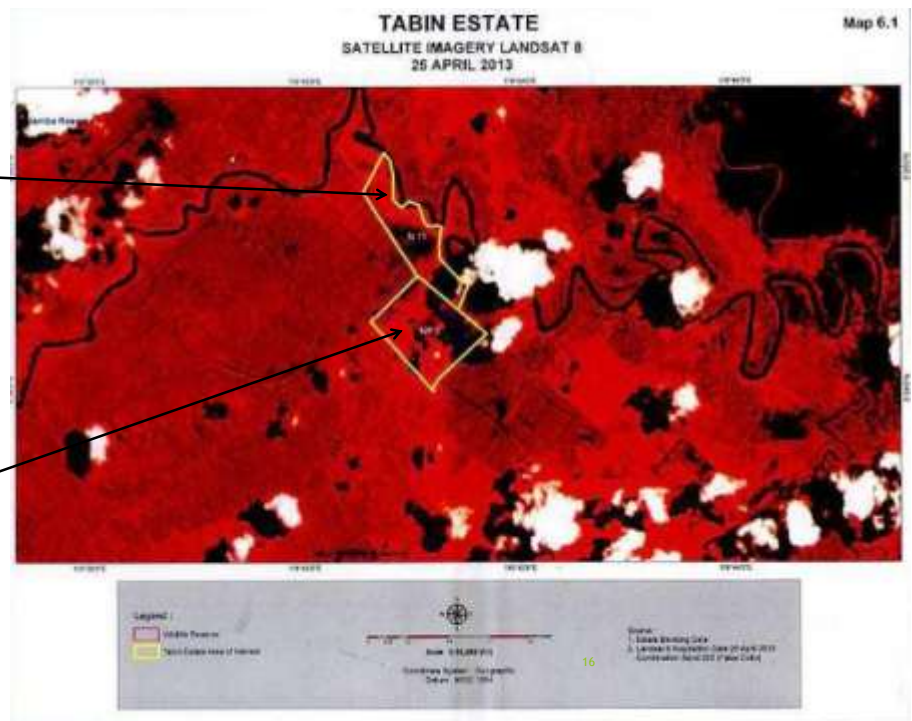
Chronology of Events for Tabin

- ▶ Land Title: CL 095324879
- ▶ Sri Lamag Division
- ▶ Total 182 .00 Ha
- ▶ Land acquired by HSPHB in 1999
- ▶ HSPHB harvested the timber for housing and amenities in the early 2000.
- ▶ HSPHB cleared the land and planted oil palm in year 2009
- ▶ Land Title: 21 NT titles.
- ▶ NT Land Division
- ▶ Total 124.14 Ha
- ▶ Land acquired by HSPHB on 30th December 1998.
- ▶ Previously, local villagers harvest timber, jungle produce and fishing from the area.
- ▶ HSPHB lease the land to help the locals to develop the land.
- ▶ This is part of CSR to lift the poverty of the local villagers by increase their income.
- ▶ HSPHB cleared the land planted oil palm in year 2011

15

NT Land Division

Sri Lamag Division



All documents on earlier development was lost in the Fire year 1999

POLIS DIRAJA MALAYSIA

SALINAN REPOT

Rumah Tinggal Balai Polis Kota Kinabatangan.

12 / 12 / 19 99 Kebakaran.

MOHAMAD ARIFIN BIN HARI (KPT:610616-12-5599)

Umur 38 tahun. Kerja Eksekutif Akaun & Tadbir

Duduk Ladang Tamanggong.

Pada 12/12/99, lebih kurang jam 0545 pagi saya dapat tahu dari penjaga malam En.Hassan bahawa Pejabat Pusat (NGOE) telah terbakar. Barang-barang yang musnah seperti berikut:-

1)Computer Appliances - RM 82,050.00, 2)Airecon Window dan Split - RM 30,400.00, 3)Photocopy Machine - RM 10,000.00, 4)Atur (4 buah) - RM 24,000.00, 5)Fax Machine (2 buah) - RM 6,000.00, 6)File Cabinet (7 buah) - RM 2,100.00, 7)Safe Box (1 buah) - RM 3,000.00, 8)Kerusi/Meja Eksekutif - RM 19,000.00, 9)Office Building/lain-lain barang - RM 120,000.00. Kerugian dianggarkan RM 298,450.00 turut terbakar ialah tiket (MAS) dan passport pekerja. Punca kebakaran dipercayai disebabkan litar. Pihak saya buat laporan untuk tindakan / rufukan pihak yang berkenaan.

SALIN OLEH
KARSA
ANSINAH MAZIT
CHET/W. 131581

Development History for Oil Palm

► Table 1 shows the distribution of the clearing:

Estate	Dec 2007 to end Dec 2009	Jan 2010 to Compensation Mechanism
Tabin	182.00	124.14
Northbank	542.00	582.00
Total	724.00	706.14

Table 1: New Planting Development Phases

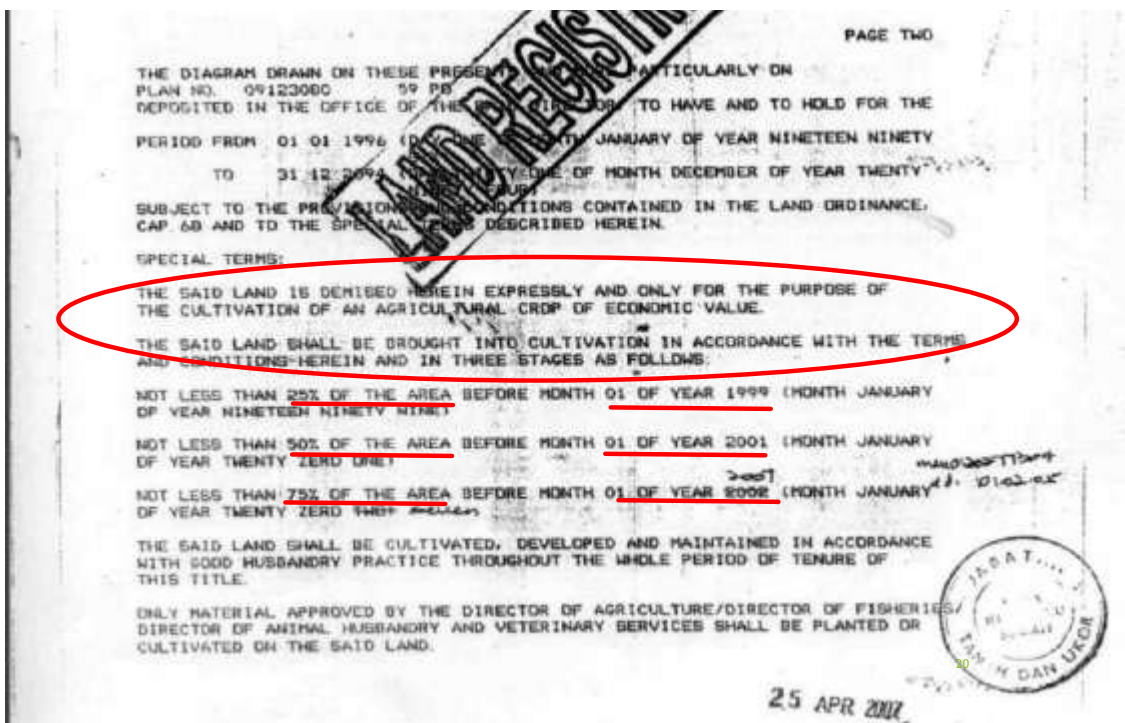
Note:

1. The development is in accordance to the land title terms and conditions (Country Lease and Native Title). There are clauses inside the land title that requires the owner to develop the land within the stipulated time (year 2003 for Sri Lamag and year 2007 for Sanwide).
2. The company is currently paying the land cess based from the land title hectarage even though the land is yet to be developed.

Requirement by the Law

- ▶ For each land, an approved development plan is submitted to the Land and Survey Department.
- ▶ HSPHB must follow the approved development plan to develop the area.
- ▶ If not followed, HSPHB has to pay the premium (that cost hundreds of thousand Ringgit Malaysia) to amend the extension of the owner covenants (in year 2003, HSPHB paid **RM 158,050.00** to amend the extension for Sanwide).
- ▶ It is a requirement by the law that HSPHB need to fully the develop the land after acquired unless it is an unplatable area.
- ▶ As stated in the land title under special terms, HSPHB is required to develop not less than 75% of the land within the stipulated time according to the special terms for all the areas.
- ▶ Otherwise, Land and Survey Department has the authority to gazette the land for other purpose.

19



20

Summary for the Status of the Land

Estate	Tabin	Tabin	Northbank	Northbank
Division	Sri Lamag	NT Land	Sanwide	Phase 4 and 5
Ha	182.00	124.14	542.00	582.00
Developed	Dec 2007 to end Dec 2009	Jan.2010 to Comp.Mech.	Dec 2007 to end Dec 2009	Jan.2010 to Comp.Mech.
Land title*	2003	NA	2007	NA
Initial	Timber harvesting	Used by villagers	Timber harvesting	Timber harvesting
Subsequent	Continue to harvest timber for housing and amenities before November 2005.			
Results	Logged over forest			

*Developed more than 75% to fully developed within stipulated time frame.

21

Causes of Liability

- ▶ Lack of available information and clear directive from RSPO on the New Planting Procedures
- ▶ Absence of HCV Assessment prior to land clearing.
- ▶ Limited recognized HCV assessors during the time of project.

22

Retrospective HCV Assessment

- ▶ In compliance with RSPO requirement, HSPHB voluntarily reported that the land were commercially cleared between Sept 2007 to March 2012 without prior HCV Assessment.
- ▶ The management decided to commission the Retrospective HCV Assessment through Green Harvest Environmental Sdn Bhd (GHE). Table 2 shows the HCV Assessment Team

Name	Profession/ Qualification
Mr Bjorn Dahlen	<ul style="list-style-type: none"> •Team Leader •Master in Geography (GIS/Natural Resource Management), University of California
Mr Sakti Angara	<ul style="list-style-type: none"> •Remote Sensing •Bachelor's Remote Sensing/GIS, Gajah Mada University
Mr Appolonious Bodo	<ul style="list-style-type: none"> •Field Team •Local natural resource expert/ interpreter

Table 2: HCV Assessment Team

23

Report Findings

- ▶ Satellite image analysis (multi-temporal land cover analysis) is done to Northbank and Tabin AOI.
- ▶ The AOI are confirmed to have been cleared as per Table 1 based on the image analysis and estates documents.
- ▶ The reports indicated that the area has previous key elements of High Conservation Value (HCV) even though the area has already been logged by the previous management.

24

Land Use Change Analysis

Total project area (ha)	12,330.00		
Total raw liability (ha)	1,406.34	Final liability (ha)	778.99

	Nov 2005 to end Nov 2007	Dec 2007 to end Dec 2009	Jan.2010 to Comp.Mech.	after Comp.Mech.
coef. 1.0	NA	NA	NA	NA
coef. 0.7	NA	505.05	NA	NA
coef. 0.4	NA	NA	273.94	NA

25

Remediation and Compensation Proposal

- ▶ Once LUC is reviewed and approved, we propose to remediate a portion of the AOI.
- ▶ Use portion of monetary compensation fund to start a grant for local institute and organization to study the potential HCV area in HSPHB. The objectives of the study would be to confirm the type of HCV and the species richness in the area.
- ▶ Once potential HCV area is confirmed, we will use the compensation fund to manage area.
- ▶ To use the compensation fund for internal capacity building and strengthening of natural resource and HCV management throughout the various Estates.

26

Thank You





An Update of PT BSMJ HCV verification, East Kalimantan

Kuala Lumpur, 20 January 2014
Jakarta, 15 April 2014 (Updated)

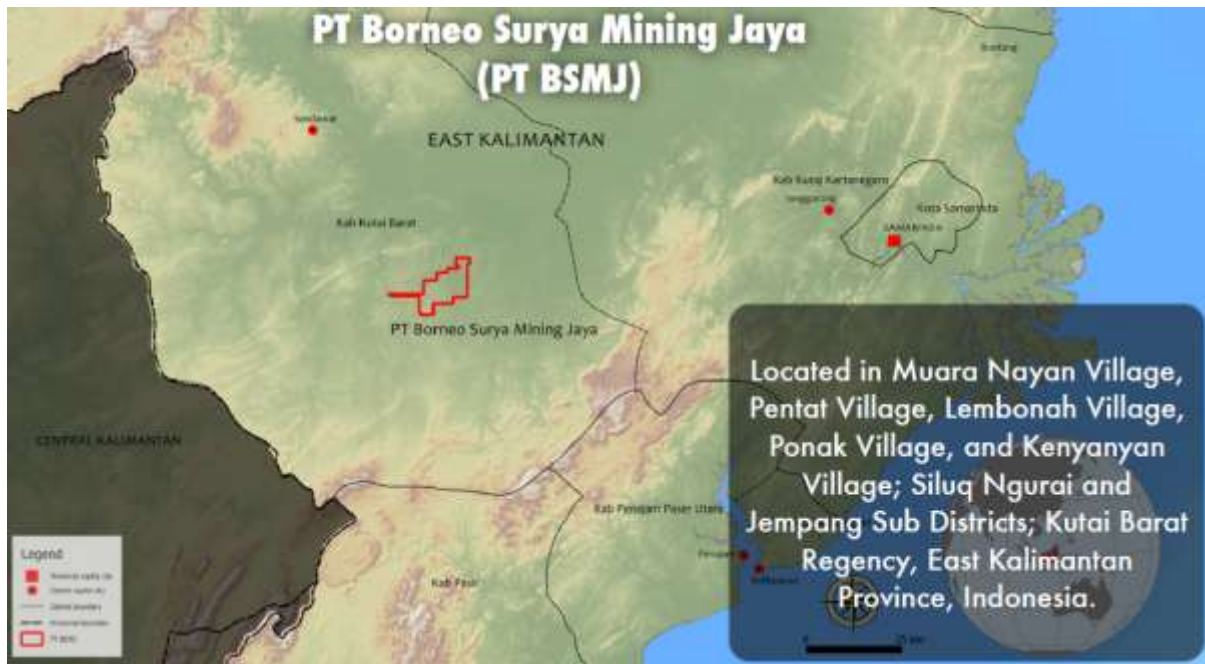


Objectives

1. To review HCV assessment conducted by IPB 2013
2. To conduct land use change analyses

Team Composition

1. **Dwi R. Muhtaman**, team leader, general NKT, focus on social aspects and certification
2. **Yokyok Hadiprakarsa**, landscape ecologist, GIS, NKT 1-4, conservation issues
3. **Wibowo A. Djatmiko**, ecologist, NKT 1-3, conservation issues



Objectives # 1

To review HCV assessment conducted by IPB
2012

Objectives # 1

To review HCV assessment conducted by IPB
2012

- A. Area of Lembonah Conservation Forest (LCF) as HCV 1 is considered inappropriate (25 ha vs 340 ha) according to the existing land cover and important ecological function

Land cover changes in LCF areas



1994

2005

2009

2013

Open areas Secondary dry land forest Shrub land Plantation HCV Area - LCF



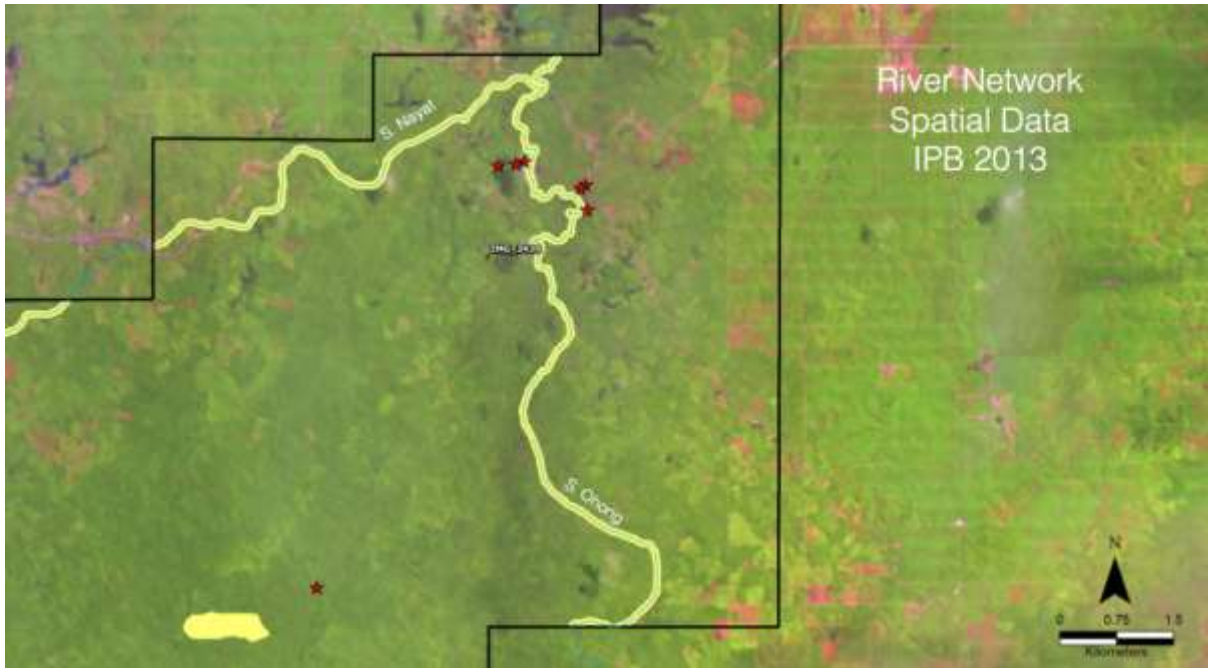
Forest edge with disturb area
PT. Borneo Surya Mining Jaya - Forest Resource
Muara Tse, Indonesia
0°35'46.51" S 116°4'21.7" E
© Y. Hadiprakarsa/ReMark Asia 2012

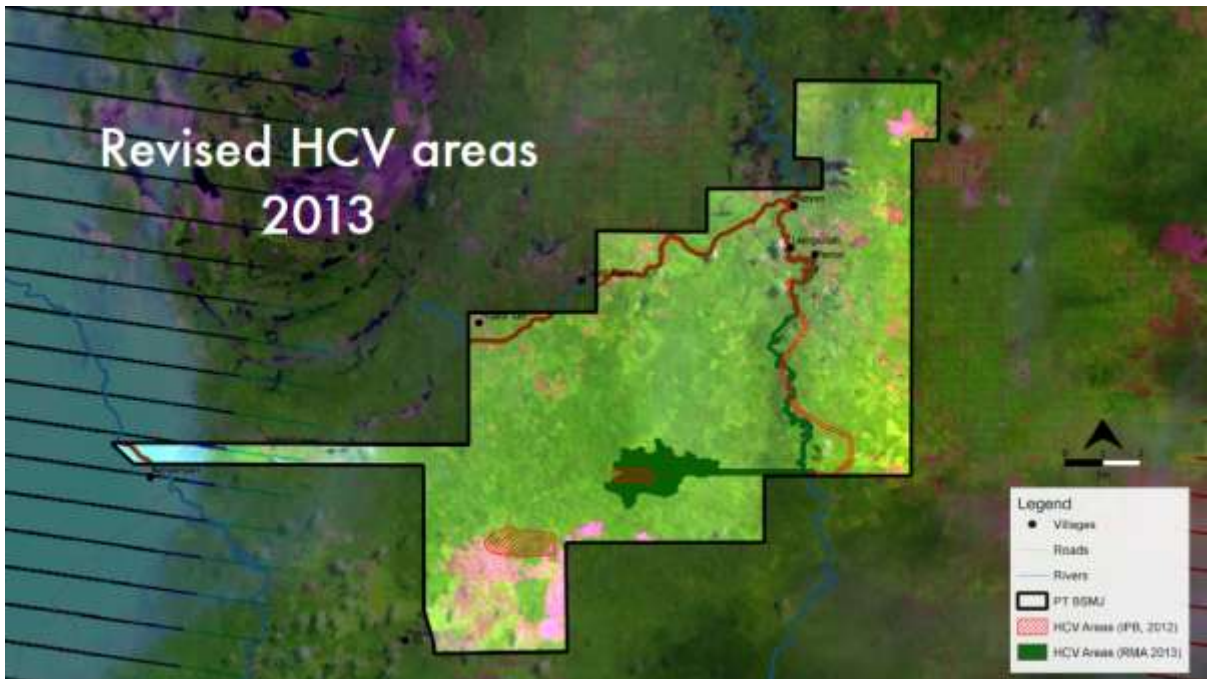


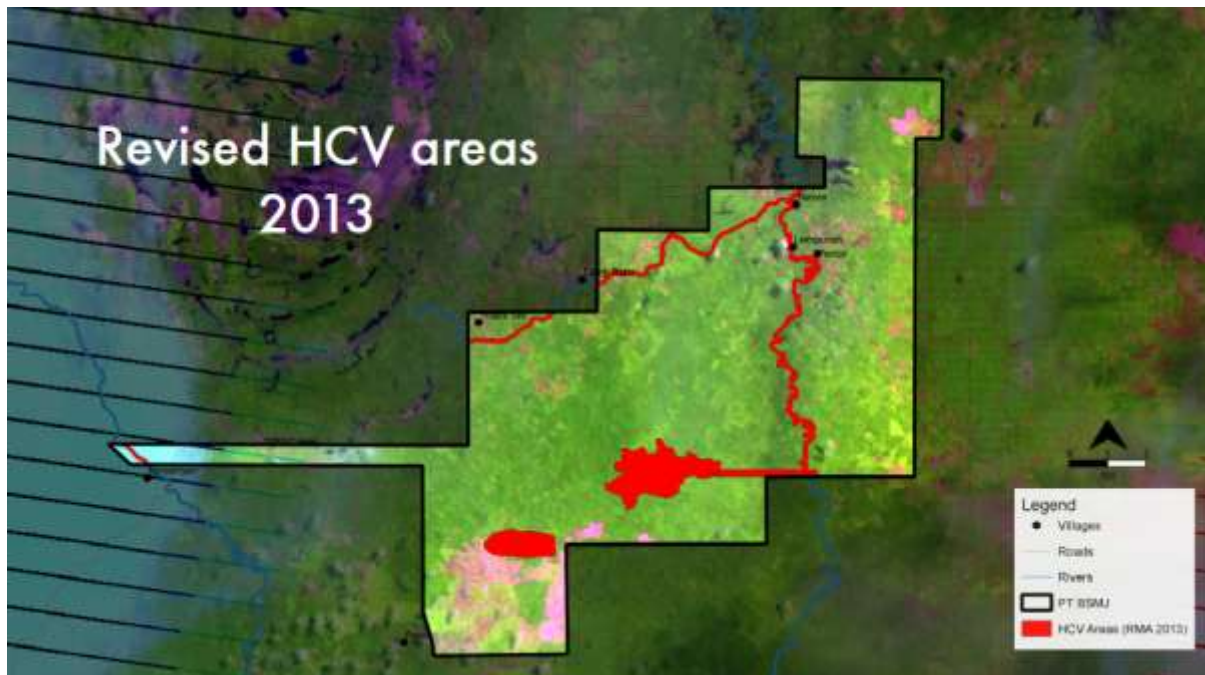
Objectives # 1

**To review HCV assessment conducted by IPB
2012**

- B. Lack of spatial data on river network in PT BSMJ
- C. Revision to riparian areas of Ohong river was based on actual GPS tracking with accuracy maintained < 6 meter. (117.90 Ha vs 146 Ha)







Objectives #2

To conduct land use change analysis

Land Cover and Used Changes Analysis

1994 - 2013

Land Cover and Land Use Change Analysis

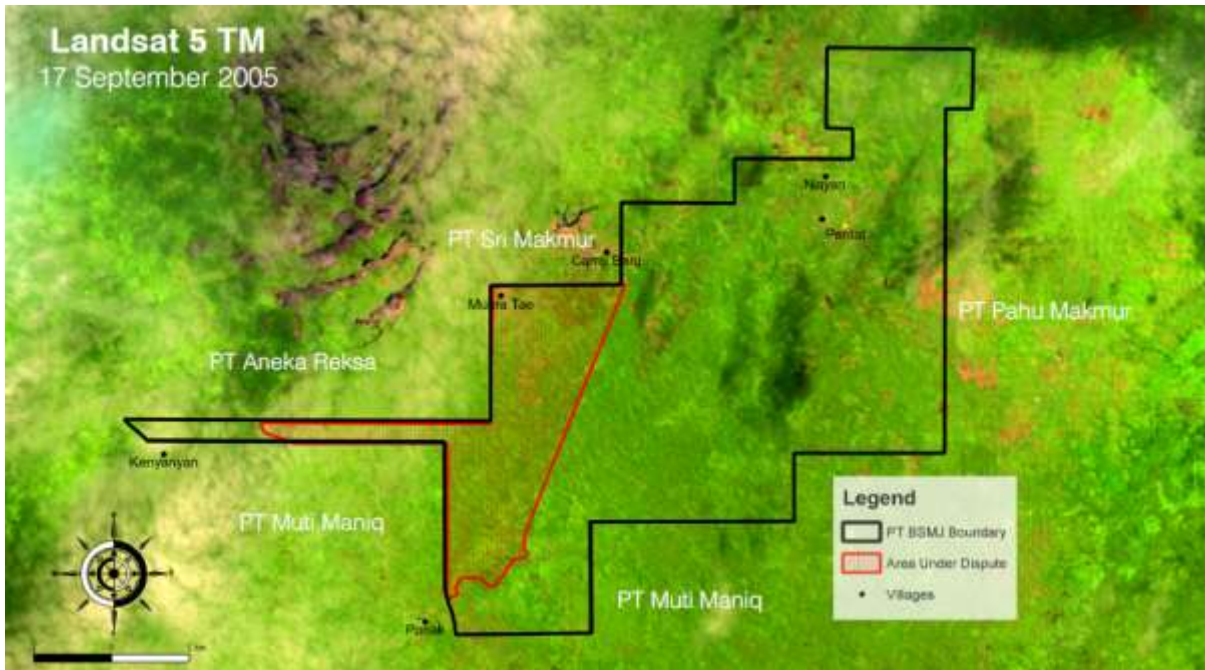
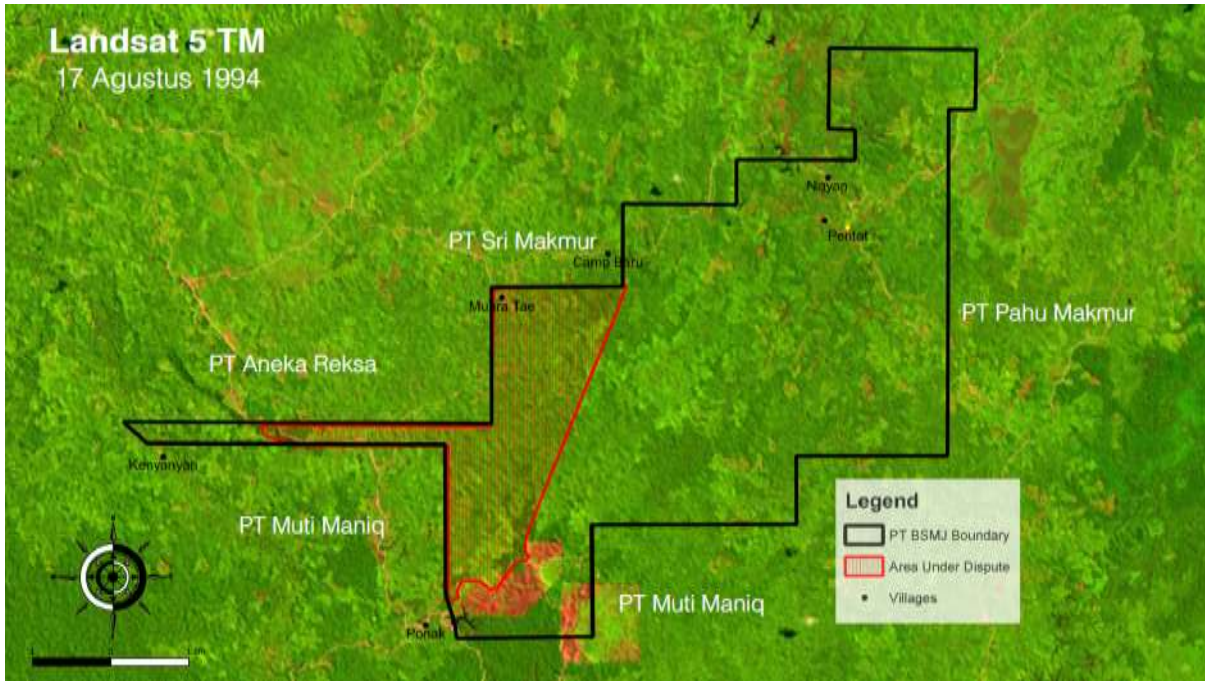
Methods

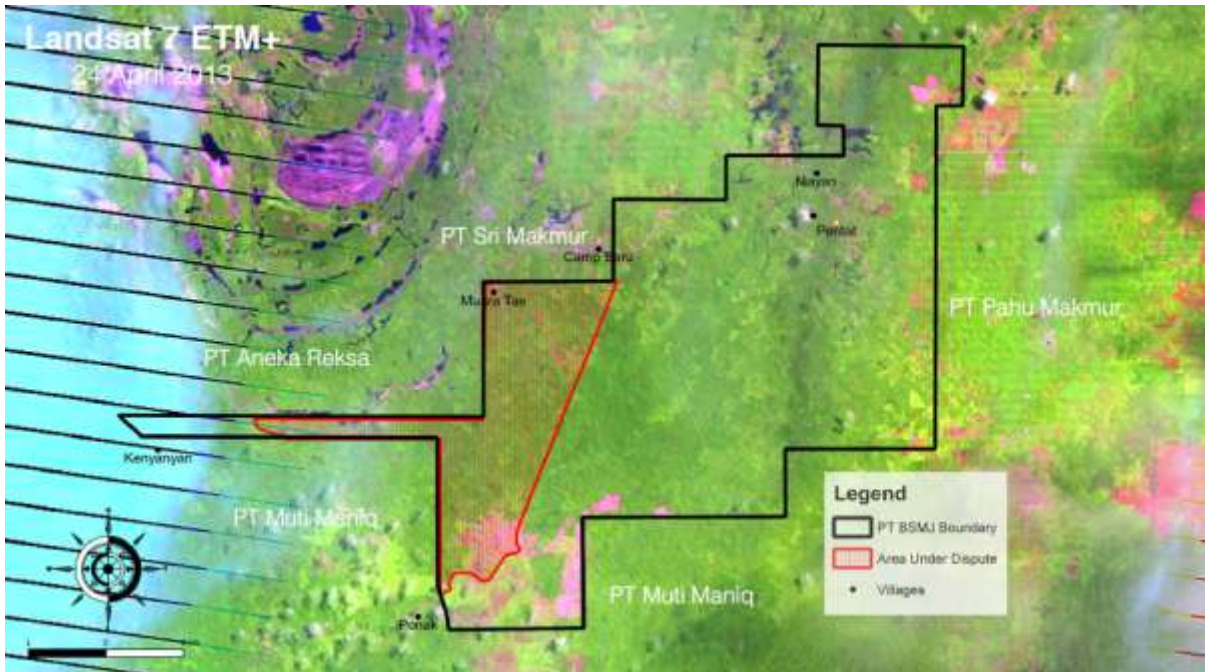
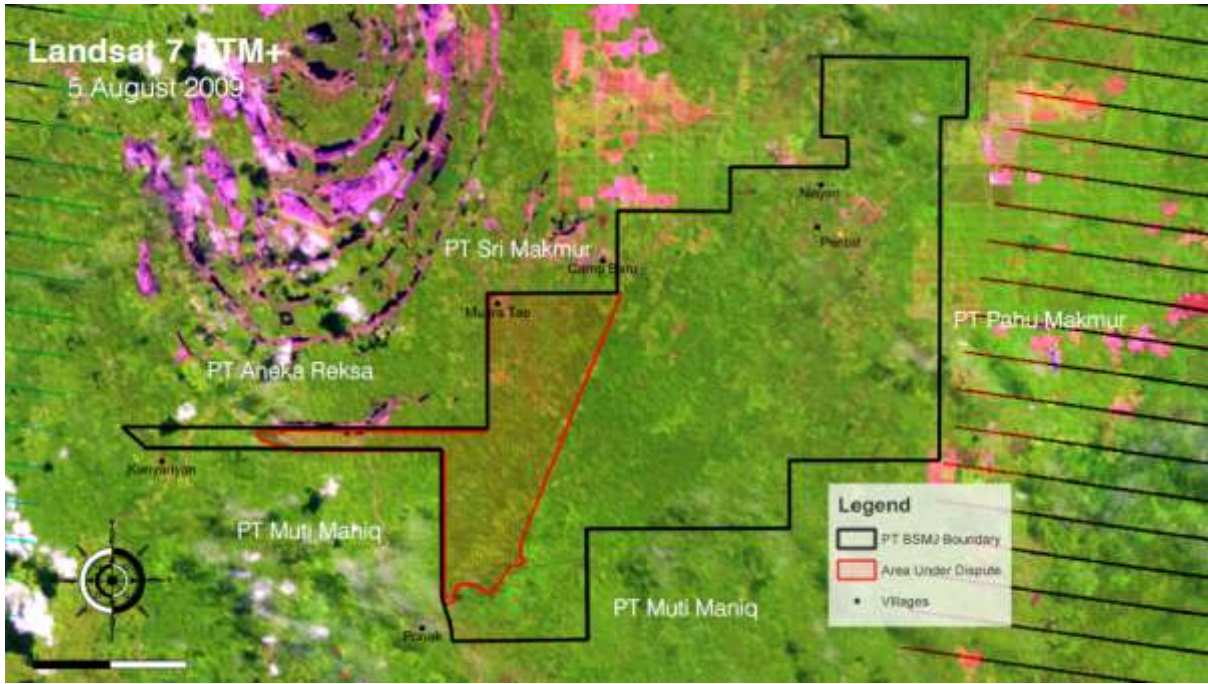
- Landsat 5 TM and 7 ETM+, 1994 - 2005 - 2009 - 2013
- Cloud cover over AOI < 30%
- Geometric reference using Topographic maps
- Unsupervised classification + visual interpretation

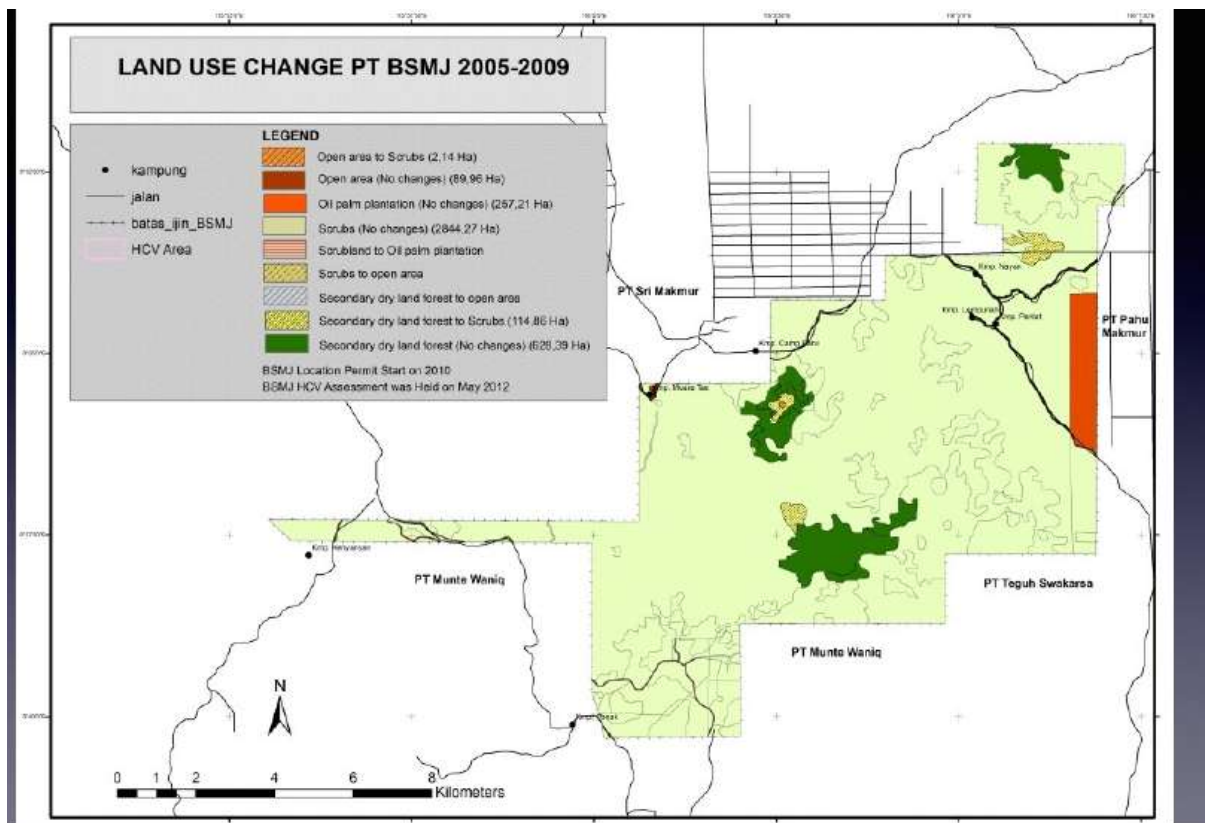
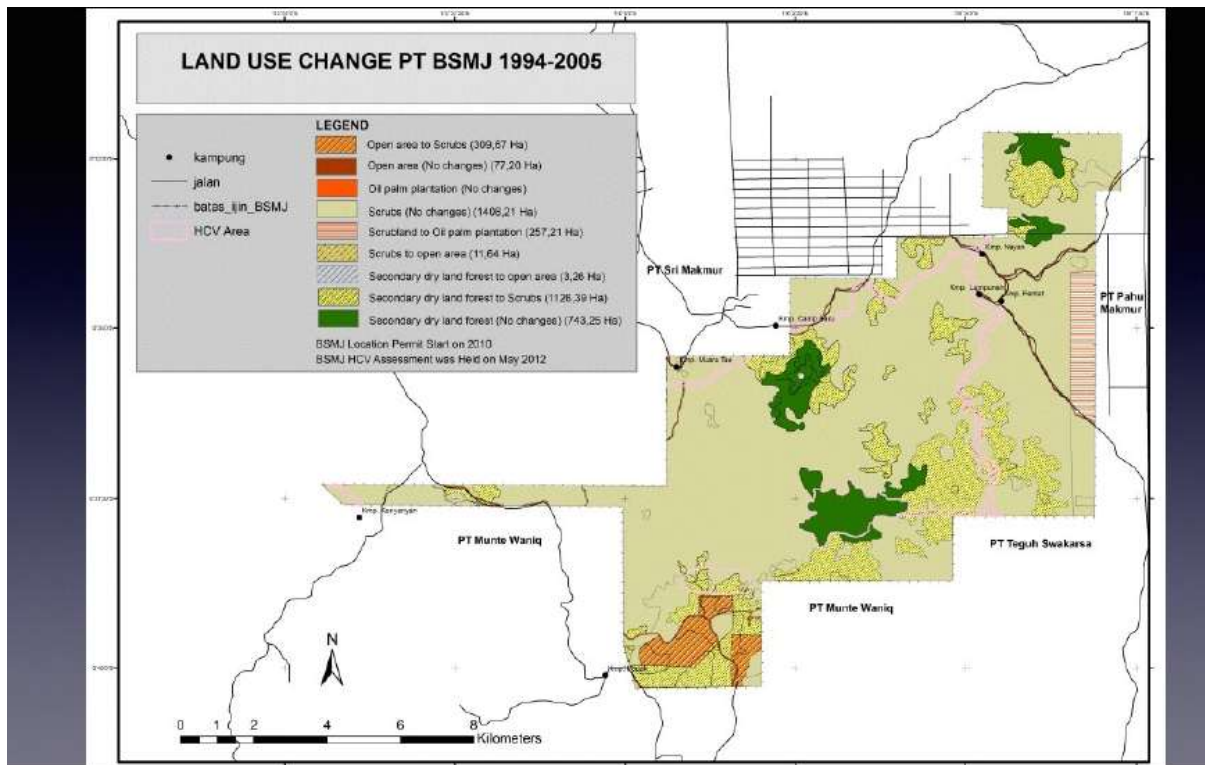
Land Cover and Land Use Change Analysis

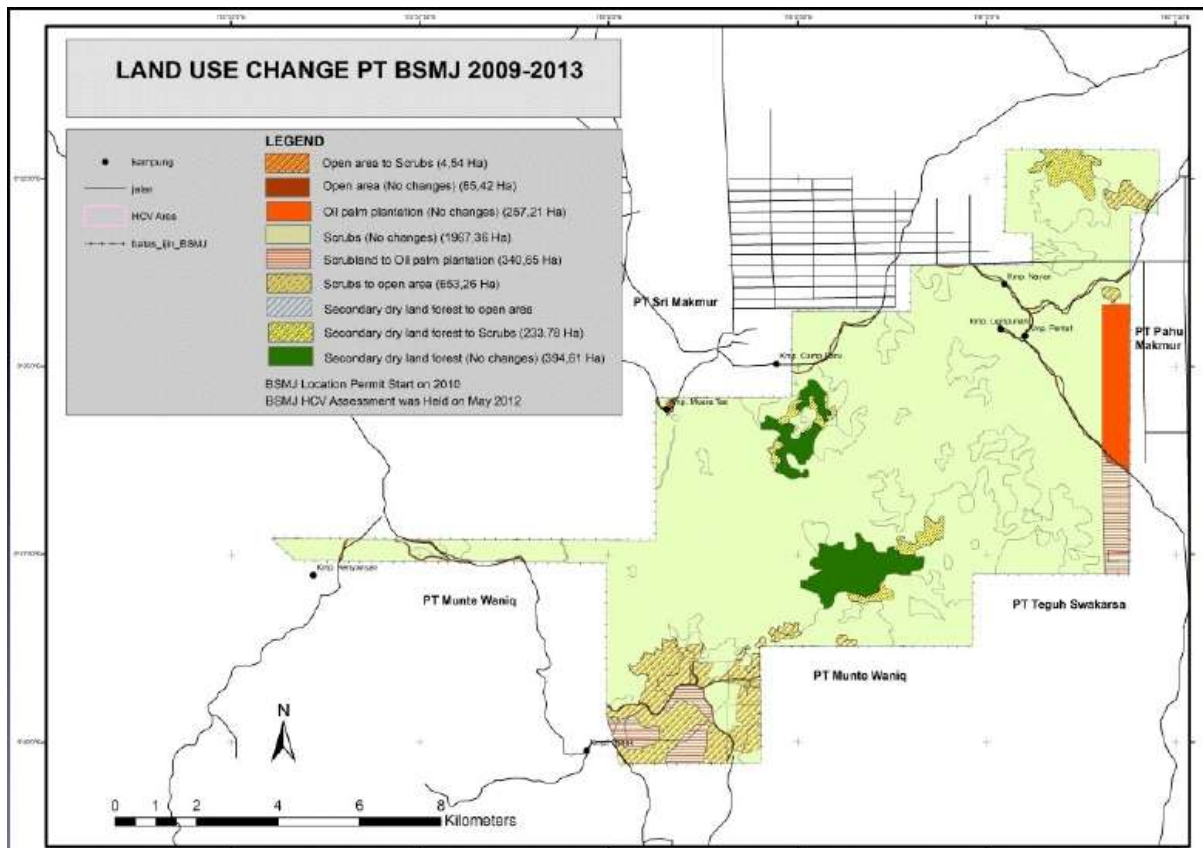
Methods

- Ground check with 68 random points
- Accuracy analysis used kappa coefficient method, k (Cohen 1960)
- Classification accuracy performances: 92%









Conclusion

2. To conduct land change analysis

- Since 1994 the PT BSMJ dominated by shurblands, remnant Secondary forest 2,814.4 Ha
- In Sept 17, 2005 - there was 1,098.7 Ha forest remnant
- Land clearing in 2012 and 2013 (< 25 Jan) have impacted **25 Ha** of HCV Area Muara Tae Customary Forest

Land Use Analysis

LAND USE	Coefficient	1994	2005	2009	2013
Secondary dry-land forest	0.7	2,751.00	743.27	628.40	396.86
Open areas/barren land	0	386.85	92.09	89.95	738.67
Plantation	0	0.00	257.21	257.21	597.87
Shrub lands	0	8,072.15	10,117.44	10,234.43	9,476.60
TOTAL		11,210.00	11,210.00	11,210.00	11,210.00

Land Use Change Analysis

Land Use Change	1994-2005	2005-2009	2009-2013
Secondary land forest to Open Area	3.26	-	-
Secondary land forest to Plantation	-	-	-
Secondary land forest to Scrubs	1,126.39	114.86	233.78
Secondary land forest (No Changes)	743.25	628.39	394.61
Open Area to Secondary land forest	-	-	-
Open Area to Plantation	-	-	-
Open Area to Scrubland	309.67	2.14	4.54
Open Area (No Changes)	77.20	89.96	85.42
Oil Palm Plantation to Secondary land forest	-	-	-
Oil Palm Plantation to Open Area	-	-	-
Oil Palm Plantation Scrubland	-	-	-
Oil Palm Plantation (No Changes)	-	257.21	257.21
Scrubland to Secondary land forest	-	-	-
Scrubland to Oil Palm Plantation	257.21	-	340.65
Scrubland to Open Area	11.64	-	653.26
Scrubs (No Changes)	1,408.21	2,844.27	1,967.36

Liability Calculation base on LUC maps

Coefficient Calculation	1994 - 2005	2005-2009	2009-2013
Coef 1.0			
Coef 0.7	1,129.65	114.86	233.78
Coef 0.4		-	
Coef 0			

Liability Calculation base on RSPO Remediation and Compensation Procedure

	box 05.5 - LUC (raw, all in ha)			
	Nov.2005 to end Nov.2007	Dec.2007 to end Dec.2009	Jan.2010 to 6 Mar 14	6 Mar 14 Up
coef. 1.0				
coef. 0.7	114.86		233.78	
coef. 0.4				

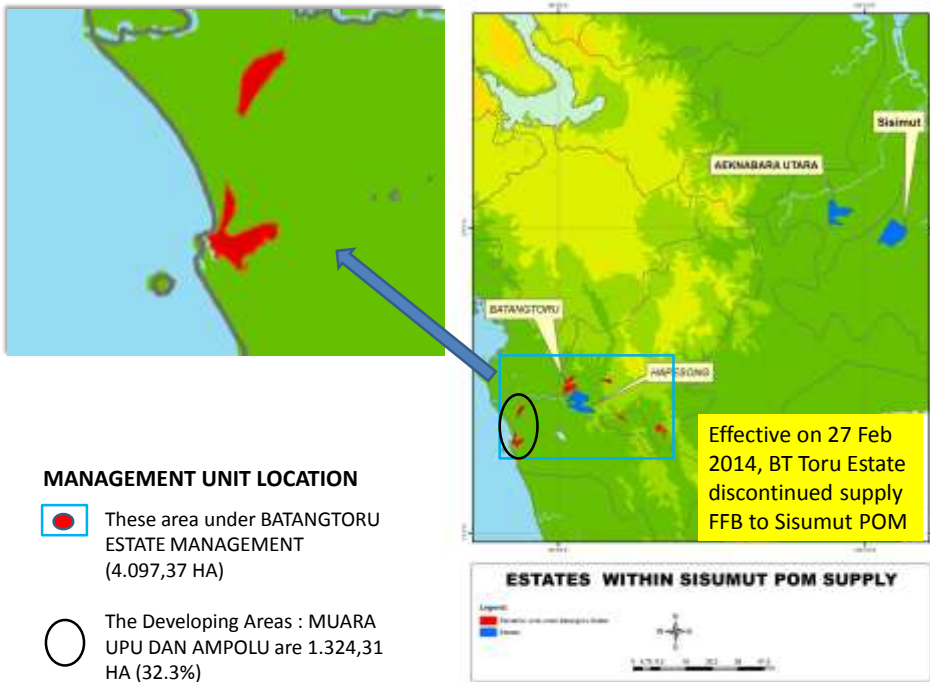
Thank You // Terima Kasih



ANNEX 5



I. GENERAL CONDITION



Supply chain Hapesong POM

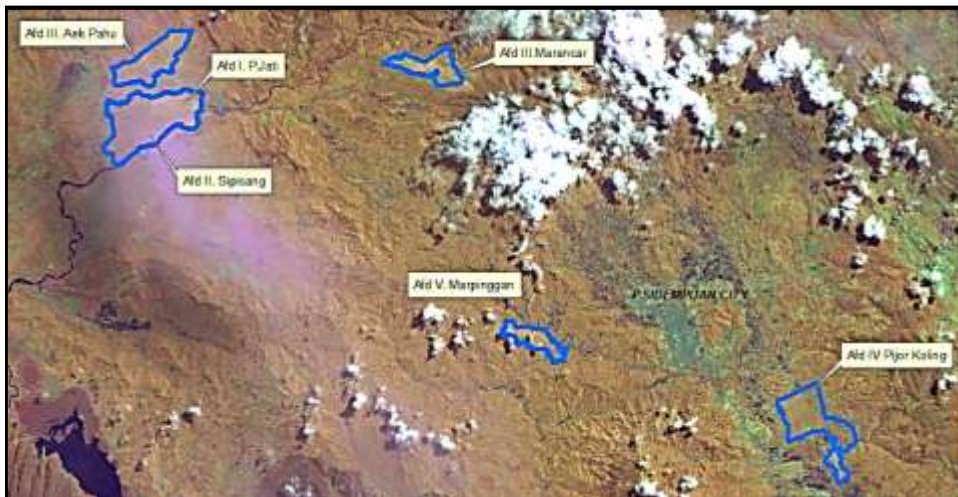


Hapesong POM will be fully operated on May 2014

BRIEF HISTORY

- Batang Toru Estate was originally a plantation owned by Dutch company (SUMATAP and Rotterdam Tapanuli Matschappay) which was built in 1917 which consists of 6 section/afdeling located on P.Sidimpuan-Sibolga.
- Since 1996 to be one of the business units of PT Plantation Nusantara III (Persero)

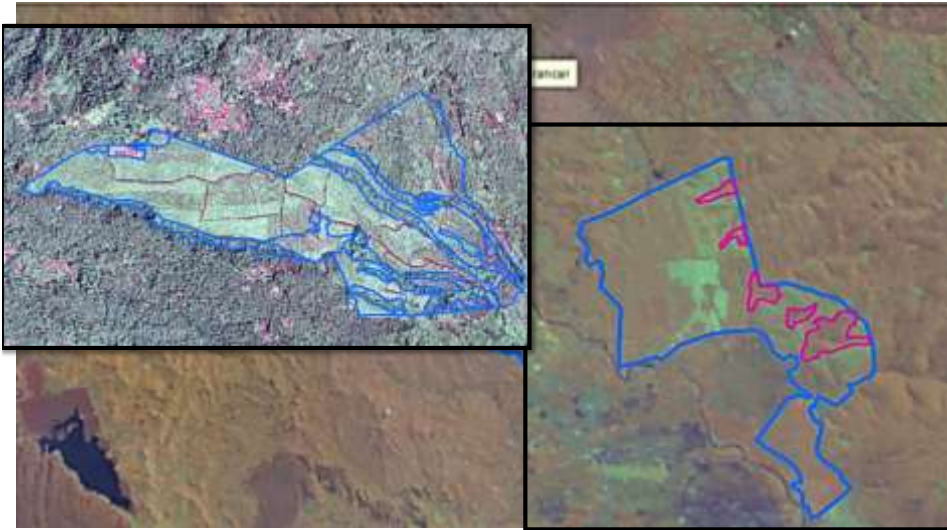
EXISTING BATANGTORU UNITS **SATELLITE IMAGERY 2005**



6 LOCATIONS AND 5 AFDELINGS
OPENED AND PLANTED SINCE
1956

ONLY IN MARANCAR AND PIJOR KOLING ARE STILL
FOUND THE REMAING SECONDARY FOREST

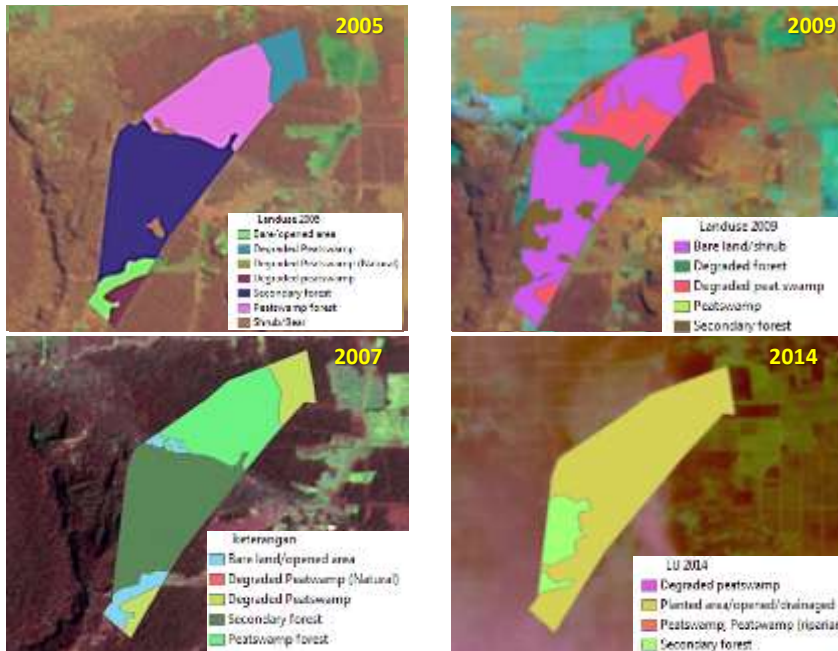
EXISTING BATANGTORU UNITS
SATELLITE IMAGERY 2014



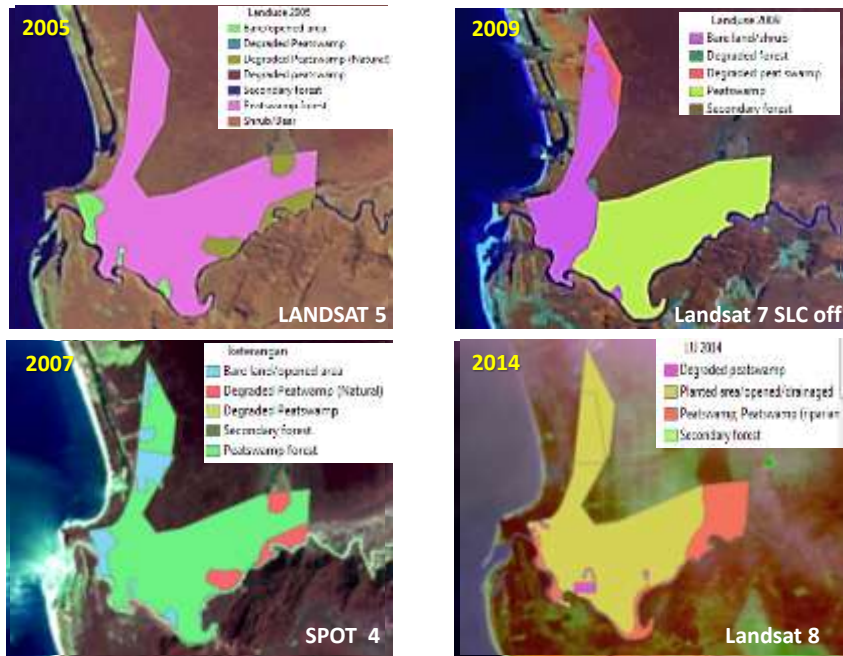
6 LOCATIONS AND 5 AFDELINGS
 OPENED AND PLANTED SINCE
 1956

ONLY IN MARANCAR AND PIJOR KOLING ARE STILL
 FOUND THE REMAING SECONDARY FOREST

LAND USE CHANGE on DEVELOPMENT AREA - AMPOLU UNIT



LAND USE CHANGE on DEVELOPMENT AREA - MUARA UPU UNIT



LAND TENURE and LAND UTILIZATION CHRONOLOGIES

AMPOLU (548.33 Ha)

- March 2nd, 2010 BUY OUT FROM ALI HASAN ARIFIN (PERSONAL PROPERTY) LOCATED IN HUTARAJA / AMPOLU MUARA UPU VILLAGE SUB DISTRICT Muara Batang Toru (CERTIFICATED).
- INITIAL CONDITIONS:
 - VEGETATION** : Already opened with mostly shrub and grass landcover type. On tree stage dominated by ARTOCARPUS ELASTICUS & HEVEA BRASILIENSIS; On pole stage dominated by ALSTONIA SP & PARKIA SPECIOSA; On sapling stage dominated by PETUNGAH Spp. (Rubiaceae) and on seed stage dominated by MACARANGA SP.
 - FAUNA** : Protected Wildlife: Trenggiling (Manis Javanica), Landak (Hystrix Brachyura), KUCING AKAR (Felis bengalensis), Harimau (Panthera Tigris Sumatrae, BURUNG KUAO (Argusianus argus)
 - SOIL** : 70% SHALLOW PEATLAND (Depth 1-2 M, 30% Mix of Clay-Sand-Ash)
- May 14th, 2010 Land Clearing began for 402.90 Ha

LAND TENURE and LAND UTILIZATION CHRONOLOGIES

AREAL MUARA UPU (775.98 HA)

- **2010, 24TH FEBRUARY**, buy out from KOPERASI SAWIT SEJAHTERA (Community Group Property) Located in MUARA UPU Village (Certificated).
- INITIAL CONDITIONS:
 - VEGETATION** : Already opened with mostly shrub and grass landcover type. On tree stage dominated by ARTOCARPUS ELASTICUS & HEVEA BRASILIENSIS; On pole stage dominated by ALSTONIA SP & PARKIA SPECIOSA; On sapling stage dominated by PETUNGAH Spp. (Rubiaceae) and on seed stage dominated by MACARANGA SP.
 - FAUNA** : Protected Wildlife: Trenggiling (Manis Javanica), Landak (Hystrix Brachyura), KUCING AKAR (Felis bengalensis), Harimau (Panthera Tigris Sumatrae, BURUNG KUAO (Argusianus argus)
 - SOIL** : 70% SHALLOW PEATLAND (Depth 1-2 M, 30% Mix of Clay-Sand-Ash)
- May 14th, 2010 Land Clearing for about 510.85 Ha

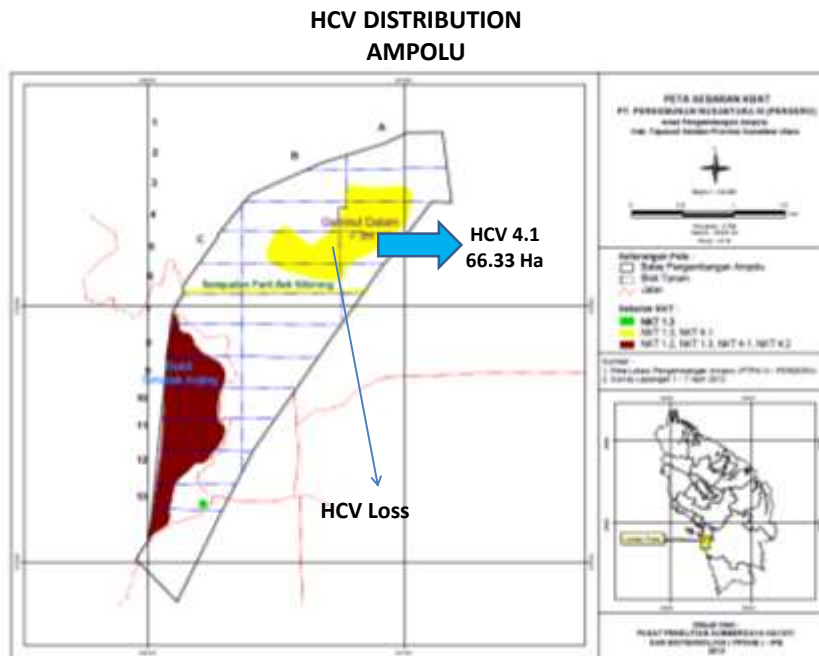


1. Muara Opu-Ampolu Unit				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Degraded peatswamp	67	67	212.9	16.1
Peatswamp	1022.2	955.2	550.8	164.3
Secondary forest	257.9	260	39.7	69.7
Bareland/shrub/opened/prepared	77.5	142.4	621.2	638.4
Planted area	0	0	0	536.2
2. Afdeling 1 Pondok Jati				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	0	0	0	0
Other landuse(settlement,office,roads, shrub etc	62.83	62.83	62.83	62.83
Planted area	441.85	441.85	441.85	441.85
3. Afdeling 2 Sipisang				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Riverr bank vegetation/forest	0	0	0	1.6
Other landuse(settlement,office,roads, shrub etc	19.25	19.25	19.25	19.25
Planted area	515.6	515.6	515.6	514
4. Afdeling 3 Aek Pahu				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Riverr bank vegetation/forest	0	0	0	12.69
Other landuse(settlement,office,roads, shrub,bare etc	173.13	173.13	173.13	173.13
Planted area	321.59	321.59	321.59	308.9
5. Afdeling 3 Marancar				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	33.45	33.45	33.45	33.45
Riverr bank vegetation/forest	0	0	0	2.9
Other landuse(settlement,office,roads, shrub,bare etc	24.95	24.95	24.95	24.95
Planted area	215.5	215.5	215.5	212.6
6. Afdeling 4 Pijor Koling				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	77.31	77.31	77.31	77.31
Riverr bank vegetation/forest	0	0	0	6.77
Other landuse(settlement,office,roads, shrub,bare etc	23.99	23.99	23.99	23.99
Planted area	586.72	586.72	586.72	579.95
7. Afdeling 5 Marpinggan				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	0	0	0	0
Riverr bank vegetation/forest	0	0	0	13.1
Other landuse(settlement,office,roads, shrub,bare etc	76.27	76.27	76.27	76.27
Planted area	200.62	200.62	200.62	187.52

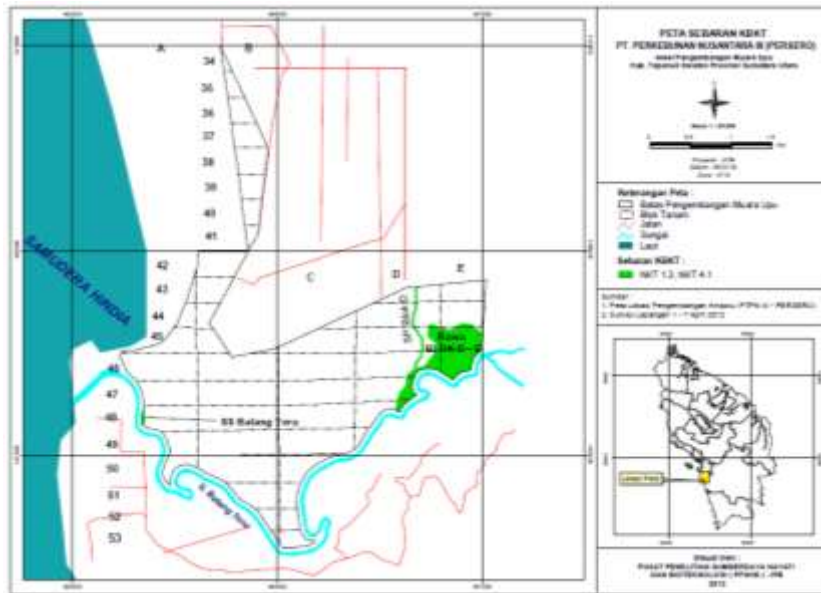
II. HCV MUARA UPU AND AMPOLU

Conducted by PPSHB-LPPM IPB-BOGOR on APRIL 2012

BASED ON THE HCV IDENTIFICATION, THERE IS ONE OF HCV (HCV 4.1) HAVE LOST DUE TO LANDCLEARING, NAMELY DEEP PEATLAND TYPE (GBT: according to Landsystem Type) covering an area of 66.33 Ha WHICH IS IN AMPOLU DEVELOPMENT AREA



HCV DISTRIBUTION MUARA UPU



CONCEPT NOTE SUMMARY

553.4 Ha has been cleared between the beginning of 2010 until 2014

Cut off date : May 2010

The first unit certified on August 2010 (Sei Mangke)

HCV Assesment conducted : April 2012 ... HCV documents produced : November 2012

Landclearing activity stopped until HCV document done

(many hectares opened since they stated as non HCV areas).... Massive land clearing on non HCV area during 2012-2013

LIABILITY AREA:

553.4 (total cleared area) x 0.7 OR 66.3 (total HCV loss) Ha x 0.7????

IV. RECOMMENDATION AND SOLUTION

COMPESATION PROPOSAL FROM HCV ASSESSOR

1. PARTICIPATION IN FLOOD CONTROLLING IN DOWNSTREAM REGION OF PLANTATION. OPTION :
 - A. FUNDING FOR REHABILITATION OF DEGRADED AREA IN DOWNSTREAM REGION OF PLANTATION. COMPESATION COST RP. 10.500.000/HA FOR 3 YEARS.
 - B. TECHNICAL ASSISTANCE SUPPORTING AND TRAINING TO THE COMMUNITY. COMPESATION COST RP. 200.000/PERSON & RP. 100.000.000 FOR FLOOD CONTROL.
 - C. FINANCING FOR SEEDLING PROCUREMENT TO SUPPORT REHABILITATION PROGRAM. Area to be rehabilitated is 2.5 x HCV loss area. COST RP. 4.000.000/HA.

COMPESATION PROPOSAL FROM HCV ASSESSOR

2. PARTICIPATION WATER QUALITY IMPROVEMENT FOR THE COMMUNITY AROUND THE MANAGEMENT UNIT LOCATION. THERE ARE 2 OPTION:
 - A. FINANCING WATER QUALITY IMPROVEMENT FOR THE AFFECTED COMMUNITY. COST RP. 50.000.000/HA HCV 4.1
 - B. FUNDING FOR THE REHABILITATION OF AREA THAT SIGNIFICANT TO SUPPORT WATERSHED AND OTHER WETLANDS IN PROVIDING WATER TO SOCIETY. REHABILITATION AREA = HCV LOSS AREA. COST RP. 10.500.000/HA FOR 3 YEARS

BUDGET PLAN FOR COMPESATION PROGRAM IMPLEMENTATION

As recommended in HCV M&M in Muara Upu and Ampolu

PT. Perkebunan Nusantara III has chosen an option to make compesation payment worth of HCV Loss Area due to land clearing. Cost for compesation estimated as Rp. 10.500.000,-/Ha including seedling cost and maintenance until 3 years.

HCV MANAGEMENT PLAN IMPLEMENTATION
at AMPOLU and MUARA UPU

- Protecting/remediation of riparian area by vegetation enrichment activity at HCV area Bukit Simulak Anjing, Batang Toru rivers bank and Aek Sibirong.
- Water management (CANAL BLOCKING and WEIRS, SUBSIDENCE MONITORING, WATER LEVEL MANAGEMENT)

CSR REALISATION
PT. PERKEBUNAN NUSANTARA III (PERSERO)
IN MUARA AMPOLU DAN MUARA UPU

YEARS 2010 :

- FINANCIAL ASSISTANCE FOR PEANUT CULTIVATION IN MUARA UPU VILLAGE (LOCAL COMMUNITY) WORTH OF RP. 79.825.317,-
- FINANCIAL ASSISTANCE FOR SCHOOLS ESTABLISHMENT IN MUARA UPU VILLAGE (LOCAL COMMUNITY) WORTH OF RP. 136.240.000,-

YEARS 2011 :

- FINANCIAL ASSISTANCE FOR ROAD ACCESS DEVELOPMENT AND BRIDGE CONSTRUCTION IN MUARA AMPOLU WORTH OF RP. 7.980.000.000,-



ANNEX 6

Bumitama Agri Ltd**Bumitama Agri Ltd (BAL)**

- **Bumitama Agri Ltd (BAL) is a relatively new oil palm company operating mainly in Kalteng and Kalbar.**

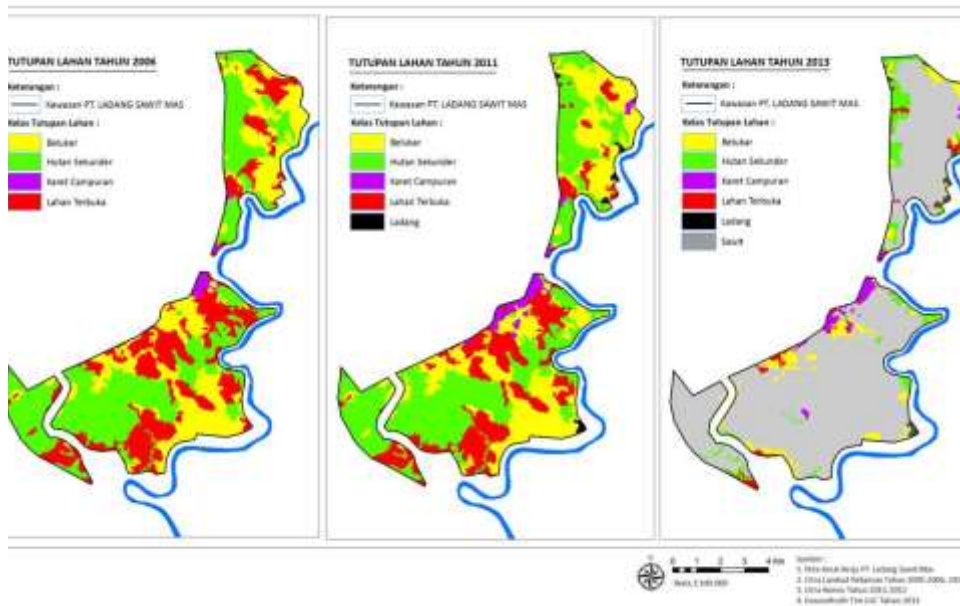
- **Reporting of Non-Compliance Land Clearance through the Complaints Procedures**
PT Ladang Sawit Mas (LSM), Subsidiary of Bumitama Agri Ltd
Location
- Kecamatan Nanga Tayap, Kabupaten Ketapang Regency, Kalimantan Barat

Important Dates

- Start of HCV Assessment: April 2013
- Draft of HCV Assessment: May 2013
- Final HCV Assessment (after peer review): October 2013
- Time of Clearance: June 2012 to September 2013
- Acquisition completed: August 2012
- Management control exercised: January 2013

Indicative Land Cleared

- Land cleared November 2005 – November 2007: 0 ha
- Land cleared December 2007 – 31 December 2009: 0 ha
- Land cleared between 1 January 2010 – HCV Assessment
 - Cleared before takeover (before August 2012): 578.99 ha
 - Cleared after takeover before management control (August–31 December 2012): 1,888.94 ha
 - Cleared after management control until HCV Assessment started in April 2013: 1,017.16 ha
 - Cleared after management control until draft of HCV Assessment in May 2013: 1,328.66 ha
 - Cleared after management control until final HCV assessment in October 2013: 2,131.20 ha
 - Total cleared (before August 2012 – September 2013): 4,599.13 ha (inclusive of plasma)



- **Self-Declaration on Non-Compliant Land Clearance**
- **PT Lestari Gemilang Intisawit (LGI), Subsidiary of Bumitama Agri Ltd**
- **Location**
- Kecamatan Nanga Tayap, Kabupaten Ketapang Regency, Kalimantan Barat

Important dates

- Start of HCV Assessment: May 2012
- Draft of HCV Assessment: June 2012
- Final HCV Assessment (after peer review): April 2013
- Acquisition completed: November 2010
- Time of Clearance: during December 2011 to March 2013

Indicative Land Cleared

- Land cleared November 2005 – November 2007: 0 ha
- Land cleared December 2007 – 31 December 2009: 0 ha
- Land cleared between 1 January 2010 – HCV Assessment
 - Until HCV Assessment started (December 2011 – April 2012): 555.78 ha
 - Until Draft of HCV Assessment in (December 2011 - June 2012): 918.44 ha
 - Until HCV final report / Peer Review in March 2013 (December 2011 – March 2013): 2,064.31 ha

Land Cover 2005



Important Dates

- Start of HCV Assessment: May 2012
- Draft of HCV Assessment: June 2012
- Final HCV Assessment (after peer review): April 2013
- Acquisition completed: September 2010
- Time of Clearance: during October 2012 to March 2013

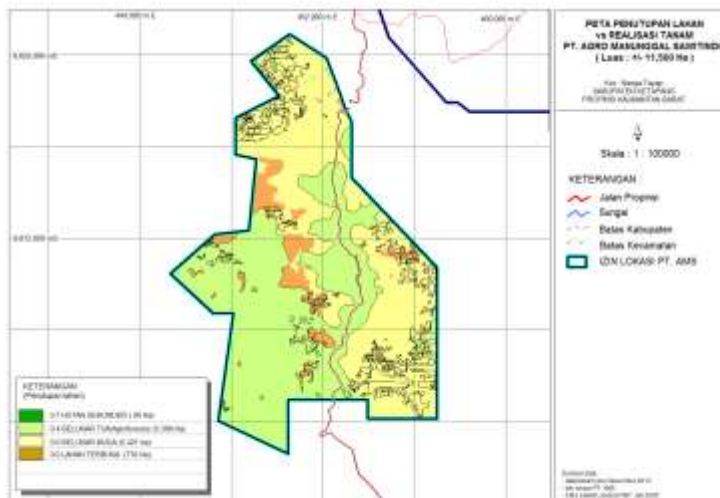
Indicative Land Cleared

- Land cleared November 2005 – November 2007: 0 ha
- Land cleared December 2007 – 31 December 2009: 0 ha
- Land cleared between 1 January 2010 – HCV Assessment
 - Until HCV Assessment (pre March 2012): 0 ha
 - Until Draft of HCV Assessment (pre June 2012): 0 ha
 - Until HCV Final Report / Peer Review (October 2012 – March 2013): 451.61 ha

Land Cover 2005



June 2013





Thank You



ANNEX 7



HCV HIGH CONSERVATION VALUE
resource network



RSPO
Roundtable on Sustainable Palm Oil

HCV and Smallholders - an alternative approach

RSPO Smallholder and BHCV WG taskforce
meeting, KL March 18, 2014

www.hcvnetwork.org



The problem...

- HCV assessments require significant skills and resources
- Some smallholder groups organised by companies or mills have good access to internal and external resources
- Independent smallholders and many self-organised smallholder groups have very little capacity
- Even more of a problem outside ID and MY
- Current HCV requirements barrier to certification for smallholders without access to external support



...and suggested solutions

- So far, the focus has been on simplifying HCV assessments for smallholders
- E.g Proforest 2010 and RSPO 2013 (A.K. draft)
- Useful for explaining the concept to smallholders – but:
- Still beyond the capacity of many smallholders to implement
- *Conclusion: not possible to simplify HCV assessments enough for implementation by smallholders and yet maintain quality – **alternative approach needed!***



Guiding principles:

- *Risk*: simpler (and more cost-effective) procedures where risks are low
- *Capacity*: adapt to procedures to smallholder skills and levels of support
- *Precaution*: don't simplify at the expense of quality



HCV risk

- No expansion: 'mature' agriculture / plantation landscapes – *low risk*
- Expansion into heavily modified/degraded lands – *low risk* (if robustly identified!)
- Expansion into areas of natural vegetation:
– *high risk*



Capacity

- Non-organised, independent smallholders: no-little external support. *Low capacity*
- Self-organised, independent smallholders: no-medium central support. *Low-medium capacity*
- Mill and grower group smallholders: medium-high external support. *Medium – high capacity*
- 'Shareholder smallholders': (= growers / mills). *High capacity*.



A precautionary approach

- Trade-off between level of HCV identification and scope of management responses
- More effort to identify HCVs allow for 'narrow' and specific management recommendations
- Less effort to identify HCVs need to be 'balanced' by broader and more generic management responses
- If you don't identify HCVs at all you must assume they are there and act accordingly!



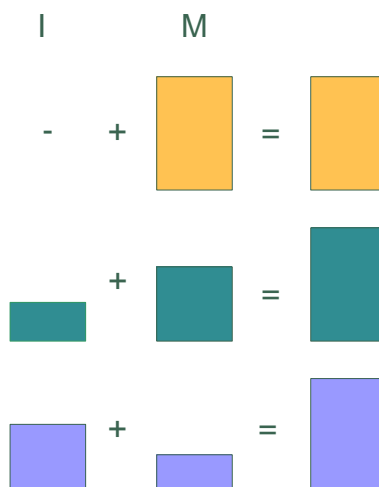
Example: RTE animals

- 'Normal' HCV assessment → specific provisions for RTE animals present in the area
- No identification of HCVs: consider all except very common species as RTE → don't kill, trap or poison any animals
- Identification of *potential* HCVs (*may* occur in the area) → don't kill, trap or poison RTE animals possibly present in the area



Three different roads to the goal

1. Skip HCV assessment, act as if 'everything' is HCV → follow generic precautionary practises
2. Act as if *potential* HCVs (identified through outside support) are present → adapted precautionary practises
3. Follow specific management provisions to maintain *real* HCVs (identified through outside support)





Precautionary practises – no expansion

- Legal and uncontested land tenure
- Maintain remaining native vegetation
- No hunting, trapping or poisoning
- No blocking of mobility (beyond livestock fencing)
- No agrochemicals or bare soil close to rivers
- No clearing or bare soil on steep slopes
- Maintain customary access to resources



Additional for expansion on degraded lands

- Make sure expansion areas have been independently identified to meet scheme definitions of heavily modified vegetation
- Identify other rights-holders (if any) and obtain their consent prior to expansion
- Take measures to avoid increasing pressure on nearby natural landscapes (where relevant)



Expansion outside degraded lands

- High risk scenarios – precautionary practises not effective - formal HCV assessments needed!
- Mills and growers: organise HCV assessments for potential suppliers
- New establishment of mills:
 - ✓ identify potential supply base,
 - ✓ map heavily degraded lands,
 - ✓ commission HCV assessments for natural, potential expansion areas
 - ✓ provide basic training to suppliers



Monitoring and verification

- Low risk / low capacity scenarios:
 - ✓ Self-verification of precautionary practises;
 - ✓ Self-monitoring of natural habitats (indirect monitoring);
 - ✓ Spot-checks by growers/mills;
 - ✓ CB audits of grower/mill procedure
- High risk / high capacity scenarios:
 - ✓ (Self-verification of HCV provisions);
 - ✓ (Self-monitoring of remaining natural habitats)
 - ✓ Mill/grower landscape monitoring of HCVs (direct monitoring)
 - ✓ Spot-checks by growers/mills;
 - ✓ CB audits of grower/mill procedure



No expansion

Capacity		Non-organised smallholders, self-organised groups: low capacity	Self-organised, independent smallholders: medium capacity	Mill and company group smallholders: high capacity
Risk				
Existing cultivations - no expansion		<p><u>Identification:</u> -</p> <p><u>Management:</u> generic PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessment of potential HCVs</p> <p><u>Management:</u> adapted PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessments of real HCVs</p> <p><u>Management:</u> specific HCV provisions</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p> <p><u>Monitoring:</u> unit level field patrols</p>



Expansion on heavily modified lands

Capacity		Non-organised, independent smallholders	Self-organised, independent smallholders	Mill group smallholders
Risk				
Expansion on heavily modified lands		<p><u>Identification:</u> heavily modified lands</p> <p><u>Management:</u> generic PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessment of potential HCVs</p> <p><u>Management:</u> adapted PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessments of real HCVs</p> <p><u>Management:</u> specific HCV provisions</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p> <p><u>Monitoring:</u> unit level field patrols</p>



Expansion outside heavily modified lands

Risk	Capacity	Non-organised, independent smallholders	Self-organised, independent smallholders	Mill group smallholders
Expansion outside heavily modified lands		<u>Identification:</u> assessments of <i>real</i> HCVs <u>Management:</u> <i>specific HCV provisions</i> <u>Verification:</u> self-checks + mill spot-checks + audits	<u>Identification:</u> assessments of <i>real</i> HCVs <u>Management:</u> <i>specific HCV provisions</i> <u>Verification:</u> self-checks + mill spot-checks + audits	<u>Identification:</u> assessments of <i>real</i> HCVs <u>Management:</u> <i>specific HCV provisions</i> <u>Verification:</u> self-checks + mill spot-checks + audits <u>Monitoring:</u> <i>unit level field patrols</i>

HCV HIGH CONSERVATION VALUE
resource network



Thank you!

ANNEX 8



HCV HIGH CONSERVATION VALUE
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HCV RN Assessor Licensing Scheme – progress report

BHCV WG Jakarta, April 2014

www.hcvnetwork.org



Objectives

- Promote consistent, high quality HCV assessments
- Provide an independent mechanism for evaluating the competence of HCV assessors and for monitoring their performance
- Create a firewall between assessors and certification schemes to protect their brand



Scope

- RN Assessor Licensing Scheme is a service open to use by any voluntary standards scheme
- The ALS will take over the function of approving RSPO HCV assessors – transition period
- The ALS is designed to cover its costs but not to generate profit
- The ALS targets lead assessors – other team members will not need a license



Application process

- Applicants who successfully complete an HCV Assessor Training Course may be *provisionally licensed*
- Provisionally licensed assessors may lead 'high risk' assessments only if supervised / mentored by a licensed assessor
- Provisionally licensed assessors submitting reports that meet the requirements get (fully) licensed
- Doubtful cases are referred to the RN Quality Control Panel for a second opinion



Shortcut for experienced assessors

- Experienced assessors (e.g. many currently RSPO-approved assessors) may apply for license by:
 1. verifying that they meet the ALS competence criteria; *and*
 2. submitting a recent HCV assessment report conducted as lead assessor
- The shortcut option is open for one year
- Credentials and reports are reviewed by the RN Quality Manager
- Applicants that meet the requirements get licensed
- Doubtful cases are referred to the RN Quality Control Panel



Obligations of Licenced Assessors

- Follow normative RN HCV assessment procedures as outlined in the RN Licensed Assessors Manual
- Structure and format reports in accordance with the RN Licensed Assessor Reporting Template
- Submit to the RN Secretariat a confidential (full) copy of all their HCV assessments
- Accept that reports are confidentially reviewed by the RN Quality Control Manager / Team
- Pay the associated RN review fee



High risk contexts

- HCV assessments in high risk contexts must be Peer Reviewed prior to being submitted to the RN
- Any licensed assessor may peer review – this is not to be a RN function
- High risk factors: large operations, large areas converted to plantations, HCV assessments outside certification...



Sources of Revenue

- Important to avoid barriers - low costs in absence of clients
- *Annual registration fee* (includes RN supportership)
- *Report review fee* when a report is submitted to the RN – based on scale and complexity of the HCV assessment.
- Information on review fees will be available on the RN website so that assessors may include them in contracts with clients



Quality control of licensed assessors

RN Quality Manager / Quality Control Panel review (a sample of) submitted HCV reports

- A. Assessor performance *fully in line* with the ALS Manual and Reporting Template. Feedback on any minor weaknesses. The assessor *maintains the license*.
- B. Assessor performance *not fully in line* with ALS procedures and reporting. Weaknesses not severe enough for de-licensing. The assessor loses full license and is down-graded to *provisionally licensed*.
- C. Assessor performance *falls far short* of the requirements. Major, grave weaknesses. *The license is revoked*. (Assessors who have lost their licence may apply for a provisional licence after one year).



Validity

- Assessors maintain their licenses as long as they submit reports that meet the ALS requirements
- Licenses automatically expire three years after the last report



Complaints procedures

- Stakeholders may contest the performance of licenced assessors by submitting a completed Complaints Form to the RN Quality Control Panel.
- Stakeholders may contest decisions of the Quality Control Panel by appealing to the RN Management Committee (MC). The MC may consult independent expertise before passing final judgement.
- Similarly, assessors and applicants may contest down-grading / revoking of licenses by appealing to the RN MC. The MC may consult independent expertise before passing final judgement.



Next steps and timeline

- Final drafts June 30:
 - RN Common Guidance on HCV management and monitoring
 - Licensed Assessor Manual and reporting template
 - Licensing Training Course syllabus
 - Quality Control procedures and guidelines,
 - Complaints procedures
- Positions:
 - Quality Control manager, QC Team
- Pilot course in Ghana late May
- Opening for applications: September 1
- RSPO 'transition window' to close end of August 2015

HCV HIGH CONSERVATION VALUE
resource network



Thank you

www.hcvnetwork.org

Terms of Reference

Biodiversity & High Conservation Values Working Group (BHCVWG)

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1 Introduction

The Biodiversity and High Conservation Value Working Group (BHCVWG) has been formed to provide strategic and technical support to the Round Table for Sustainable Palm Oil (RSPO). RSPO members require support in applying the RSPO Principals & Criteria (P&C), particularly those related to the commitment to conserve biodiversity (Criteria 5.1, 5.2), preserve essential ecosystem services (Criteria 4.3, 4.4) and respect cultural landmarks or community access to natural resources (Criteria 6.1). This can best be achieved by minimizing or mitigating the negative impacts of plantations on the environment, while enhancing the positive impacts that palm oil bring to communities (Criteria 5.3, 5.4, 5.5, 5.6). These commitments are particularly important at the time of plantation establishment, which led the RSPO to adopt the High Conservation Value (HCV) methodology as a tool for these critically important periods in the palm oil production cycle (Criteria 7.1, 7.3), as well as provide explicit guidelines regarding the need to maintain ecosystem services and protect cultural landmarks or traditional uses enjoyed by communities (Criteria 7.2, 7.4, 7.5, 7.6).

The BHCV WG succeeds the Biodiversity Technical Committee (BTC), which was approved in 2006 by the third General Assembly (GA) of the RSPO with the specific goal of supporting RSPO members in issues related to biodiversity and the application of the HCV methodology for biodiversity related concerns. At the same time, or subsequent to that determination, other working groups and task forces have been established to address other aspects of the HCV methodology and its practical application on palm oil plantations. The BTC became operational in April 2009.

In November 2010, the Board of Governors (BoG) (Formerly known as Executive Board) of the RSPO recognized that improved coordination was required among the many overlapping efforts related to environmental and social issues. The BoG charged the BTC to assume this role, but requested that it re-evaluate its mission, strategic outlook and internal composition so that it could effectively assume this role and, in the process, provide more effective support to RSPO members. The BHCV WG is the product of that evaluation.

BHCV WG established two task forces i.e. Compensation Task Force to develop a Compensation Guidance and Indonesia HCV Task Force to explore means of effectively securing HCV areas in palm oil development areas in Indonesia.

2 Mission, Mandate & Scope

2.1 Working Group

2.1.1 Vision

The RSPO's vision statement seeks to *"transform the market for sustainable palm oil"* and the BHCV WG supports that goal by assisting the palm oil sector in their efforts to *conserve biodiversity, maintain key ecosystem services and respect significant cultural landmarks*.

2.1.2 Mission

The BHCV WG will support the RSPO in the production, procurement and use of sustainable palm oil products through the identification, application and dissemination of recognised biodiversity science and standards, HCV methodologies and other best practices related to environmental and social issues. The BHCV WG will advise the RSPO Secretariat to develop monitoring and evaluation (M&E) and knowledge management systems (KMS) so that lessons learned from the application of the HCV methodology can inform the implementation and improvement of RSPO standards and guidelines.

2.1.3 Objectives

The BHCV WG will oversee efforts to reach the following overarching objectives or strategically important tasks:

- Identify biodiversity and ecosystem services, including related social and cultural values impacted by the production, processing, procurement and use of sustainable palm oil products.
- Support the development of new or revised “practical sustainability standards” that address biodiversity, ecosystem services and social and cultural values on plantation landscapes.
- Provide technical input for the elaboration of pragmatic guidelines to support the application of the above “practical sustainability standards,” particularly at critical stages in the development of new plantations.
- Support the RSPO in the application of the HCV framework by screening, reviewing and improving the assessment process.
- Provide technical advice to the RSPO Secretariat upon request.

3 Structure

3.1 Criteria for Membership and Composition

The BHCV WG will rely on the experience of the technical staff of RSPO members; other institutions or experts may be invited to participate if they bring specific expertise in practical aspects of conservation, environmental management, regulatory frameworks, or certification services.

The BHCV WG composition will represent broadly the sectorial and geographical composition and balance of RSPO, and the specialized technical nature of this group. One member will represent each of retailers, consumer products manufactures and financial institutions, and processors/traders. Two members will represent social organisations. Growers and environmental organisations will each be represented by an equal number of members. One independent member will be appointed to represent HCV assessors and one independent member to represent the HCV resource network. Other independent members may be appointed at the discretion of the BHCV. The membership of the BHCVWG will designate two co-chairs from the nominated members: one selected to represent the interest of the growers and the other the pooled interests of the social and environmental organisations.

All members should have technical skills in one of the following disciplines: biodiversity, ecosystem ecology, plantation management, community and smallholder development or corporate social

responsibility. Nominations will be reported to the Secretariat and the Board of Governors. Candidates must be nominated by an RSPO member and agreed by the BHCVWG members through consensus. Membership in the BHCV WG is “institutional” rather than personal; change in employment status should be reflected in the composition of the committee. Participation is voluntary and non remunerative, but reimbursement (Annex 1 & 2) for travel expenses will be allowed to facilitate participation of all stakeholder groups.

Members are expected to participate actively to the proceedings or to ensure they are represented by a designated alternate if they are unable to do so.

3.1.1 Roles and Responsibilities

The BHCV WG supports the RSPO Secretariat and will report its findings to the RSPO BoG and the General Assembly via the Standards & Certification Standing Committee (S&CSC), which is coordinated by the Technical Director (TD) of the RSPO Secretariat. The BHCV WG will be assisted by the Biodiversity & Conservation Manager who will report to the TD.

The BHCV WG will be the central advisory body for biodiversity and HCV issues. It is not the intent of the BoG that the BHCV WG replace other ongoing efforts addressing HCV issues; much to the contrary, the goal is to capture the outputs from those groups and channel that information to the Standards & Certification Standing Committee. In order to be effective, the members of the BHCV WG must understand and incorporate the lessons of many other groups that have been leading similar and parallel efforts over the last several years. The ultimate goal is to ensure that the RSPO P&C -- and all associated supporting documents -- are pragmatic and effective. To ensure effective coordination, the TD will be the principal conduit of communication among these groups and key individuals of these other bodies (typically the Chair) will be invited to attend BHCV WG meetings when appropriate.

3.2 Retirement Criteria/Reselection of inactive Working Group Member

The BHCV WG can exercise the right to retire the membership of a WG member. However the decision must be made by consensus of the WG (excluding the affected party).

The reasons (not exhaustive) for the WG to consider retirement of a WG members are:

1. Absence from WG meetings for three consecutive meetings without arranging for an alternate to attend these meetings.
2. Persistent refusal to furnish information requested by the WG. Information requested, if deemed beneficial to the objectives of the WG, shall not be unreasonably withheld except for those which are commercially sensitive and/or prohibited by law for dissemination.

Retirement of membership will be informed in writing by the Co-Chairs of the BHCV WG, copied in to the Secretary General and the Board of Governors of the RSPO.

The Co-Chairs of the BHCV WG will invite the constituents of the affected sectorial and/or geographical stakeholder group to nominate a new representative to the WG.

3.3 Management

Decisions will be reached by consensus by nominated members and must be made when a quorum, which is defined as 2/3rd of the nominated members, attending a meeting.

3.3.1 Communication

It is desirable that the Working Group to organize face to face meeting 4 times a year and organize teleconference as and when necessary. The co-chairs and the RSPO Biodiversity & Conservation Manager will have a frequent communication update.

3.3.2 Planning

In order to fulfil these tasks and meet RSPO objectives, it will be necessary to establish a yearly work program including a series of targets or deliverables.

3.3.3 Projects

Projects that are currently on-going and/or receiving funding from the RSPO will be placed under the purview of the BHCV WG.

- i. The BHCV WG can formulate projects or may accept project of third parties. Project implementation can be outsourced to the RSPO Secretariat or to external parties. In both cases, the Working Group will be responsible for the overall steer of the projects subject to they are agreed by the BoG and the S&CSC.
- ii. In case a project receives funding from the RSPO, then the Secretariat is responsible for the details of the project management (narrative and financial). In the situation that the BHCV WG and the RSPO Secretariat hold different opinions regarding the approval or continuation of a project, the matter will be brought to the S&CSC and/or BoG for a final decision.
- iii. The BHCV WG could request project implementer(s) to update on the progress and performance during the BHCV WG's meetings, i.e. to discuss issues and to come up with decision.

3.4 Role of the Secretariat

The RSPO Secretariat will provide the financial, human and logistical support that the BHCV WG requires to meet, conduct business and achieve its objectives: The Biodiversity & Conservation Manager will be the primary source of assistance and support to the BHCV WG. The Biodiversity & Conservation Manager will provide the BHCV WG members with technical reports from in-house and outsourced studies, terms of reference for consultancies, and other information that is required by the BHCV WG to fulfil its objectives. When the Technical Director (TD) may need technical assistance from the committee, this will be channelled through the Biodiversity & Conservation Manager who would be the primary contact person of the committee in the secretariat.

4 Expected Outputs

The BHCV WG will support the Secretariat to undertake the following tasks and activities working with others where appropriate:

- Develop an annual workplan and budget.
- Facilitate the development of information resources and toolkits for HCV assessors, managers and auditors.
- Develop a monitoring and evaluation (M&E) system that measures the impact of certification on the conservation of biodiversity, ecosystem services and the social and cultural values of the HCV framework.
- Commission and review studies which evaluate the efficacy of the HCV methodology, its application on plantation landscapes and its ability to resolve, alleviate, mitigate or otherwise manage environmental and social challenges related to the palm oil sector.
- Acquire, organize and share knowledge related to biodiversity, ecosystem services and the social and cultural values of the HCV framework via a “knowledge management system” (KMS).
- Review M&E reports and other information gleaned from the KMS, in order to make recommendations for improving the P&Cs related to HCV and biodiversity.
- Organize and synthesize information in order to improve guidance for the application of the HCV framework methodology.
- Adjudicate conflicts related to the application of the HCV framework on plantation landscapes.
- Disseminate information on biodiversity and HCV in appropriate formats and media outlets so that it is accessible to all RSPO stakeholders, and other important constituencies, such as governments and multilateral organisations.

Appendix I

Policy for claims for Working Groups

Date of document: 24 August 2011

Guidelines for reimbursements of expenses related to RSPO Working Group meetings

These guidelines take effect on 1 September 2011.

RSPO is a non-profit organisation and we are accountable to our members for all the money we spend. We are expected to keep expenses to a minimum so that we could do more with our limited funds.

RSPO expects the participant's employer or organisation to arrange and sponsor the expenses of the participants in attending RSPO Working Group and meetings as part of the members' commitment to the RSPO and its work. For clarity we do not expect volunteers for the Executive Board and Standing Committees to seek reimbursement of expenses. However, the RSPO does recognize that not all member organisation are equally able to meet those costs. For participants who wish to seek reimbursement, the RSPO Secretariat has developed the following guidelines for claimable expenses.

Accommodation

Where a meeting is held at a hotel it is expected that participants put up at the same hotel where RSPO would have arranged preferential rates. Please enquire from the WG coordinator/Secretariat and participants are expected to make their own reservations for accommodation well in advance, especially during high periods. Participants are also expected to pay for the room first and claim from RSPO later, if eligible to. Do ask for the RSPO special rate.

Where a meeting is not held at a hotel (e.g. business centers) RSPO would usually have 'preferred' hotels. Likewise please enquire from the WG coordinator/Secretariat and participants are expected to make their own reservations well in advance, especially during high periods. Participants are also expected to pay for the room first and claim from RSPO later, if eligible to. Do ask for the RSPO special rate.

(It is normal for hotels to ask for security deposits which are refundable upon checkout)

Participants using other hotels will be reimbursed only up the rate of the RSPO preferred hotel. (e.g in Kuala Lumpur RSPO has a prevailing agreed rate of RM300 nett per night with a local hotel and in Jakarta there is a hotel that we use regularly with the rate of IDR650,000 nett per night maximum).

Depending on flight arrangements participants are encouraged to check out on the final day of the meeting. If a meeting is held in the city of a participant's residence or where day travel is possible, RSPO will not provide accommodation.

Allowances

RSPO will not cover per diem or allowances. As most meals are included in the hotel accommodation and/or are provided during the meetings RSPO expects minimal other meal claims. Participants should generally avoid dining at extravagant restaurants.

Travels

Air travel should always be on a low cost carrier as a first option and where not possible on economy class. This applies to short-haul flights within the region (e.g. within Asean). For long-haul flights RSPO would allow up to up to economy class on a full-service carrier. Participants are expected to make their own travel bookings well in advance. Please note that early reservations could translate to significant cost savings for RSPO. Airport transfers should be on the most economical mode and should generally avoid premier class taxis.

General

Duly completed Claim Forms (blank template attached) will be verified and processed by the RSPO Secretariat.

Bank charges imposed for reprocessing of payments due to erroneous information provided shall be for the account of the participants.

Any deviation from these guidelines should be preapproved by the Chair of the WG who is accountable for the budget of the WG. Expenses are to be supported by actual receipts or other acceptable documents.

Claims should be submitted within 30 days. This is to facilitate better control of the budget and reporting.

(REF: RSPO24082011)

Appendix II

Working Group Travel Expense Claim Form



Roundtable On Sustainable Palm Oil (RSPO) Travel Expense Claim Form

Participants Name:
 Participants Phone Number and Email Address:
 Project/Working group:
 Meeting Period:
 Participant's signature:

Date	Description <i>(All claims must be supported with receipts)</i>	Original Currency & Amount	Exchange Rate used/applied	Final Amount **
	<u>Airfare(inclusive airport tax)</u>			
	<u>Hotel</u>			
	<u>Transportation/ Travelling</u>			
	<u>Others</u>			
	Total:	-		-

**Preferred currency that you wish to be reimbursed

Participant Bank

Details:

Name as per Bank

Account:

Bank Account Number:

Currency of the Bank Account (e.g USD/EUR):

Bank Name and

Address/Branch:

Bank Swift Code/IBAN:

**For Office Use (RSPO
Secretariat):**

Verify By:

Approved

By:

Date:

Date:

Ref:
MH24082011

Annex 10

BHCVWG membership composition

	Organisation	Representative	RSPO membership category	RSPO membership
1	Sipef	Olivier Tichit	Grower	Ordinary member
2	Musim Mas	Dr. Gan	Grower	Ordinary member
3	GAR	Peter Heng	Grower	Ordinary member
4	REA Kaltim	Sophie Persey	Grower	Ordinary member
5	Olam	Alexandra Booth	Grower	Ordinary member
6	Sime Darby	Tang Men Kon	Grower	Ordinary member
7	Felda	Norazam Abd Hameed	Grower	Ordinary member
8	ZSL	Michal Zrust	ENGO	Ordinary member
9	WWF International	Adam Harrison	ENGO	Ordinary member
10	WRI	Anne Rosenbarger	ENGO	Ordinary member
11	BORA	John Payne	ENGO	Ordinary member
12	WWFM	Melissa Yeoh	ENGO	Ordinary member
13				
14				
15	FPP	Sophie Chao	SNGO	Ordinary member
16				
17	Wilmar	Simon Siburat	Processor n Trader	Ordinary member
18	IFC	Kathleen Bottriel	Financial institution	Ordinary member
19	HCV RN	Anders Lindhe	Independent	
20	Remark Asia	Dwi Muhtaman	Independent	Affiliate member
21	Independent	Dato'Henry Barlow	Senior Advisor	

Annex 11

RSPO BHCV Working Group Workplan development

Proposed preliminary themes in order of priority

HCV Assessment and audit

- Review of the HCV **assessment procedures and reporting template**
- HCV assessor **licensing scheme** (review of standards, timelines, update)
- Simplified assessment for non-affiliated **smallholders**
- **HCV Assessor training**
- **HCV Toolkit for oil palm sector**
- Review of the **auditor assessment** conducted for the RSPO

HCV in Africa

- **Review** of HCV issues in Africa
- **HCV awareness and training**
- Benefits and pitfalls of the standard **HCV approach in Africa**
- Encapsulating **landscape approaches** in African palm oil development

HCV Management

- **Review** of current HCV management issues, gaps and failings
- **Riparian zones and remediation** – how best to set aside riparian zones, how to manage, restore and remediate. This includes encroachment, non-compliance with P&C and what is the root of this non-compliance (e.g. communication of practices).
- **Management of illegal activities** in set asides
- **Function of fragments** of natural vegetation (related to size, isolation and the above function of plantations in the landscape matrix) – decisions of what fragments need management activities, which can be considered a priority and which can be considered as something that can be let go. Realistic size of fragments and how to manage them.

Environmental Monitoring

- Monitoring of **social values**
- Development of a **reporting framework** for the RSPO certification standard on environmental performance.

Plantation management

- To what extent do plantations function as natural habitats within the **landscape matrix** as buffer zones and/or as corridors.
- Alternative **plantation management schemes** for combined improved environmental benefit functions with production

GAR Land Use Change Liability Computation

Prepared by Haskarlianus Pasang
RSPO BHCV WG
15 April 2014

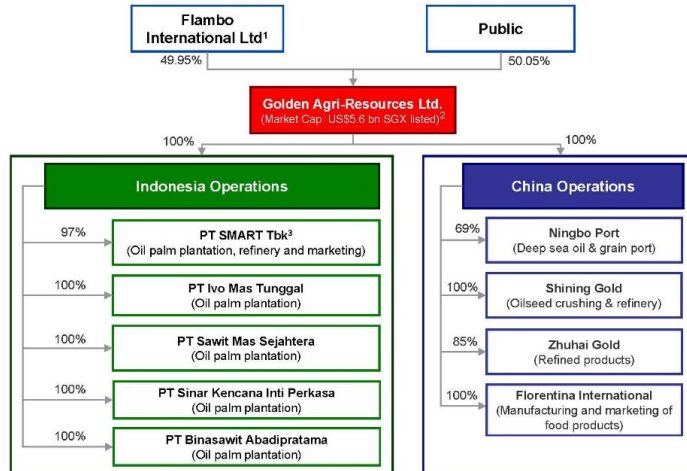


Agenda

- Corporate structure
- Background information
- Details of historic HCV assessment
- LUC analysis and map
- LUC analysis process
- SMART LUC liability * SIPEF template



Corporate and Shareholding Structure



Notes:

1. Widjaja Family has aggregate ownership of 49.95% in GAR
2. Market capitalisation as of 28 March 2014
3. Listed on the Indonesia Stock Exchange
4. Simplified organisation structure with principal operating subsidiaries

RSPO membership:

SMART	30Jan2005
IMT	17Jun2008
GAR	31Mar2011

3

GAR remediation proposal – chronology

Oct 2011	GAR conducted retro assessment of HCV on land development without HCVA.
May 2011	Historic HCVA (HHA) and peat mitigation report submitted to RSPO
Sept 2011	Peer review of HHA submitted to RSPO
Feb 2012	RSPO agreed to implement HCV remediation and peat mitigation in 2 pilot estates over 8 phases.
Nov 2012	Remediation proposal presented to BHCV WG
Jun 2013	Updated proposal presented to and agreed by BHCV WG
Oct 2013	GAR presented the criteria to stop harvesting along river riparian area.
Jan 2014	GAR advised the BHCV WG that it is not agreeable to the 'no-harvesting' experiment



4



Details of historic HCV assessment

	Company	Member of RSPO		Concession area (ha)	Areas cleared without HCV assessment		
					Nov2005- Nov2007	Dec2007- Dec2009	Total
1	PT Satya Kisma Usaha	SMART	SKU	6.950	1,113	358	1,471
2	PT Tapian Nadenggan	SMART	TND	24.407	6,163	0	6,163
3	PT Agro Lestari Mandiri	GAR	ALM	22,300	3,610	1,737	5,347
4	PT Buana Adhitama	GAR	BAT	14,300	417	1,057	1.474
5	PT Kartika Prima Cipta	GAR	KPC	19,200	0	1,022	1,022
6	PT Kencana Graha Permai	GAR	KGP	11,000	1,297	5,740	7,037
7	PT Mitrakaya Agroindo	GAR	MKA	23,100	7,218	5,730	12,948
8	PT Paramitra Internusa Pratama	GAR	PIP	20,000	0	2.467	2.467
9	PT Persada Graha Mandiri	GAR	PGM	19,750	0	2,996	2,996
	TOTAL			160,918	19,818	21,107	40,925

Source: Historic HCV Assessment (IPB 2011)



5

	Land controlled by a non-member at time of clearance. 	Land controlled by a RSPO member with no certified management unit(s) at the time of clearance. 
Land cleared after November, 2005 – November, 2007⁴	Remediation and/or compensation required only for Social HCVs (HCV 4, 5& 6) if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.	Remediation and/or compensation is required only for Social HCVs (HCV 4, 5 &-6), if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.
Land cleared between December, 2007 - December 31, 2009	Remediation and/or compensation is required only for Social HCVs (HCV 4, 5& 6) if there is insufficient proof (e.g. SEIA) of appropriate negotiation process and/or outcomes.]	Sum of: all areas cleared commercially without prior HCV assessment X their vegetation coefficient(s) in Nov 2005



6

LUC analysis of PT SKU

PT Satya Kisma Usaha (SKU) – SMART concession.

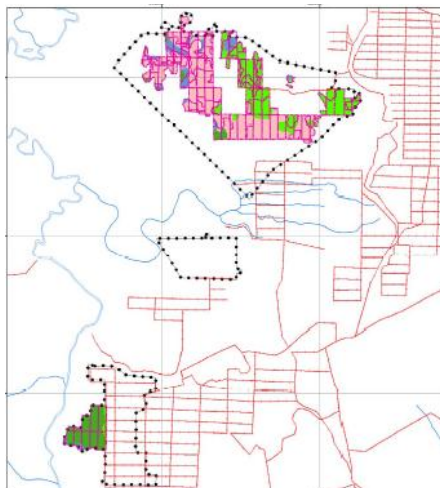
Areas cleared without HCV assessment 358ha

	Classification	Clearing (ha)	Liability (ha)
Co-eff 0	Bare Lands	64 ha	0
Co-eff 0.4	Shrubs	102 ha	41 ha
Co-eff 0.7	Secondary forest	192 ha	134 ha
Total		358 ha	175 ha

Compensation value USD 2,500 x 175 ha = USD 438,545*


* Pending clarification on definition of commercial and non-commercial land clearance.

LUC map



Land cover interpretation in PT SKU, Central Kalimantan based on satellite image taken in Aug 2006

LEGEND :

-  Road
-  River
-  Planting Periode : 2006-2010
-  Licens Area Border
- Land Cover :**
-  Secondary Forest Areas
-  Shrubs
-  Young Oil Palm Plantation Areas
-  Haze
-  Bare Land

Source: Historic HCV Assessment (IPB 2011)

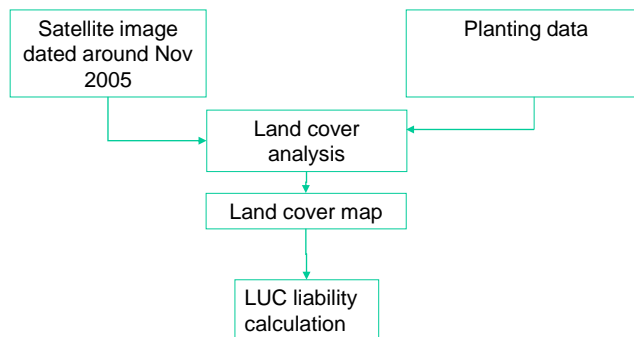
LUC analysis of PT SKU

Land Cover	%	Area (Ha)	Co- eff	Planted in 2005-2007	Planted in 2007 - 2009
Oil Palm Plantation	29.84	438.96	0	439	0
Bare Land	50.16	737.84	0	675	64
Shrubs	6.92	101.74	0.4		102
Secondary Forest	13.08	192.46	0.7		192
Total	100.00	1,471.00		1,114	358

Source: Historic HCV Assessment (IPB 2011)



LUC analysis process



SMART LUC liability * SIPEF template

date of submission	15-Apr-14		
box 01.1 - RPSO member	PT SMART	box 01.2 - RPSO member number	1-0019-05-000-00
box 01.3 - date of joining RPSO		30-Jan-05	
box 01.4 - subsidiary/management unit	PT SMART	box 01.5 - country	Indonesia
		box 01.6 - location within country	Indonesia
COMPENSATION CASE			
box 02.1 - volunteered	N	box 02.2 - reported or referred	Y
		box 02.3 - by	Grievance Panel
box 03.1 - cause of liability	Lack of HCV assessment prior to land clearing		
box 04.1 - time period of liability	Nov 2005 - Nov 2009		
box 04.2 - date of beginning of control of management unit by company	prior to Nov 2005		
		box 04.3 - explain date of end of liability	1 Jan 2010 - HCV assessment carried out.
box 04.4 - other units certified ?	Y	box 04.5 - date of first certification within group of companies	15-Sep-11
LAND-USE CHANGE			
box 05.1 - total project area (ha)	31,357		box 05.2 - use coefficient of 1 ?
box 05.3 - total raw liability (ha)	7,634		box 05.4 - final liability (ha)
box 05.5 - LLC (raw, all in ha)			
nov-2005 to end nov-2007	0	dec-2007 to end dec-2009	0
	0		192
	0		102
		jan-2010 to Comp.Mech.	0
			0
			0
			0
box 05.6 - any non-commercial LC ?	Y	box 05.7 - specific circumstances	N
box 05.8 - LLC analysis internal ?	N		
SOCIAL ASPECTS			
box 06.1 - social liabilities ?	N		
REMEDATION PROPOSAL			
box 07.1 - Environment remediation plan (with schedule)	Remediation plan agreed by BHCV WG in June 2013, if implemented would have been completed by Sep 2017		Remediation plan agreed by BHCV WG in June 2013, if implemented would have been completed by Sep 2017
COMPENSATION PROPOSAL			
box 08.1 - Environment compensation plan (with schedule)	pending acceptance by BHCV WG		box 08.2 - Social compensation plan (with schedule)
			pending acceptance by BHCV WG
CHANGE OF COMPANY SOP			
box 09.1 - SOP changed/introduced	controls in place to ensure HCVs are conducted		

Thank you

ANNEX 3



Hap Seng Plantations Holdings Berhad Tomanggong Group Of Estates

Compensation Mechanism - Concept Note

New Planting Area of 1,430.24 ha

HSPHB Representative

- ▶ Mr Chow Kok Cheng, Senior General Manager - Estates
 - ▶ MBA (Heriot-Watt University, Edinburgh Business School)
 - ▶ AISP

- ▶ Mr Ling Chia Yi, Coordinator Agronomy Department
 - ▶ B.Sc Conservation Biology (Universiti Malaysia Sabah) (2007)

- ▶ Mr Frankie Patrick, Sustainability Executive
 - ▶ B.Sc Conservation Biology (Universiti Malaysia Sabah) (2008)

Company Background in General

- ▶ Hap Seng Plantations Holdings Berhad (HSPHB) is one of the many business division under Hap Seng Consolidated Berhad.
- ▶ Main office is located at Menara Hap Seng, Kuala Lumpur.
- ▶ HSPHB involves in the cultivation of oil palm and production of CPO and PK.
- ▶ Has a total area of more than 36 000 hectares (15 estates) and 4 mills. All mills has undergo the RSPO Main Certification audit along with 13 estates.
- ▶ HSPHB is spearheaded by Chief Executive - Group Plantations, Mr Au Yong Siew Fah and is assisted by Senior Planting Advisor - Mr Peter Liew, Senior General Manager, Estates - Mr Chow Kok Cheng and Processing Controller - Mr Robert Kimon.

3

Company Background in RSPO

1. HSPHB has been RSPO member since September 2005.
2. RSPO member number 1-0098-11-0000-00
3. All estates and mills are located in Sabah.
4. First RSPO Main Assessment done at Sg Segama Group of Estates (9,907 Ha) in June 2011 by TUV Rheinland. Certificate awarded in May 2012.
5. Followed by Jeroco and Tomanggong Group of Estates in November 2012 by SIRIM QAS. Jeroco (14,117Ha) was awarded with the certificate in September 2013.
6. Certification for Tomanggong GOE is pending due to two newly planted areas of HSPHB estates (Northbank and Tabin Estate).
7. Total RSPO certified hectarage is 24,000 Ha (67% RSPO certified).

4

Development History

- ▶ The Area of Interest (AOI) are Northbank Estate and Tabin Estate and located at Tomanggong Group Of Estates.
- ▶ The total area involved is 1430.24 ha (Northbank (1,124.00 ha) and Tabin Estates (306.24 ha)).
- ▶ The AOI was cleared from what previously known as a logged over forest. The land was acquired by HSPHB in 1998 (refer to Land Title Copy) from previous company EAC.
- ▶ The land was only developed in 2007.

5



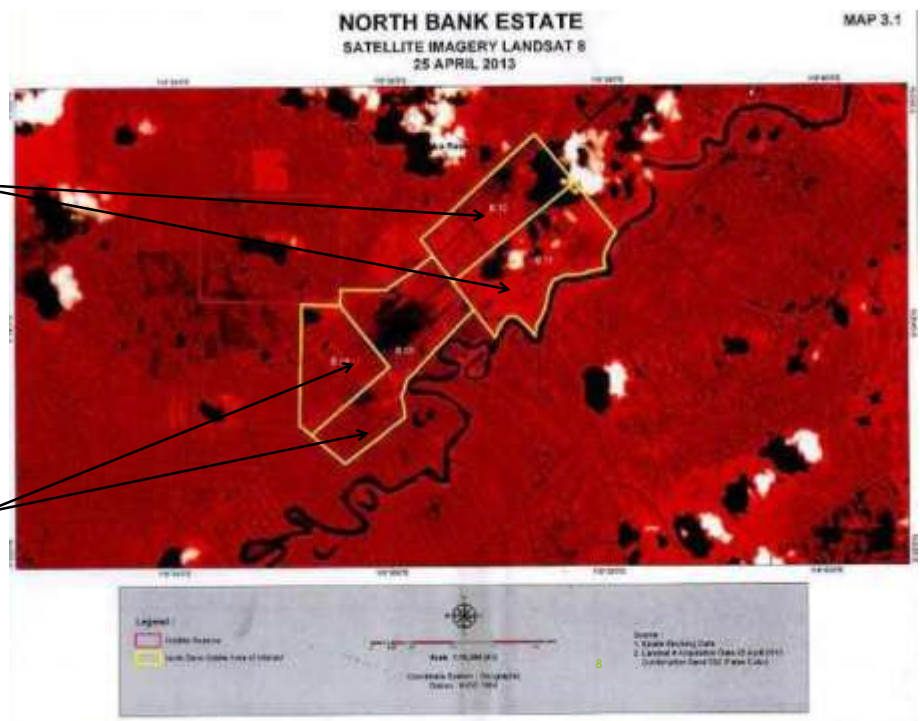
Chronology of Events for AOI in Northbank Estate

- ▶ Land Title: CL 095324897
 - ▶ Sanwide Division
 - ▶ Total 542.00 Ha
 - ▶ HSPHB acquired the land from Sanwide Enterprise Sdn Bhd in 1998.
 - ▶ HSPHB harvested remaining timber for housing and amenities in the 1999 and early 2000.
 - ▶ HSPHB cleared the land and planted oil palm in year 2008 and 2009
- ▶ Land Title: CL 095316304
 - ▶ Phase 4 and 5 Division
 - ▶ Total 582.00 Ha
 - ▶ Land acquired by RE in year 1961
 - ▶ RE harvest timber from the area in 60s and 70s
 - ▶ Late Dick Walsh (from RE) developed the area in year 1963.
 - ▶ Due to flood, majority palms died.
 - ▶ After the flood, RE supply more palms to the area but fail due to continuous flood in the 80s
 - ▶ The development is postponed since then.
 - ▶ HSPHB harvested remaining timber for housing and amenities in the 90s.
 - ▶ HSPHB cleared the land and planted oil palm in year 2011 and 2012

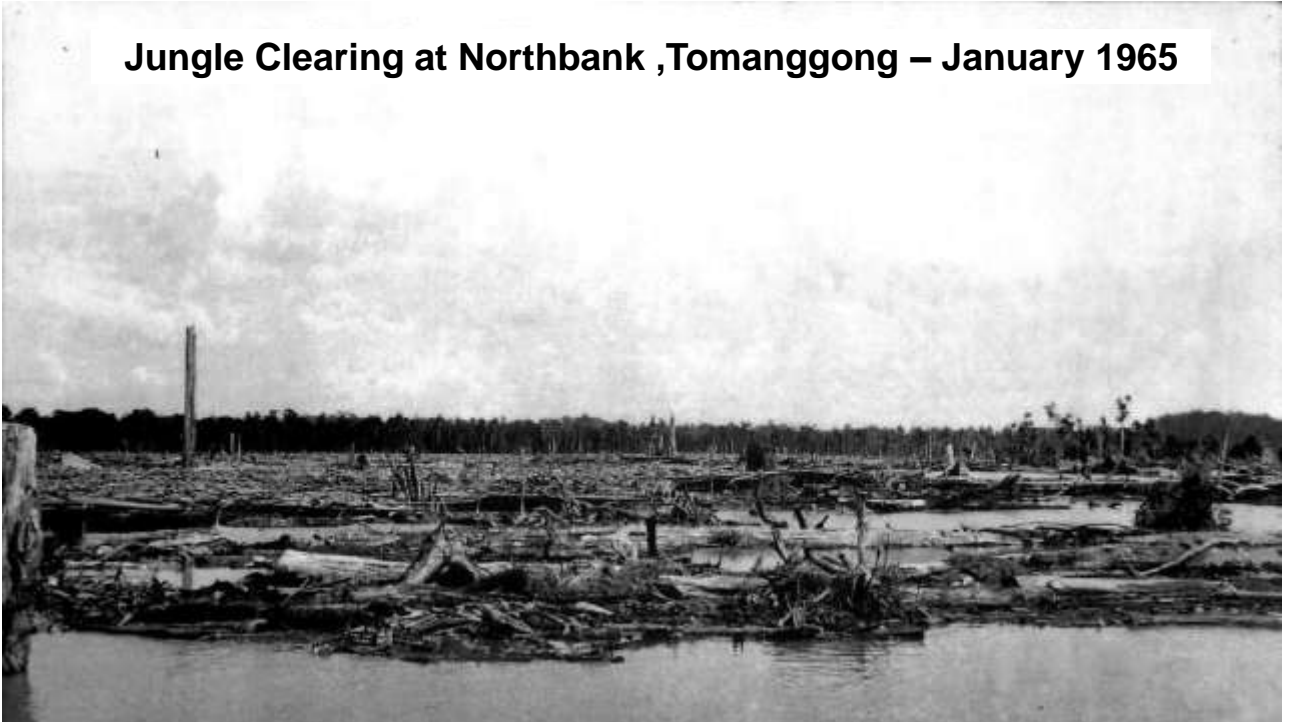
7

Phase 4 and 5 Division

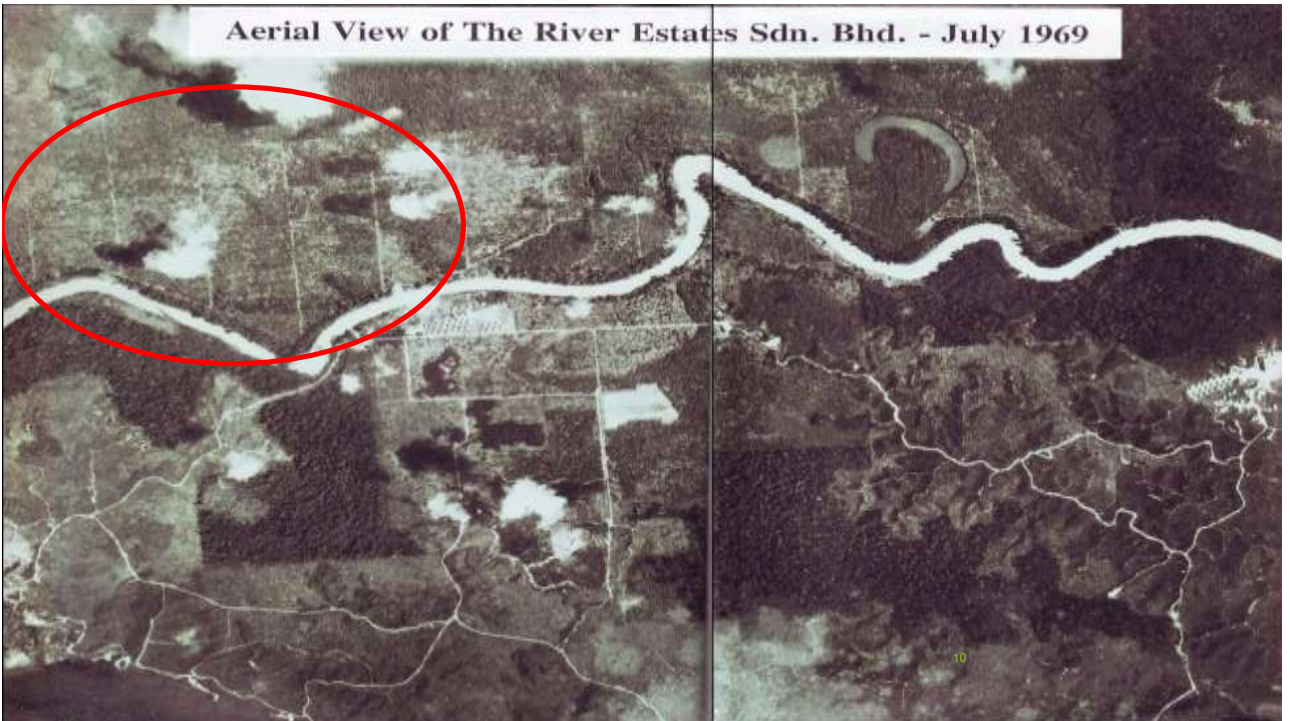
Sanwide Division



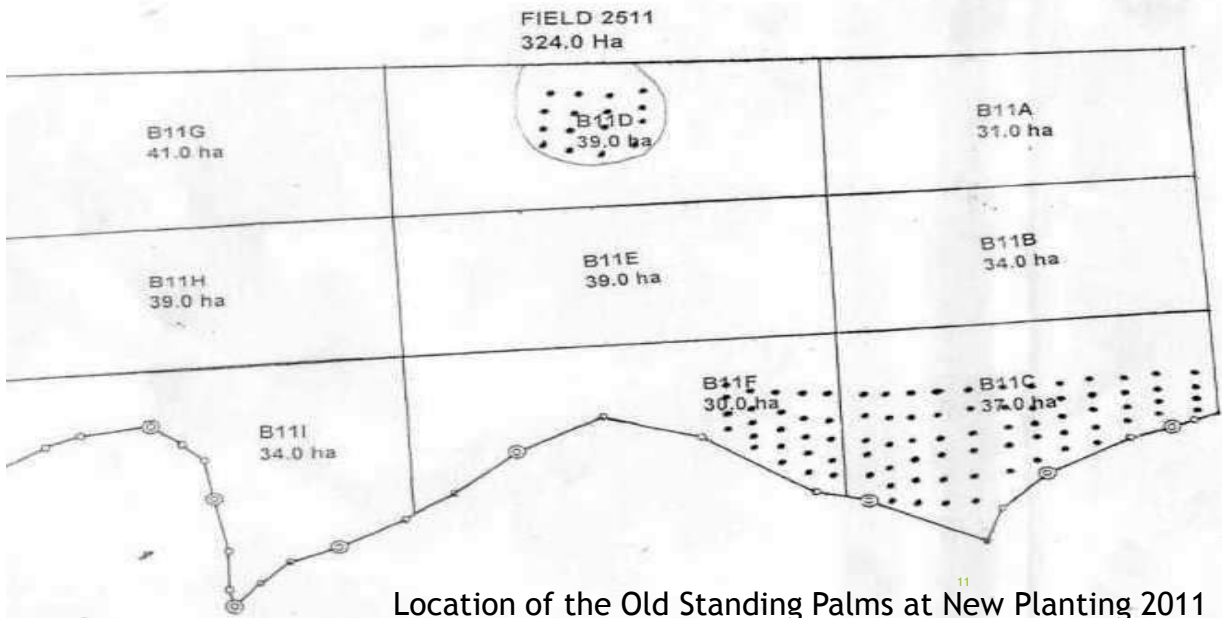
Jungle Clearing at Northbank ,Tomanggung – January 1965



Aerial View of The River Estates Sdn. Bhd. - July 1969



DIVISION : PHASE 4



Major Flood at Northbank in the 60s



Old palms at higher ground from previous planting in the 60s survive during the flood. They are standing at the 2011 new planting in Northbank Estate.



Estate NORTHBANK

Name of Contractor : Lim Engit Fun Dev.Ent Contract No. 985746

Registration No./NRIC _____

Address : Locked Bag No. 5 Division NorthBank

91109 Lahad Datu Date: 06th December 2011

The Contractor hereby agrees with the Estate Manager to do the work detailed below upon the terms and subject to the conditions mentioned:-

To provide excavator (EX120) to carry out the following works :-			Amount (RM)
1) Shredding of old palms at <u>NP 2511 (324.0 Ha)</u>			
Field	Total Palm	Rate (RM/Palm)	Total Value (RM)
<u>2511</u>	<u>1000</u>	7.30	7,300.00

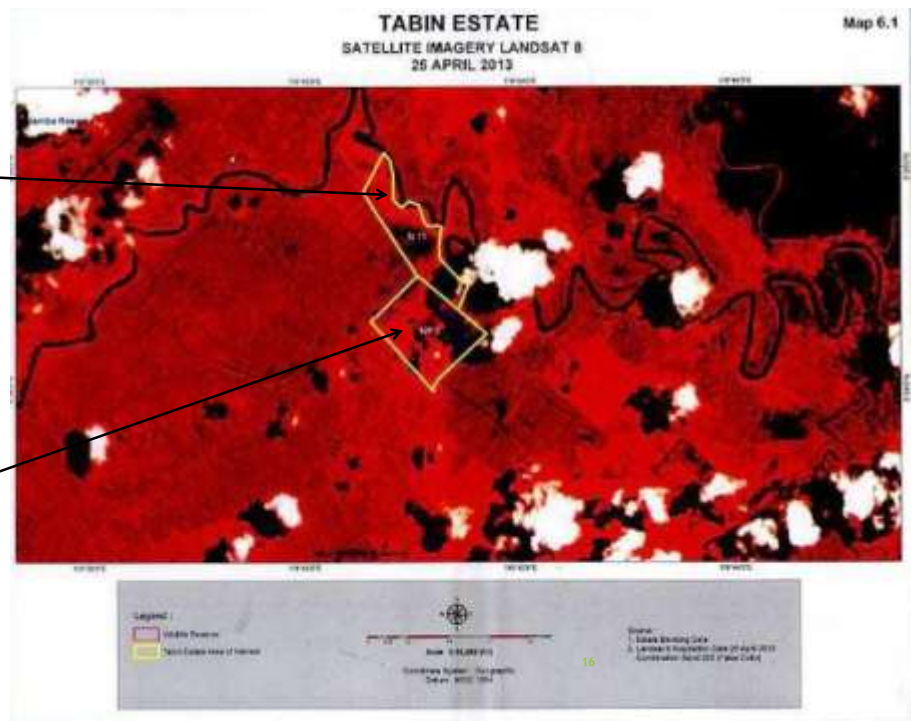
Chronology of Events for Tabin

- ▶ Land Title: CL 095324879
- ▶ Sri Lamag Division
- ▶ Total 182 .00 Ha
- ▶ Land acquired by HSPHB in 1999
- ▶ HSPHB harvested the timber for housing and amenities in the early 2000.
- ▶ HSPHB cleared the land and planted oil palm in year 2009
- ▶ Land Title: 21 NT titles.
- ▶ NT Land Division
- ▶ Total 124.14 Ha
- ▶ Land acquired by HSPHB on 30th December 1998.
- ▶ Previously, local villagers harvest timber, jungle produce and fishing from the area.
- ▶ HSPHB lease the land to help the locals to develop the land.
- ▶ This is part of CSR to lift the poverty of the local villagers by increase their income.
- ▶ HSPHB cleared the land planted oil palm in year 2011

15

NT Land Division

Sri Lamag Division



All documents on earlier development was lost in the Fire year 1999

POLIS DIRAJA MALAYSIA

SALINAN REPOT

Rumah Tinggal Balai Polis Kota Kinabatangan.

12 / 12 / 19 99 Kebakaran.

MOHAMAD ARIFIN BIN HARI (KPT:610616-12-5599)

Timor Umur 38 tahun Kerja Eksekutif Akaun & Tadbir

Ladang Tamanggong.

Pada 12/12/99, lebih kurang jam 0545 pagi saya dapat tahu dari penjaga malam En.Hassan bahawa Pejabat Pusat (NGOE) telah terbakar. Barang-barang yang musnah seperti berikut:-

1)Computer Appliances - RM 8,000.00, 2)Airecon Window dan Split - RM 30,400.00, 3)Photocopy Machine - RM 10,000.00, 4)Atur (4 buah) - RM 24,000.00, 5)Fax Machine (2 buah) - RM 6,000.00, 6)File Cabinet (7 buah) - RM 2,100.00, 7)Safe Box (1 buah) - RM 3,000.00, 8)Kerusi/Meja Eksekutif - RM 19,000.00, 9)Office Building/lain-lain barang - RM 120,000.00. Kerugian dianggarkan RM 298,450.00 turut terbakar ialah tiket (MAS) dan passport pekerja. Punca kebakaran dipercayai disebabkan litar. Pihak saya buat laporan untuk tindakan / rufukan pihak yang berkenaan.

SALIN OLEH
KARINAH
AMINAH MAZIT
CHET/W. 131581

Development History for Oil Palm

► Table 1 shows the distribution of the clearing:

Estate	Dec 2007 to end Dec 2009	Jan 2010 to Compensation Mechanism
Tabin	182.00	124.14
Northbank	542.00	582.00
Total	724.00	706.14

Table 1: New Planting Development Phases

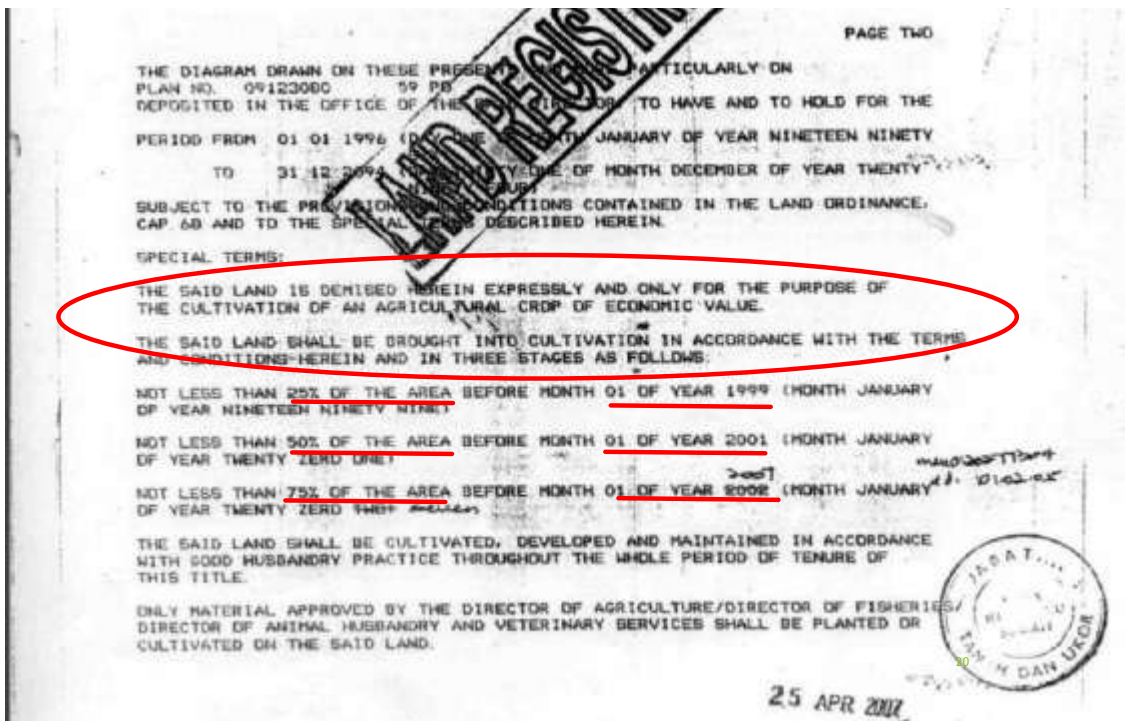
Note:

1. The development is in accordance to the land title terms and conditions (Country Lease and Native Title). There are clauses inside the land title that requires the owner to develop the land within the stipulated time (year 2003 for Sri Lamag and year 2007 for Sanwide).
2. The company is currently paying the land cess based from the land title hectarage even though the land is yet to be developed.

Requirement by the Law

- ▶ For each land, an approved development plan is submitted to the Land and Survey Department.
- ▶ HSPHB must follow the approved development plan to develop the area.
- ▶ If not followed, HSPHB has to pay the premium (that cost hundreds of thousand Ringgit Malaysia) to amend the extension of the owner covenants (in year 2003, HSPHB paid **RM 158,050.00** to amend the extension for Sanwide).
- ▶ It is a requirement by the law that HSPHB need to fully the develop the land after acquired unless it is an unplatable area.
- ▶ As stated in the land title under special terms, HSPHB is required to develop not less than 75% of the land within the stipulated time according to the special terms for all the areas.
- ▶ Otherwise, Land and Survey Department has the authority to gazette the land for other purpose.

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Summary for the Status of the Land

Estate	Tabin	Tabin	Northbank	Northbank
Division	Sri Lamag	NT Land	Sanwide	Phase 4 and 5
Ha	182.00	124.14	542.00	582.00
Developed	Dec 2007 to end Dec 2009	Jan.2010 to Comp.Mech.	Dec 2007 to end Dec 2009	Jan.2010 to Comp.Mech.
Land title*	2003	NA	2007	NA
Initial	Timber harvesting	Used by villagers	Timber harvesting	Timber harvesting
Subsequent	Continue to harvest timber for housing and amenities before November 2005.			
Results	Logged over forest			

*Developed more than 75% to fully developed within stipulated time frame.

21

Causes of Liability

- ▶ Lack of available information and clear directive from RSPO on the New Planting Procedures
- ▶ Absence of HCV Assessment prior to land clearing.
- ▶ Limited recognized HCV assessors during the time of project.

22

Retrospective HCV Assessment

- ▶ In compliance with RSPO requirement, HSPHB voluntarily reported that the land were commercially cleared between Sept 2007 to March 2012 without prior HCV Assessment.
- ▶ The management decided to commission the Retrospective HCV Assessment through Green Harvest Environmental Sdn Bhd (GHE). Table 2 shows the HCV Assessment Team

Name	Profession/ Qualification
Mr Bjorn Dahlen	<ul style="list-style-type: none"> •Team Leader •Master in Geography (GIS/Natural Resource Management), University of California
Mr Sakti Angara	<ul style="list-style-type: none"> •Remote Sensing •Bachelor's Remote Sensing/GIS, Gajah Mada University
Mr Appolonious Bodo	<ul style="list-style-type: none"> •Field Team •Local natural resource expert/ interpreter

Table 2: HCV Assessment Team

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Report Findings

- ▶ Satellite image analysis (multi-temporal land cover analysis) is done to Northbank and Tabin AOI.
- ▶ The AOI are confirmed to have been cleared as per Table 1 based on the image analysis and estates documents.
- ▶ The reports indicated that the area has previous key elements of High Conservation Value (HCV) even though the area has already been logged by the previous management.

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Land Use Change Analysis

Total project area (ha)	12,330.00		
Total raw liability (ha)	1,406.34	Final liability (ha)	778.99

	Nov 2005 to end Nov 2007	Dec 2007 to end Dec 2009	Jan.2010 to Comp.Mech.	after Comp.Mech.
coef. 1.0	NA	NA	NA	NA
coef. 0.7	NA	505.05	NA	NA
coef. 0.4	NA	NA	273.94	NA

25

Remediation and Compensation Proposal

- ▶ Once LUC is reviewed and approved, we propose to remediate a portion of the AOI.
- ▶ Use portion of monetary compensation fund to start a grant for local institute and organization to study the potential HCV area in HSPHB. The objectives of the study would be to confirm the type of HCV and the species richness in the area.
- ▶ Once potential HCV area is confirmed, we will use the compensation fund to manage area.
- ▶ To use the compensation fund for internal capacity building and strengthening of natural resource and HCV management throughout the various Estates.

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Thank You





Objectives

1. To review HCV assessment conducted by IPB 2013
2. To conduct land use change analyses

Objectives # 1

To review HCV assessment conducted by IPB
2012

Objectives # 1

To review HCV assessment conducted by IPB
2012

- A. Area of Lembonah Conservation Forest (LCF) as HCV 1 is considered inappropriate (25 ha vs 340 ha) according to the existing land cover and important ecological function

Land cover changes in LCF areas



1994

2005

2009

2013

Open areas Secondary dry land forest Shrub land Plantation HCV Area - LCF



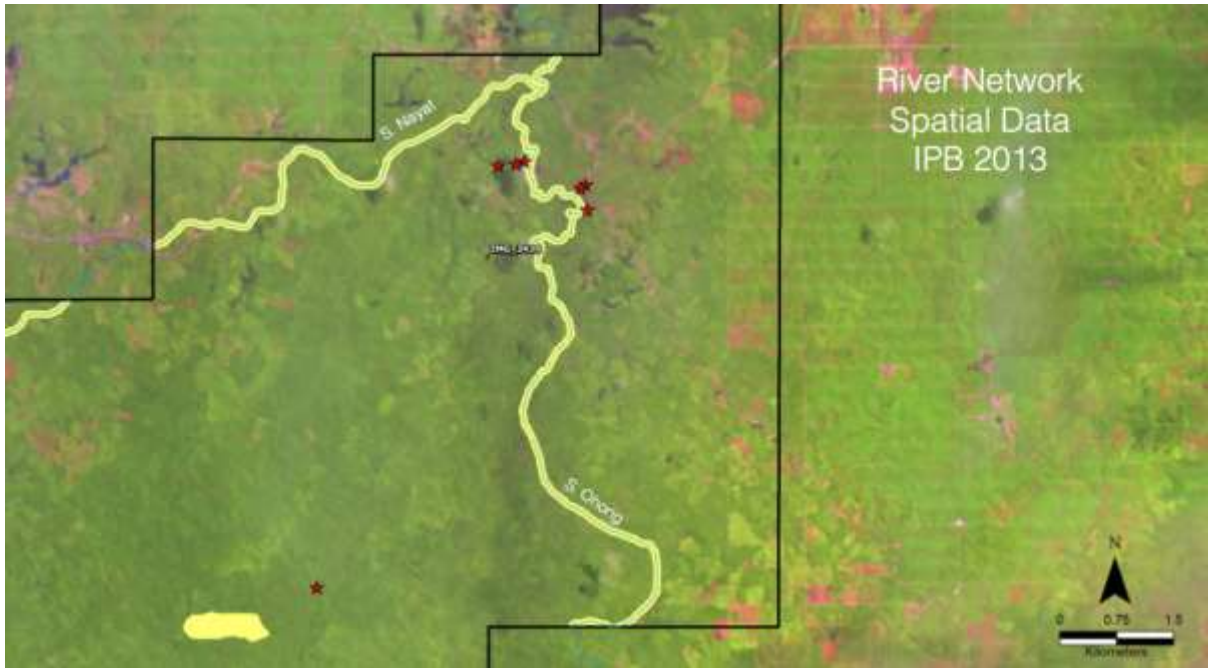
Forest edge with disturb area
PT. Borneo Surya Mining Jaya - Forest Resource
Muara Tse, Indonesia
0°35'46.51" S 116°4'21.7" E
© Y. Hadiprakarsa/ReMark Asia 2012

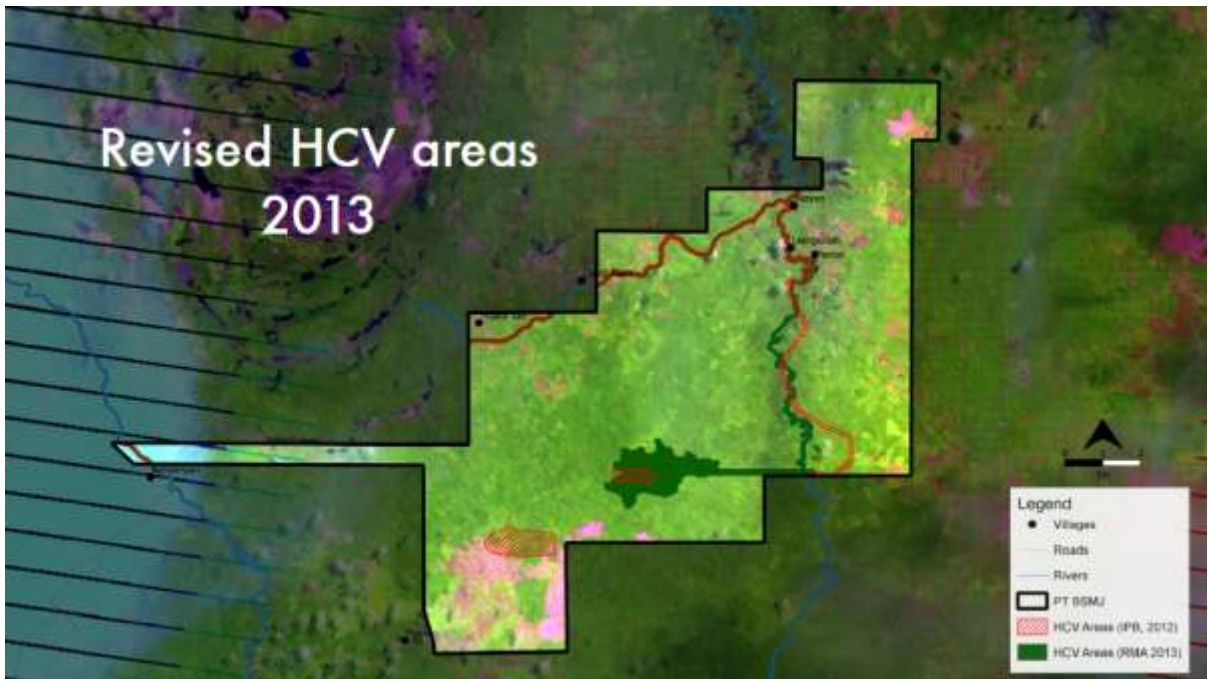


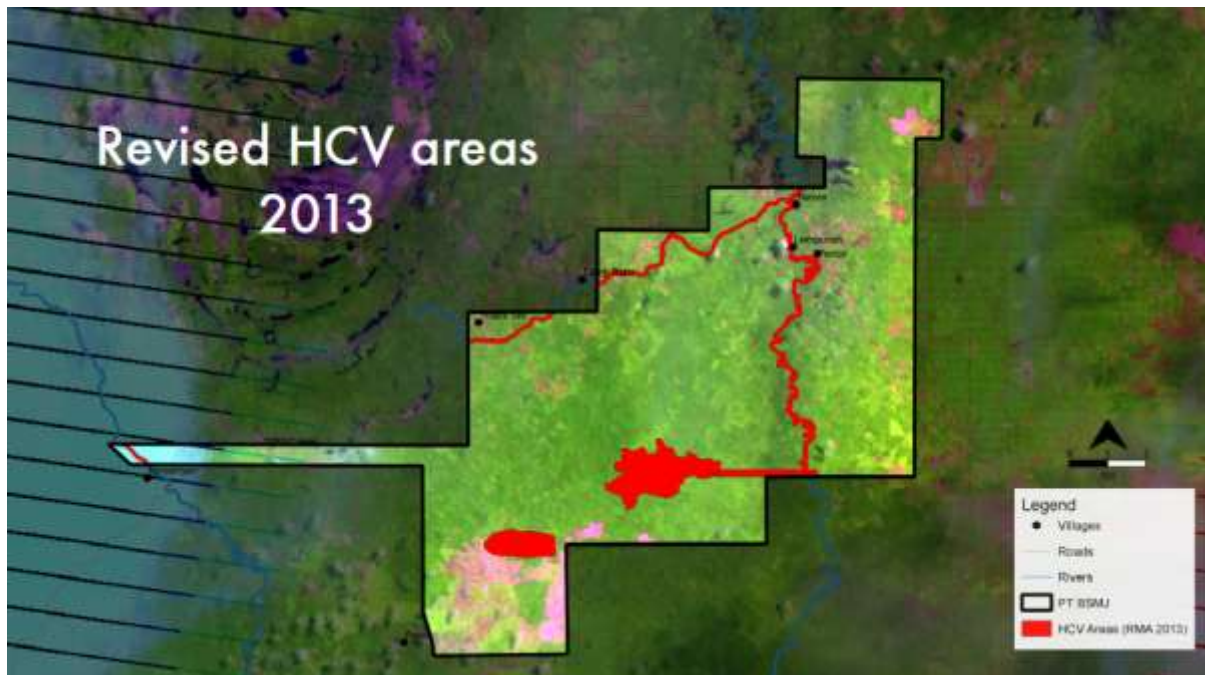
Objectives # 1

**To review HCV assessment conducted by IPB
2012**

- B. Lack of spatial data on river network in PT BSMJ**
- C. Revision to riparian areas of Ohong river was based on actual GPS tracking with accuracy maintained < 6 meter. (117.90 Ha vs 146 Ha)**







Objectives #2

To conduct land use change analysis

Land Cover and Used Changes Analysis

1994 - 2013

Land Cover and Land Use Change Analysis

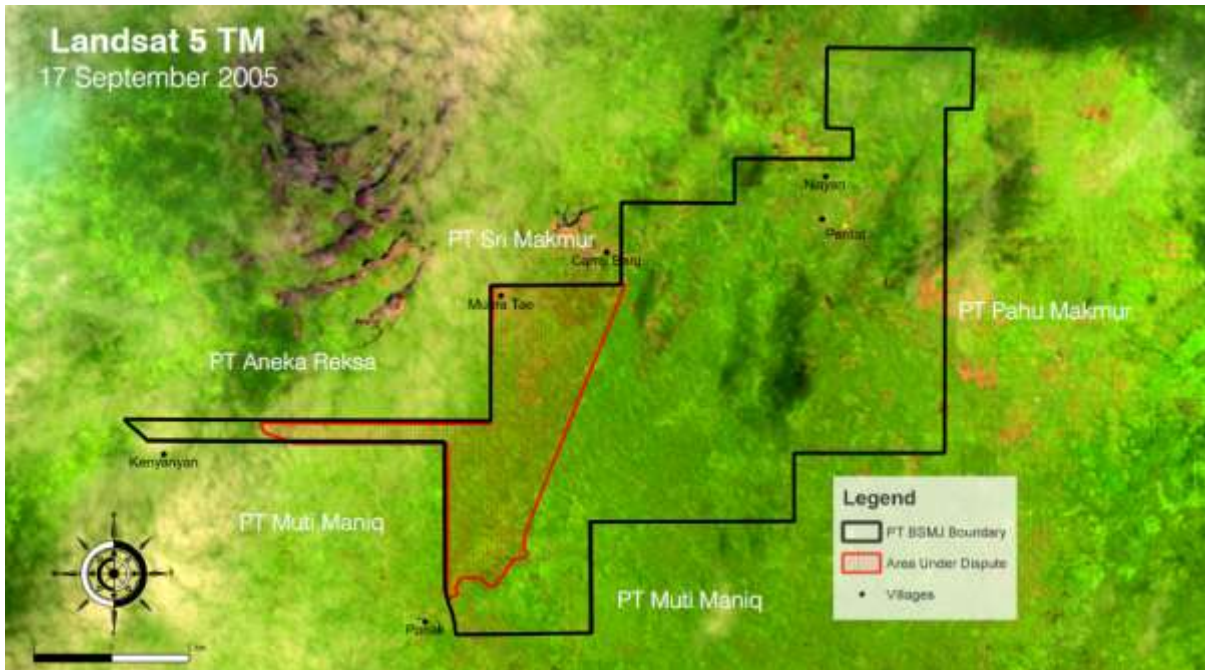
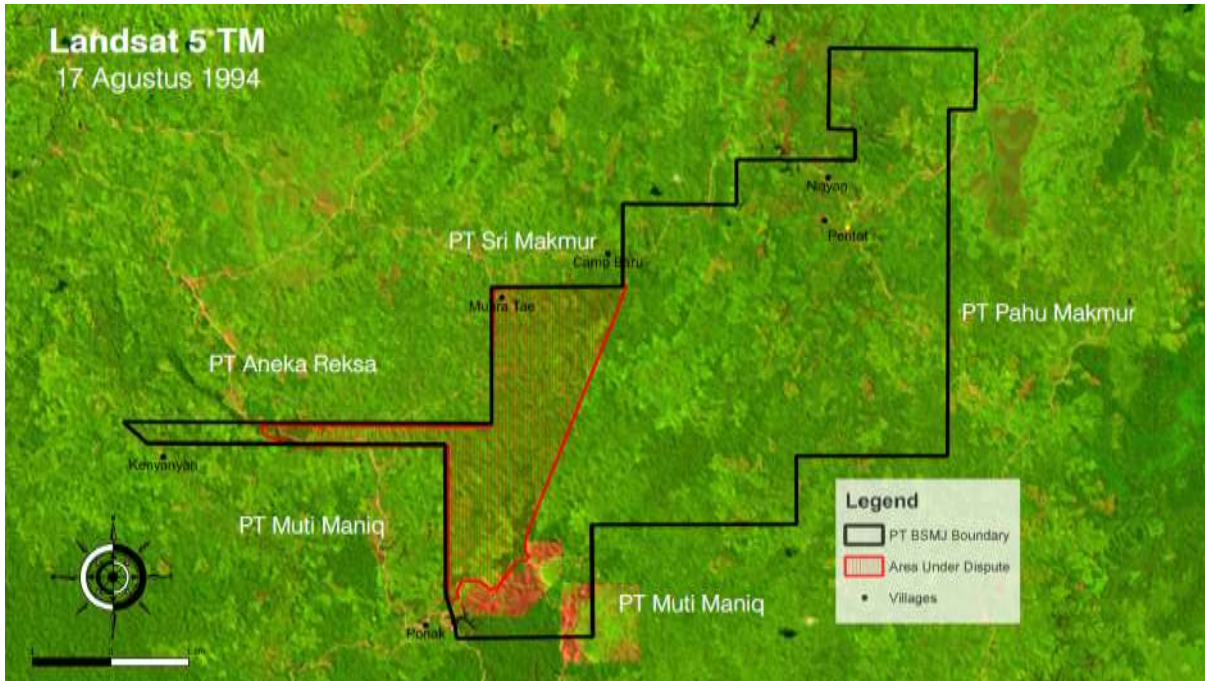
Methods

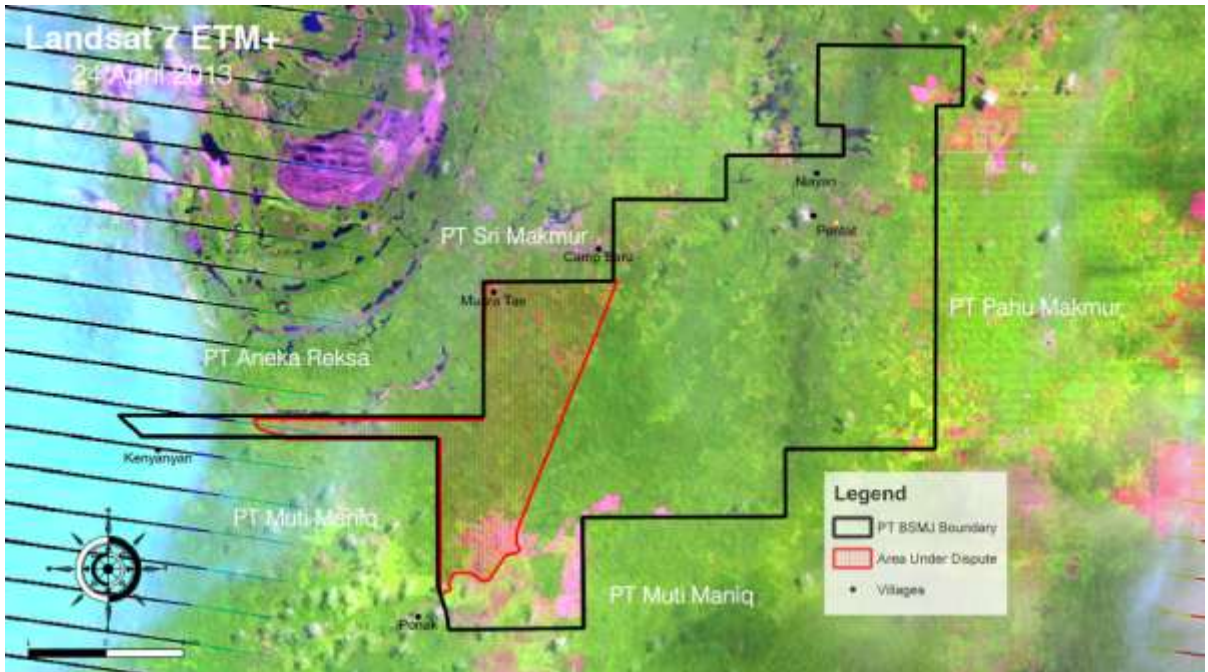
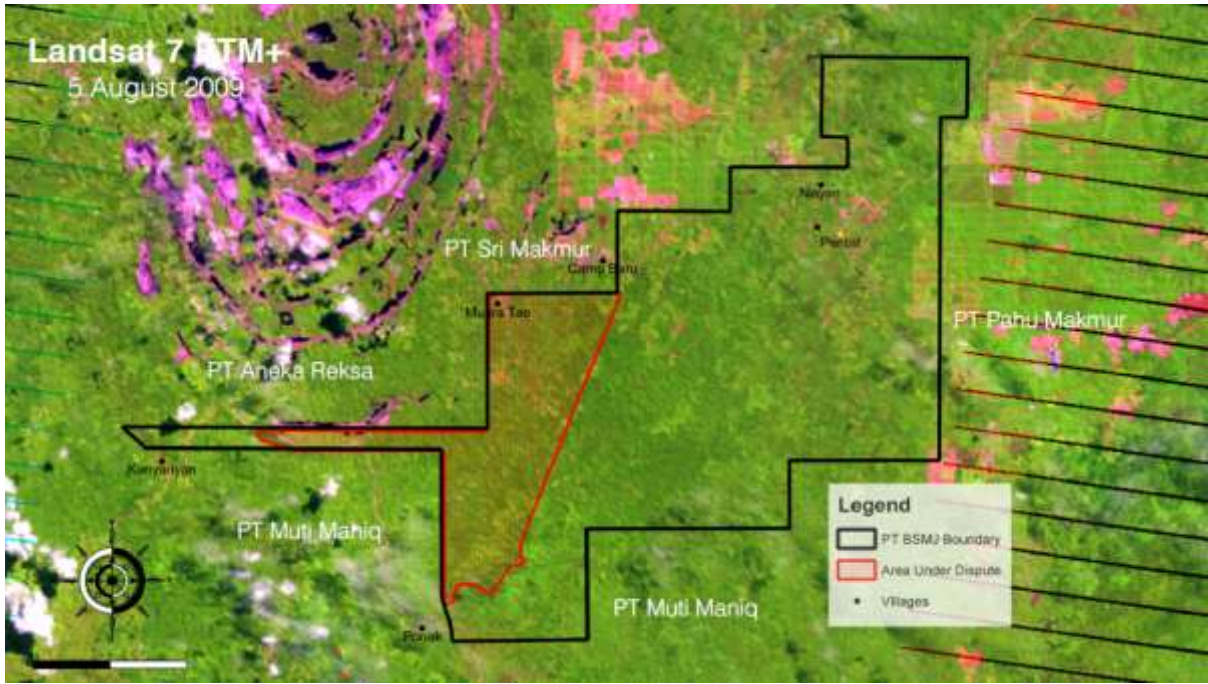
- Landsat 5 TM and 7 ETM+, 1994 - 2005 - 2009 - 2013
- Cloud cover over AOI < 30%
- Geometric reference using Topographic maps
- Unsupervised classification + visual interpretation

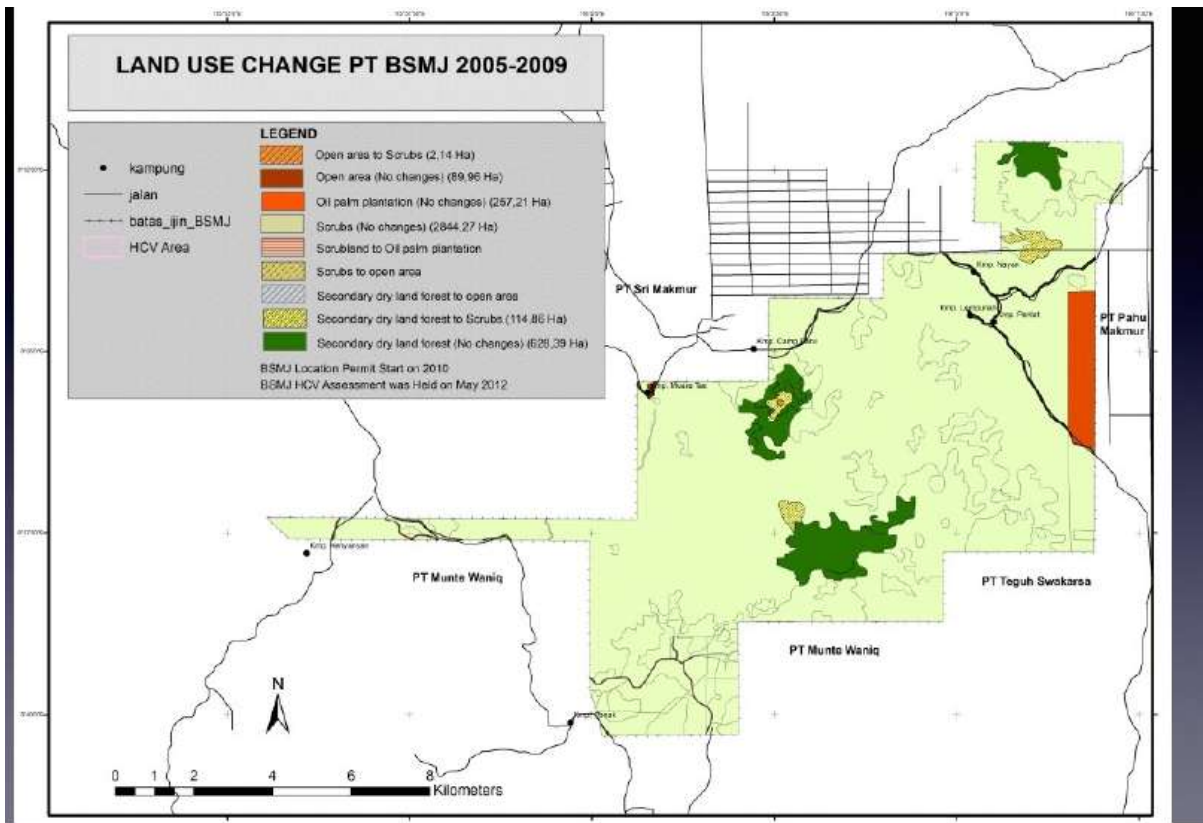
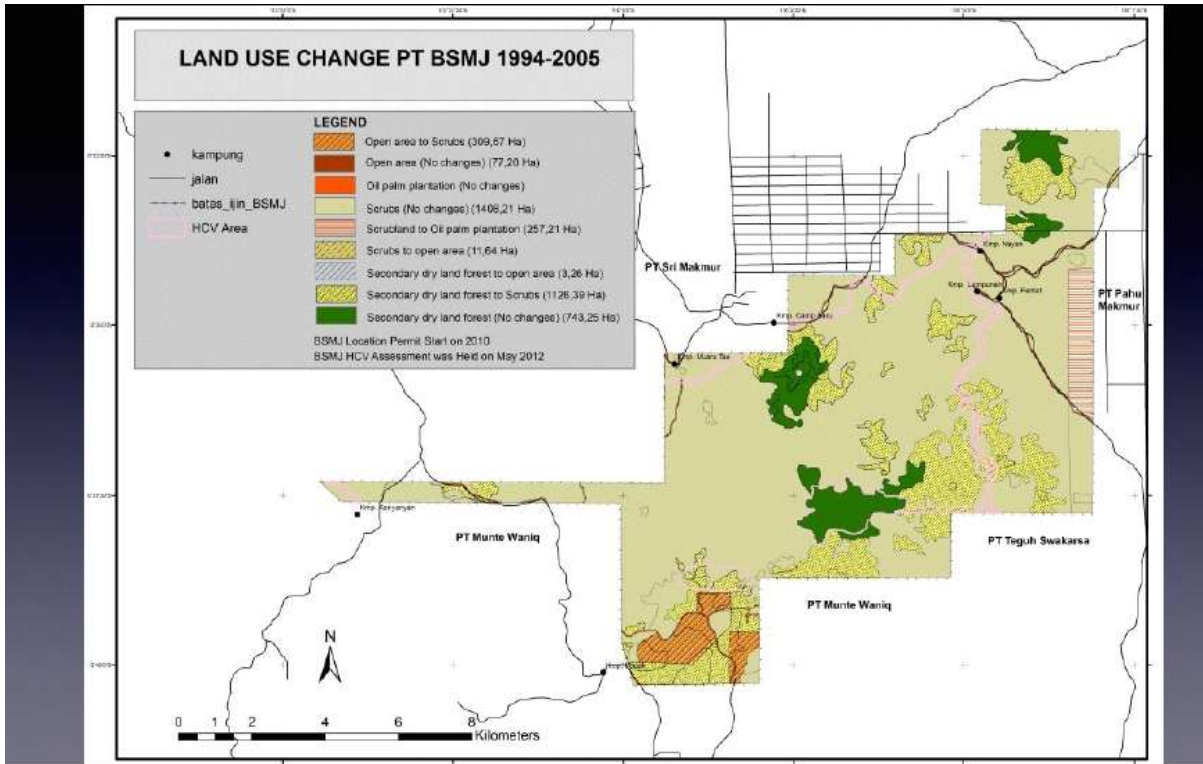
Land Cover and Land Use Change Analysis

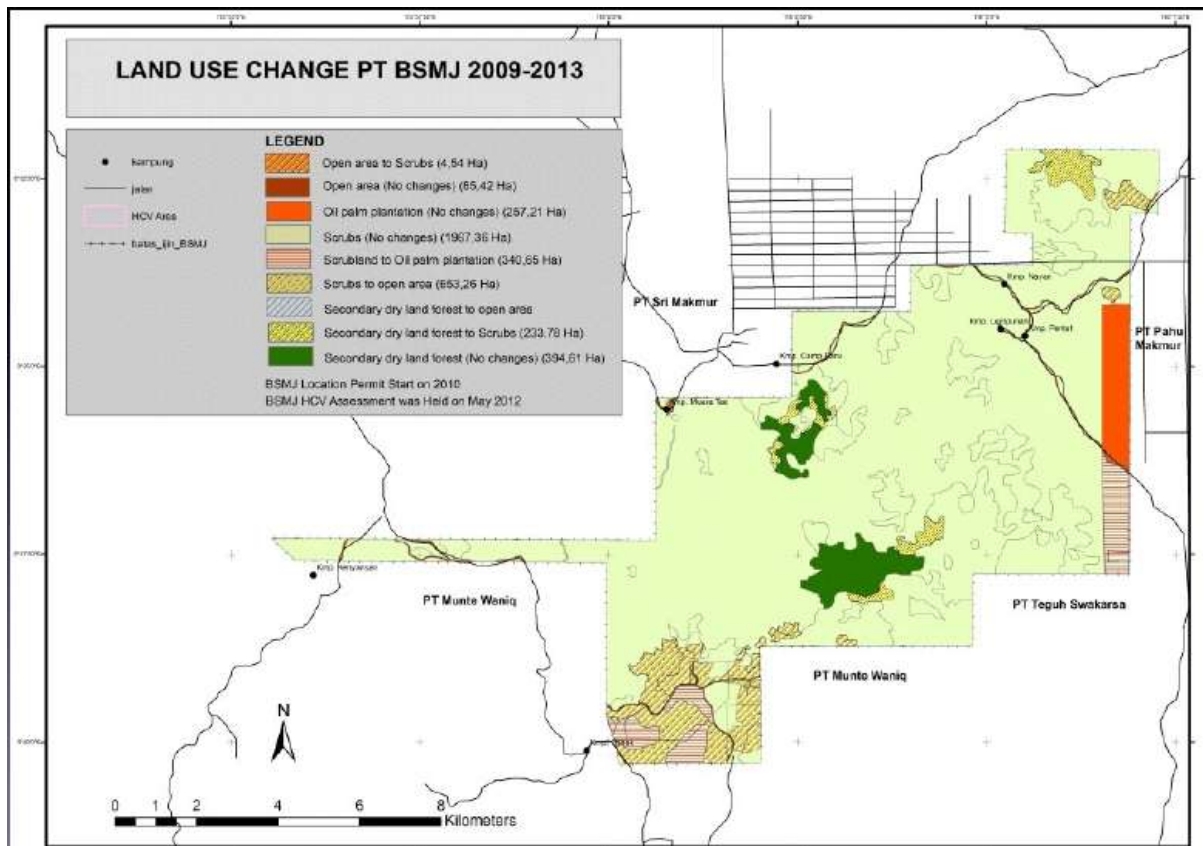
Methods

- Ground check with 68 random points
- Accuracy analysis used kappa coefficient method, k (Cohen 1960)
- Classification accuracy performances: 92%









Conclusion

2. To conduct land change analysis

- Since 1994 the PT BSMJ dominated by shurblands, remnant Secondary forest 2,814.4 Ha
- In Sept 17, 2005 - there was 1,098.7 Ha forest remnant
- Land clearing in 2012 and 2013 (< 25 Jan) have impacted **25 Ha** of HCV Area Muara Tae Customary Forest

Land Use Analysis

LAND USE	Coefficient	1994	2005	2009	2013
Secondary dry-land forest	0.7	2,751.00	743.27	628.40	396.86
Open areas/barren land	0	386.85	92.09	89.95	738.67
Plantation	0	0.00	257.21	257.21	597.87
Shrub lands	0	8,072.15	10,117.44	10,234.43	9,476.60
TOTAL		11,210.00	11,210.00	11,210.00	11,210.00

Land Use Change Analysis

Land Use Change	1994-2005	2005-2009	2009-2013
Secondary land forest to Open Area	3.26	-	-
Secondary land forest to Plantation	-	-	-
Secondary land forest to Scrubs	1,126.39	114.86	233.78
Secondary land forest (No Changes)	743.25	628.39	394.61
Open Area to Secondary land forest	-	-	-
Open Area to Plantation	-	-	-
Open Area to Scrubland	309.67	2.14	4.54
Open Area (No Changes)	77.20	89.96	85.42
Oil Palm Plantation to Secondary land forest	-	-	-
Oil Palm Plantation to Open Area	-	-	-
Oil Palm Plantation Scrubland	-	-	-
Oil Palm Plantation (No Changes)	-	257.21	257.21
Scrubland to Secondary land forest	-	-	-
Scrubland to Oil Palm Plantation	257.21	-	340.65
Scrubland to Open Area	11.64	-	653.26
Scrubs (No Changes)	1,408.21	2,844.27	1,967.36

Liability Calculation base on LUC maps

Coefficient Calculation	1994 - 2005	2005-2009	2009-2013
Coef 1.0			
Coef 0.7	1,129.65	114.86	233.78
Coef 0.4		-	
Coef 0			

Liability Calculation base on RSPO Remediation and Compensation Procedure

	box 05.5 - LUC (raw, all in ha)			
	Nov.2005 to end Nov.2007	Dec.2007 to end Dec.2009	Jan.2010 to 6 Mar 14	6 Mar 14 Up
coef. 1.0				
coef. 0.7	114.86		233.78	
coef. 0.4				

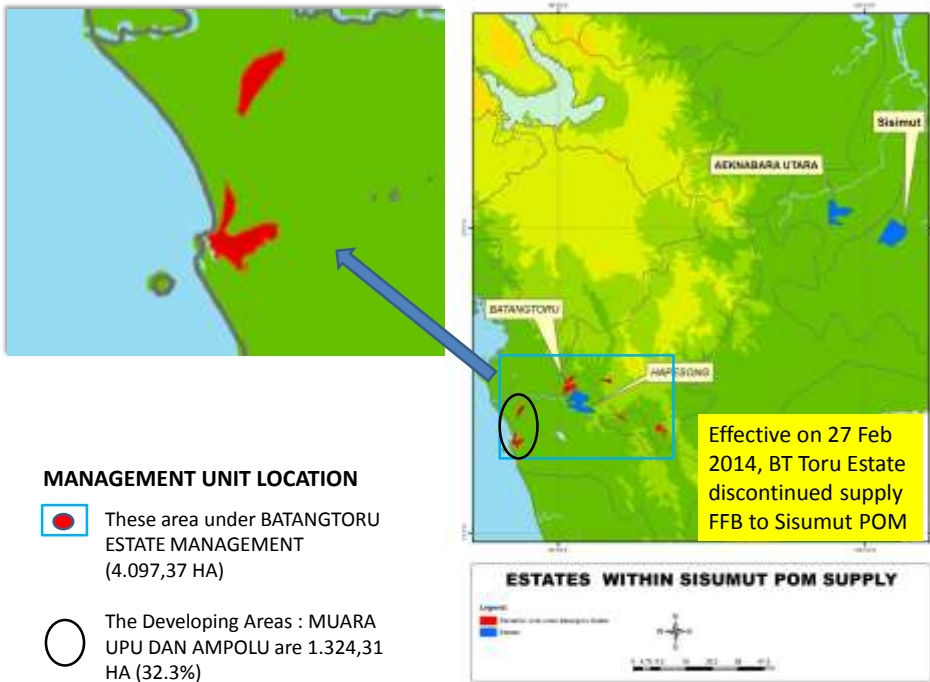
Thank You // Terima Kasih



ANNEX 5



I. GENERAL CONDITION



Supply chain Hapesong POM

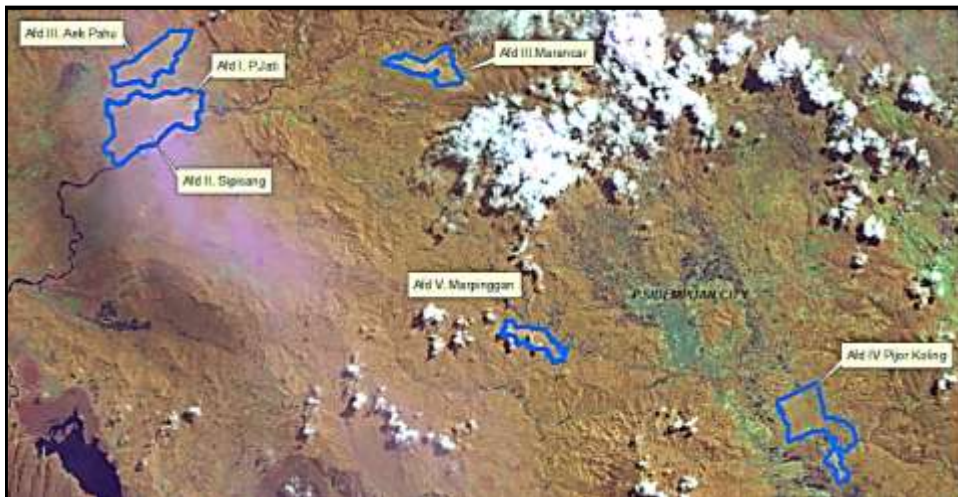


Hapesong POM will be fully operated on May 2014

BRIEF HISTORY

- Batang Toru Estate was originally a plantation owned by Dutch company (SUMATAP and Rotterdam Tapanuli Matschappay) which was built in 1917 which consists of 6 section/afdeling located on P.Sidimpuan-Sibolga.
- Since 1996 to be one of the business units of PT Plantation Nusantara III (Persero)

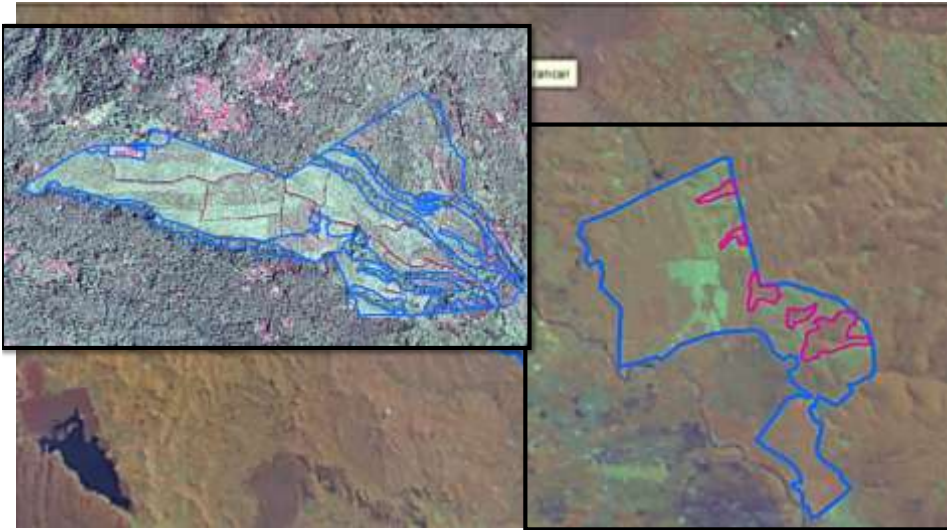
EXISTING BATANGTORU UNITS **SATELLITE IMAGERY 2005**



6 LOCATIONS AND 5 AFDELINGS
OPENED AND PLANTED SINCE
1956

ONLY IN MARANCAR AND PIJOR KOLING ARE STILL
FOUND THE REMAING SECONDARY FOREST

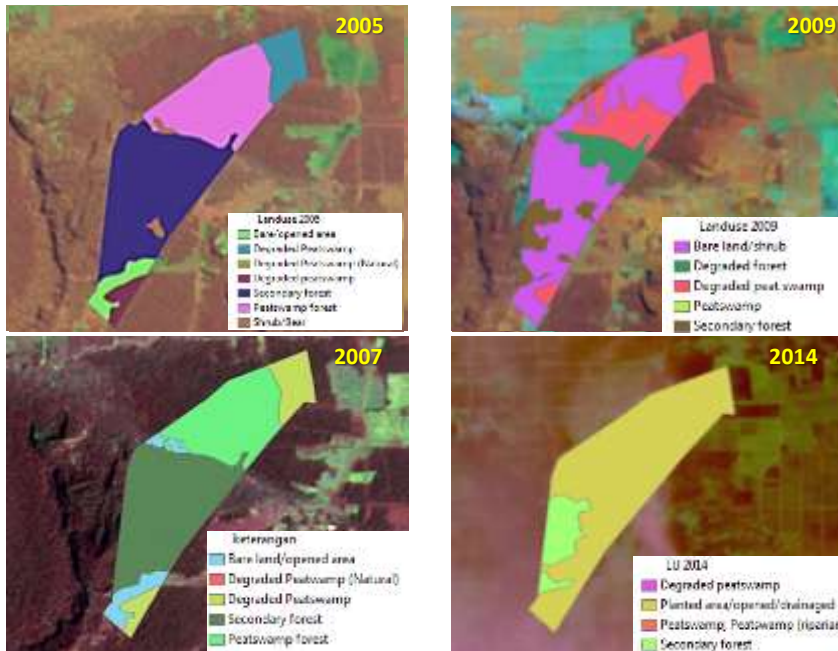
EXISTING BATANGTORU UNITS
SATELLITE IMAGERY 2014



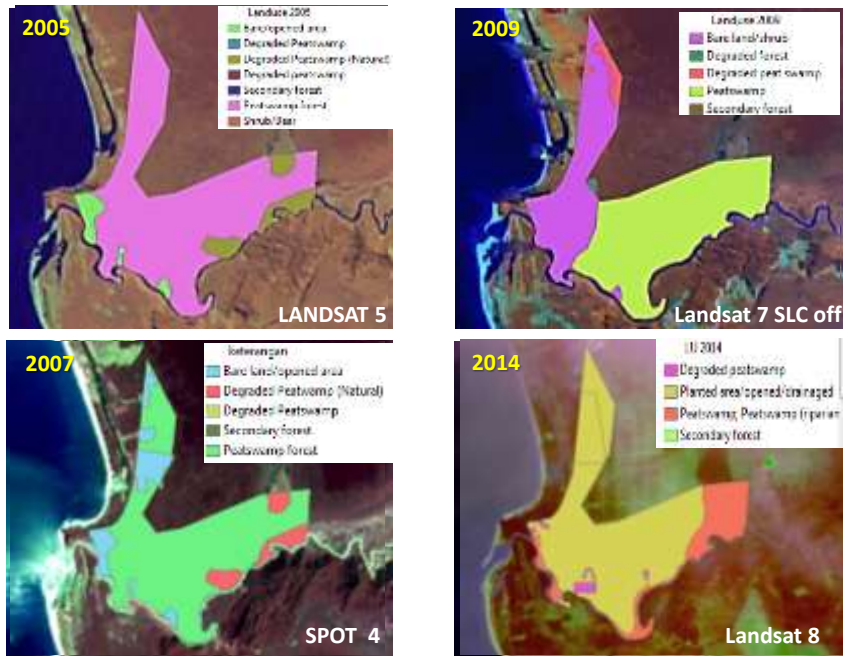
6 LOCATIONS AND 5 AFDELINGS
OPENED AND PLANTED SINCE
1956

ONLY IN MARANCAR AND PIJOR KOLING ARE STILL
FOUND THE REMAING SECONDARY FOREST

LAND USE CHANGE on DEVELOPMENT AREA - AMPOLU UNIT



LAND USE CHANGE on DEVELOPMENT AREA - MUARA UPU UNIT



LAND TENURE and LAND UTILIZATION CHRONOLOGIES

AMPOLU (548.33 Ha)

- March 2nd, 2010 BUY OUT FROM ALI HASAN ARIFIN (PERSONAL PROPERTY) LOCATED IN HUTARAJA / AMPOLU MUARA UPU VILLAGE SUB DISTRICT Muara Batang Toru (CERTIFICATED).
- INITIAL CONDITIONS:
 - VEGETATION** : Already opened with mostly shrub and grass landcover type. On tree stage dominated by ARTOCARPUS ELASTICUS & HEVEA BRASILIENSIS; On pole stage dominated by ALSTONIA SP & PARKIA SPECIOSA; On sapling stage dominated by PETUNGAH Spp. (Rubiaceae) and on seed stage dominated by MACARANGA SP.
 - FAUNA** : Protected Wildlife: Trenggiling (Manis Javanica), Landak (Hystrix Brachyura), KUCING AKAR (Felis bengalensis), Harimau (Panthera Tigris Sumatrae, BURUNG KUAO (Argusianus argus)
 - SOIL** : 70% SHALLOW PEATLAND (Depth 1-2 M, 30% Mix of Clay-Sand-Ash)
- May 14th, 2010 Land Clearing began for 402.90 Ha

LAND TENURE and LAND UTILIZATION CHRONOLOGIES

AREAL MUARA UPU (775.98 HA)

- **2010, 24TH FEBRUARY**, buy out from KOPERASI SAWIT SEJAHTERA (Community Group Property) Located in MUARA UPU Village (Certificated).
- INITIAL CONDITIONS:
 - VEGETATION** : Already opened with mostly shrub and grass landcover type. On tree stage dominated by ARTOCARPUS ELASTICUS & HEVEA BRASILIENSIS; On pole stage dominated by ALSTONIA SP & PARKIA SPECIOSA; On sapling stage dominated by PETUNGAH Spp. (Rubiaceae) and on seed stage dominated by MACARANGA SP.
 - FAUNA** : Protected Wildlife: Trenggiling (Manis Javanica), Landak (Hystrix Brachyura), KUCING AKAR (Felis bengalensis), Harimau (Panthera Tigris Sumatrae, BURUNG KUAO (Argusianus argus)
 - SOIL** : 70% SHALLOW PEATLAND (Depth 1-2 M, 30% Mix of Clay-Sand-Ash)
- May 14th, 2010 Land Clearing for about 510.85 Ha

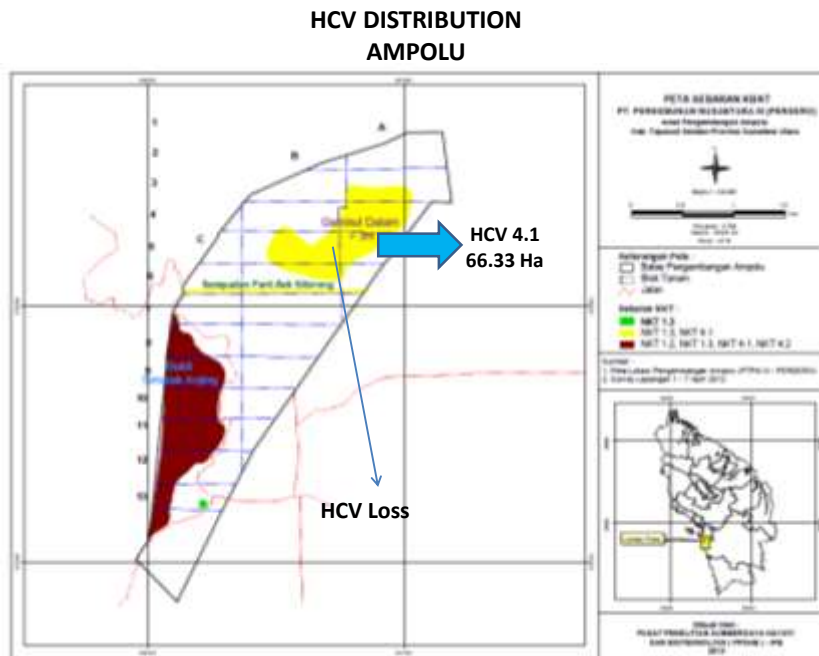


1. Muara Opu-Ampolu Unit				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Degraded peatswamp	67	67	212.9	16.1
Peatswamp	1022.2	955.2	550.8	164.3
Secondary forest	257.9	260	39.7	69.7
Bareland/shrub/opened/prepared	77.5	142.4	621.2	638.4
Planted area	0	0	0	536.2
2. Afdeling 1 Pondok Jati				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	0	0	0	0
Other landuse(settlement,office,roads, shrub etc	62.83	62.83	62.83	62.83
Planted area	441.85	441.85	441.85	441.85
3. Afdeling 2 Sipisang				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Riverr bank vegetation/forest	0	0	0	1.6
Other landuse(settlement,office,roads, shrub etc	19.25	19.25	19.25	19.25
Planted area	515.6	515.6	515.6	514
4. Afdeling 3 Aek Pahu				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Riverr bank vegetation/forest	0	0	0	12.69
Other landuse(settlement,office,roads, shrub,bare etc	173.13	173.13	173.13	173.13
Planted area	321.59	321.59	321.59	308.9
5. Afdeling 3 Marancar				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	33.45	33.45	33.45	33.45
Riverr bank vegetation/forest	0	0	0	2.9
Other landuse(settlement,office,roads, shrub,bare etc	24.95	24.95	24.95	24.95
Planted area	215.5	215.5	215.5	212.6
6. Afdeling 4 Pijor Koling				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	77.31	77.31	77.31	77.31
Riverr bank vegetation/forest	0	0	0	6.77
Other landuse(settlement,office,roads, shrub,bare etc	23.99	23.99	23.99	23.99
Planted area	586.72	586.72	586.72	579.95
7. Afdeling 5 Marpinggan				
<i>Land Use/Cover</i>	2005	2007	2009	2014
Secondary forest	0	0	0	0
Riverr bank vegetation/forest	0	0	0	13.1
Other landuse(settlement,office,roads, shrub,bare etc	76.27	76.27	76.27	76.27
Planted area	200.62	200.62	200.62	187.52

II. HCV MUARA UPU AND AMPOLU

Conducted by PPSHB-LPPM IPB-BOGOR on APRIL 2012

BASED ON THE HCV IDENTIFICATION, THERE IS ONE OF HCV (HCV 4.1) HAVE LOST DUE TO LANDCLEARING, NAMELY DEEP PEATLAND TYPE (GBT: according to Landsystem Type) covering an area of 66.33 Ha WHICH IS IN AMPOLU DEVELOPMENT AREA



IV. RECOMMENDATION AND SOLUTION

COMPESATION PROPOSAL FROM HCV ASSESSOR

1. PARTICIPATION IN FLOOD CONTROLLING IN DOWNSTREAM REGION OF PLANTATION. OPTION :
 - A. FUNDING FOR REHABILITATION OF DEGRADED AREA IN DOWNSTREAM REGION OF PLANTATION. COMPESATION COST RP. 10.500.000/HA FOR 3 YEARS.
 - B. TECHNICAL ASSISTANCE SUPPORTING AND TRAINING TO THE COMMUNITY. COMPESATION COST RP. 200.000/PERSON & RP. 100.000.000 FOR FLOOD CONTROL.
 - C. FINANCING FOR SEEDLING PROCUREMENT TO SUPPORT REHABILITATION PROGRAM. Area to be rehabilitated is 2.5 x HCV loss area. COST RP. 4.000.000/HA.

COMPESATION PROPOSAL FROM HCV ASSESSOR

2. PARTICIPATION WATER QUALITY IMPROVEMENT FOR THE COMMUNITY AROUND THE MANAGEMENT UNIT LOCATION. THERE ARE 2 OPTION:
 - A. FINANCING WATER QUALITY IMPROVEMENT FOR THE AFFECTED COMMUNITY. COST RP. 50.000.000/HA HCV 4.1
 - B. FUNDING FOR THE REHABILITATION OF AREA THAT SIGNIFICANT TO SUPPORT WATERSHED AND OTHER WETLANDS IN PROVIDING WATER TO SOCIETY. REHABILITATION AREA = HCV LOSS AREA. COST RP. 10.500.000/HA FOR 3 YEARS

BUDGET PLAN FOR COMPESATION PROGRAM IMPLEMENTATION

As recommended in HCV M&M in Muara Upu and Ampolu

PT. Perkebunan Nusantara III has chosen an option to make compesation payment worth of HCV Loss Area due to land clearing. Cost for compesation estimated as Rp. 10.500.000,-/Ha including seedling cost and maintenance until 3 years.

HCV MANAGEMENT PLAN IMPLEMENTATION
at AMPOLU and MUARA UPU

- Protecting/remediation of riparian area by vegetation enrichment activity at HCV area Bukit Simulak Anjing, Batang Toru rivers bank and Aek Sibirong.
- Water management (CANAL BLOCKING and WEIRS, SUBSIDENCE MONITORING, WATER LEVEL MANAGEMENT)

CSR REALISATION
PT. PERKEBUNAN NUSANTARA III (PERSERO)
IN MUARA AMPOLU DAN MUARA UPU

YEARS 2010 :

- FINANCIAL ASSISTANCE FOR PEANUT CULTIVATION IN MUARA UPU VILLAGE (LOCAL COMMUNITY) WORTH OF RP. 79.825.317,-
- FINANCIAL ASSISTANCE FOR SCHOOLS ESTABLISHMENT IN MUARA UPU VILLAGE (LOCAL COMMUNITY) WORTH OF RP. 136.240.000,-

YEARS 2011 :

- FINANCIAL ASSISTANCE FOR ROAD ACCESS DEVELOPMENT AND BRIDGE CONSTRUCTION IN MUARA AMPOLU WORTH OF RP. 7.980.000.000,-



ANNEX 6

Bumitama Agri Ltd**Bumitama Agri Ltd (BAL)**

- **Bumitama Agri Ltd (BAL) is a relatively new oil palm company operating mainly in Kalteng and Kalbar.**

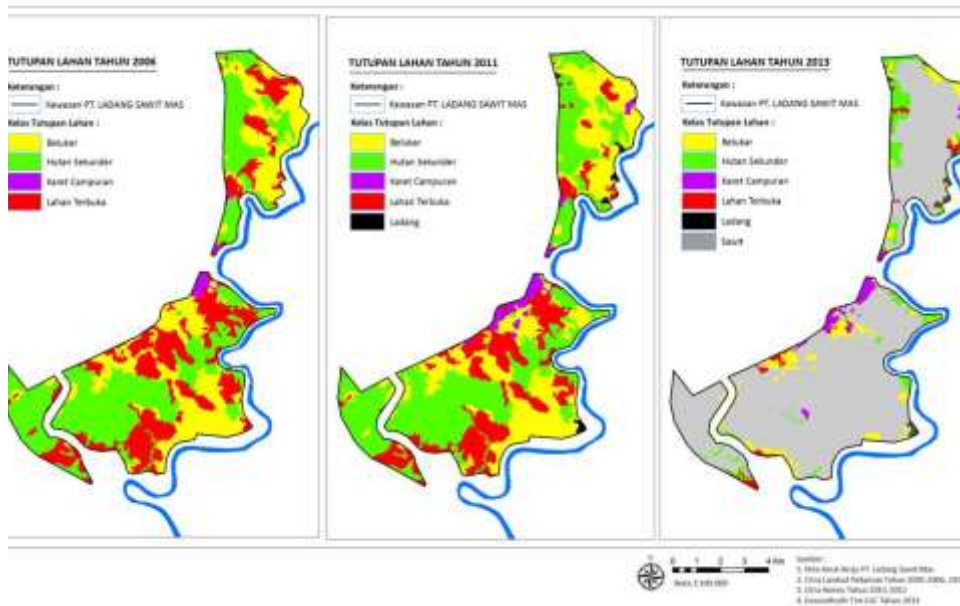
- **Reporting of Non-Compliance Land Clearance through the Complaints Procedures**
PT Ladang Sawit Mas (LSM), Subsidiary of Bumitama Agri Ltd
Location
- Kecamatan Nanga Tayap, Kabupaten Ketapang Regency, Kalimantan Barat

Important Dates

- Start of HCV Assessment: April 2013
- Draft of HCV Assessment: May 2013
- Final HCV Assessment (after peer review): October 2013
- Time of Clearance: June 2012 to September 2013
- Acquisition completed: August 2012
- Management control exercised: January 2013

Indicative Land Cleared

- Land cleared November 2005 – November 2007: 0 ha
- Land cleared December 2007 – 31 December 2009: 0 ha
- Land cleared between 1 January 2010 – HCV Assessment
 - Cleared before takeover (before August 2012): 578.99 ha
 - Cleared after takeover before management control (August–31 December 2012): 1,888.94 ha
 - Cleared after management control until HCV Assessment started in April 2013: 1,017.16 ha
 - Cleared after management control until draft of HCV Assessment in May 2013: 1,328.66 ha
 - Cleared after management control until final HCV assessment in October 2013: 2,131.20 ha
 - Total cleared (before August 2012 – September 2013): 4,599.13 ha (inclusive of plasma)



- **Self-Declaration on Non-Compliant Land Clearance**
- **PT Lestari Gemilang Intisawit (LGI), Subsidiary of Bumitama Agri Ltd**
- **Location**
- Kecamatan Nanga Tayap, Kabupaten Ketapang Regency, Kalimantan Barat

Important dates

- Start of HCV Assessment: May 2012
- Draft of HCV Assessment: June 2012
- Final HCV Assessment (after peer review): April 2013
- Acquisition completed: November 2010
- Time of Clearance: during December 2011 to March 2013

Important Dates

- Start of HCV Assessment: May 2012
- Draft of HCV Assessment: June 2012
- Final HCV Assessment (after peer review): April 2013
- Acquisition completed: September 2010
- Time of Clearance: during October 2012 to March 2013

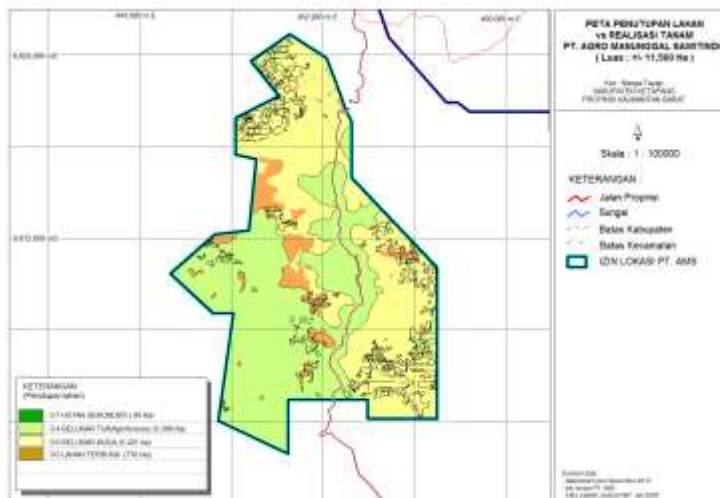
Indicative Land Cleared

- Land cleared November 2005 – November 2007: 0 ha
- Land cleared December 2007 – 31 December 2009: 0 ha
- Land cleared between 1 January 2010 – HCV Assessment
 - Until HCV Assessment (pre March 2012): 0 ha
 - Until Draft of HCV Assessment (pre June 2012): 0 ha
 - Until HCV Final Report / Peer Review (October 2012 – March 2013): 451.61 ha

Land Cover 2005



June 2013





Thank You



ANNEX 7



The slide features a dark green background with a mountain range silhouette. At the top left, the HCV logo is displayed with the text 'HIGH CONSERVATION VALUE resource network'. To its right is the RSPO logo with the text 'Roundtable on Sustainable Palm Oil'. Below the HCV logo is a row of six small images: a palm tree, a forest, a river, a person, and a person in a red hat. The main title 'HCV and Smallholders - an alternative approach' is centered in white. Below the title, the text 'RSPO Smallholder and BHCV WG taskforce meeting, KL March 18, 2014' is displayed. At the bottom left, the website 'www.hcvnetwork.org' is listed.

HCV HIGH CONSERVATION VALUE
resource network

RSPO
Roundtable on Sustainable Palm Oil

HCV and Smallholders - an alternative approach

RSPO Smallholder and BHCV WG taskforce
meeting, KL March 18, 2014

www.hcvnetwork.org



The problem...

- HCV assessments require significant skills and resources
- Some smallholder groups organised by companies or mills have good access to internal and external resources
- Independent smallholders and many self-organised smallholder groups have very little capacity
- Even more of a problem outside ID and MY
- Current HCV requirements barrier to certification for smallholders without access to external support



...and suggested solutions

- So far, the focus has been on simplifying HCV assessments for smallholders
- E.g Proforest 2010 and RSPO 2013 (A.K. draft)
- Useful for explaining the concept to smallholders – but:
- Still beyond the capacity of many smallholders to implement
- *Conclusion: not possible to simplify HCV assessments enough for implementation by smallholders and yet maintain quality – **alternative approach needed!***



Guiding principles:

- *Risk*: simpler (and more cost-effective) procedures where risks are low
- *Capacity*: adapt to procedures to smallholder skills and levels of support
- *Precaution*: don't simplify at the expense of quality



HCV risk

- No expansion: 'mature' agriculture / plantation landscapes – *low risk*
- Expansion into heavily modified/degraded lands – *low risk* (if robustly identified!)
- Expansion into areas of natural vegetation:
– *high risk*



Capacity

- Non-organised, independent smallholders: no-little external support. *Low capacity*
- Self-organised, independent smallholders: no-medium central support. *Low-medium capacity*
- Mill and grower group smallholders: medium-high external support. *Medium – high capacity*
- 'Shareholder smallholders': (= growers / mills). *High capacity*.



A precautionary approach

- Trade-off between level of HCV identification and scope of management responses
- More effort to identify HCVs allow for 'narrow' and specific management recommendations
- Less effort to identify HCVs need to be 'balanced' by broader and more generic management responses
- If you don't identify HCVs at all you must assume they are there and act accordingly!



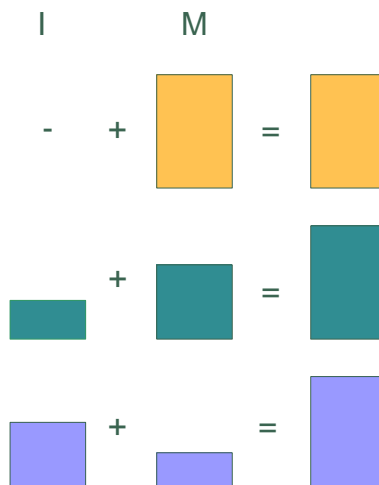
Example: RTE animals

- 'Normal' HCV assessment → specific provisions for RTE animals present in the area
- No identification of HCVs: consider all except very common species as RTE → don't kill, trap or poison any animals
- Identification of *potential* HCVs (*may* occur in the area) → don't kill, trap or poison RTE animals possibly present in the area



Three different roads to the goal

1. Skip HCV assessment, act as if 'everything' is HCV → follow generic precautionary practises
2. Act as if *potential* HCVs (identified through outside support) are present → adapted precautionary practises
3. Follow specific management provisions to maintain *real* HCVs (identified through outside support)





Precautionary practises – no expansion

- Legal and uncontested land tenure
- Maintain remaining native vegetation
- No hunting, trapping or poisoning
- No blocking of mobility (beyond livestock fencing)
- No agrochemicals or bare soil close to rivers
- No clearing or bare soil on steep slopes
- Maintain customary access to resources



Additional for expansion on degraded lands

- Make sure expansion areas have been independently identified to meet scheme definitions of heavily modified vegetation
- Identify other rights-holders (if any) and obtain their consent prior to expansion
- Take measures to avoid increasing pressure on nearby natural landscapes (where relevant)



Expansion outside degraded lands

- High risk scenarios – precautionary practises not effective - formal HCV assessments needed!
- Mills and growers: organise HCV assessments for potential suppliers
- New establishment of mills:
 - ✓ identify potential supply base,
 - ✓ map heavily degraded lands,
 - ✓ commission HCV assessments for natural, potential expansion areas
 - ✓ provide basic training to suppliers



Monitoring and verification

- Low risk / low capacity scenarios:
 - ✓ Self-verification of precautionary practises;
 - ✓ Self-monitoring of natural habitats (indirect monitoring);
 - ✓ Spot-checks by growers/mills;
 - ✓ CB audits of grower/mill procedure
- High risk / high capacity scenarios:
 - ✓ (Self-verification of HCV provisions);
 - ✓ (Self-monitoring of remaining natural habitats)
 - ✓ Mill/grower landscape monitoring of HCVs (direct monitoring)
 - ✓ Spot-checks by growers/mills;
 - ✓ CB audits of grower/mill procedure



No expansion

Capacity		Non-organised smallholders, self-organised groups: low capacity	Self-organised, independent smallholders: medium capacity	Mill and company group smallholders: high capacity
Risk				
Existing cultivations - no expansion		<p><u>Identification:</u> -</p> <p><u>Management:</u> generic PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessment of potential HCVs</p> <p><u>Management:</u> adapted PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessments of real HCVs</p> <p><u>Management:</u> specific HCV provisions</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p> <p><u>Monitoring:</u> unit level field patrols</p>



Expansion on heavily modified lands

Capacity		Non-organised, independent smallholders	Self-organised, independent smallholders	Mill group smallholders
Risk				
Expansion on heavily modified lands		<p><u>Identification:</u> heavily modified lands</p> <p><u>Management:</u> generic PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessment of potential HCVs</p> <p><u>Management:</u> adapted PPs</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p>	<p><u>Identification:</u> assessments of real HCVs</p> <p><u>Management:</u> specific HCV provisions</p> <p><u>Verification:</u> self-checks + mill spot-checks + audits</p> <p><u>Monitoring:</u> unit level field patrols</p>



Expansion outside heavily modified lands

Risk	Capacity	Non-organised, independent smallholders	Self-organised, independent smallholders	Mill group smallholders
Expansion outside heavily modified lands		<u>Identification:</u> assessments of <i>real</i> HCVs <u>Management:</u> <i>specific HCV provisions</i> <u>Verification:</u> self-checks + mill spot-checks + audits	<u>Identification:</u> assessments of <i>real</i> HCVs <u>Management:</u> <i>specific HCV provisions</i> <u>Verification:</u> self-checks + mill spot-checks + audits	<u>Identification:</u> assessments of <i>real</i> HCVs <u>Management:</u> <i>specific HCV provisions</i> <u>Verification:</u> self-checks + mill spot-checks + audits <u>Monitoring:</u> <i>unit level field patrols</i>

HCV HIGH CONSERVATION VALUE
resource network



Thank you!

ANNEX 8



HCV HIGH CONSERVATION VALUE
resource network

HCV RN Assessor Licensing Scheme – progress report

BHCV WG Jakarta, April 2014

www.hcvnetwork.org



Objectives

- Promote consistent, high quality HCV assessments
- Provide an independent mechanism for evaluating the competence of HCV assessors and for monitoring their performance
- Create a firewall between assessors and certification schemes to protect their brand



Scope

- RN Assessor Licensing Scheme is a service open to use by any voluntary standards scheme
- The ALS will take over the function of approving RSPO HCV assessors – transition period
- The ALS is designed to cover its costs but not to generate profit
- The ALS targets lead assessors – other team members will not need a license



Application process

- Applicants who successfully complete an HCV Assessor Training Course may be *provisionally licensed*
- Provisionally licensed assessors may lead 'high risk' assessments only if supervised / mentored by a licensed assessor
- Provisionally licensed assessors submitting reports that meet the requirements get (fully) licensed
- Doubtful cases are referred to the RN Quality Control Panel for a second opinion



Shortcut for experienced assessors

- Experienced assessors (e.g. many currently RSPO-approved assessors) may apply for license by:
 1. verifying that they meet the ALS competence criteria; *and*
 2. submitting a recent HCV assessment report conducted as lead assessor
- The shortcut option is open for one year
- Credentials and reports are reviewed by the RN Quality Manager
- Applicants that meet the requirements get licensed
- Doubtful cases are referred to the RN Quality Control Panel



Obligations of Licenced Assessors

- Follow normative RN HCV assessment procedures as outlined in the RN Licensed Assessors Manual
- Structure and format reports in accordance with the RN Licensed Assessor Reporting Template
- Submit to the RN Secretariat a confidential (full) copy of all their HCV assessments
- Accept that reports are confidentially reviewed by the RN Quality Control Manager / Team
- Pay the associated RN review fee



High risk contexts

- HCV assessments in high risk contexts must be Peer Reviewed prior to being submitted to the RN
- Any licensed assessor may peer review – this is not to be a RN function
- High risk factors: large operations, large areas converted to plantations, HCV assessments outside certification...



Sources of Revenue

- Important to avoid barriers - low costs in absence of clients
- *Annual registration fee* (includes RN supportership)
- *Report review fee* when a report is submitted to the RN – based on scale and complexity of the HCV assessment.
- Information on review fees will be available on the RN website so that assessors may include them in contracts with clients



Quality control of licensed assessors

RN Quality Manager / Quality Control Panel review (a sample of) submitted HCV reports

- A. Assessor performance *fully in line* with the ALS Manual and Reporting Template. Feedback on any minor weaknesses. The assessor *maintains the license*.
- B. Assessor performance *not fully in line* with ALS procedures and reporting. Weaknesses not severe enough for de-licensing. The assessor loses full license and is down-graded to *provisionally licensed*.
- C. Assessor performance *falls far short* of the requirements. Major, grave weaknesses. *The license is revoked*. (Assessors who have lost their licence may apply for a provisional licence after one year).



Validity

- Assessors maintain their licenses as long as they submit reports that meet the ALS requirements
- Licenses automatically expire three years after the last report



Complaints procedures

- Stakeholders may contest the performance of licenced assessors by submitting a completed Complaints Form to the RN Quality Control Panel.
- Stakeholders may contest decisions of the Quality Control Panel by appealing to the RN Management Committee (MC). The MC may consult independent expertise before passing final judgement.
- Similarly, assessors and applicants may contest down-grading / revoking of licenses by appealing to the RN MC. The MC may consult independent expertise before passing final judgement.



Next steps and timeline

- Final drafts June 30:
 - RN Common Guidance on HCV management and monitoring
 - Licensed Assessor Manual and reporting template
 - Licensing Training Course syllabus
 - Quality Control procedures and guidelines,
 - Complaints procedures
- Positions:
 - Quality Control manager, QC Team
- Pilot course in Ghana late May
- Opening for applications: September 1
- RSPO 'transition window' to close end of August 2015

HCV HIGH CONSERVATION VALUE
resource network



Thank you

www.hcvnetwork.org

Terms of Reference

Biodiversity & High Conservation Values

Working Group (BHCVWG)

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1 Introduction

The Biodiversity and High Conservation Value Working Group (BHCVWG) has been formed to provide strategic and technical support to the Round Table for Sustainable Palm Oil (RSPO). RSPO members require support in applying the RSPO Principals & Criteria (P&C), particularly those related to the commitment to conserve biodiversity (Criteria 5.1, 5.2), preserve essential ecosystem services (Criteria 4.3, 4.4) and respect cultural landmarks or community access to natural resources (Criteria 6.1). This can best be achieved by minimizing or mitigating the negative impacts of plantations on the environment, while enhancing the positive impacts that palm oil bring to communities (Criteria 5.3, 5.4, 5.5, 5.6). These commitments are particularly important at the time of plantation establishment, which led the RSPO to adopt the High Conservation Value (HCV) methodology as a tool for these critically important periods in the palm oil production cycle (Criteria 7.1, 7.3), as well as provide explicit guidelines regarding the need to maintain ecosystem services and protect cultural landmarks or traditional uses enjoyed by communities (Criteria 7.2, 7.4, 7.5, 7.6).

The BHCV WG succeeds the Biodiversity Technical Committee (BTC), which was approved in 2006 by the third General Assembly (GA) of the RSPO with the specific goal of supporting RSPO members in issues related to biodiversity and the application of the HCV methodology for biodiversity related concerns. At the same time, or subsequent to that determination, other working groups and task forces have been established to address other aspects of the HCV methodology and its practical application on palm oil plantations. The BTC became operational in April 2009.

In November 2010, the Board of Governors (BoG) (Formerly known as Executive Board) of the RSPO recognized that improved coordination was required among the many overlapping efforts related to environmental and social issues. The BoG charged the BTC to assume this role, but requested that it re-evaluate its mission, strategic outlook and internal composition so that it could effectively assume this role and, in the process, provide more effective support to RSPO members. The BHCV WG is the product of that evaluation.

BHCV WG established two task forces i.e. Compensation Task Force to develop a Compensation Guidance and Indonesia HCV Task Force to explore means of effectively securing HCV areas in palm oil development areas in Indonesia.

2 Mission, Mandate & Scope

2.1 Working Group

2.1.1 Vision

The RSPO's vision statement seeks to *"transform the market for sustainable palm oil"* and the BHCV WG supports that goal by assisting the palm oil sector in their efforts to *conserve biodiversity, maintain key ecosystem services and respect significant cultural landmarks*.

2.1.2 Mission

The BHCV WG will support the RSPO in the production, procurement and use of sustainable palm oil products through the identification, application and dissemination of recognised biodiversity science and standards, HCV methodologies and other best practices related to environmental and social issues. The BHCV WG will advise the RSPO Secretariat to develop monitoring and evaluation (M&E) and knowledge management systems (KMS) so that lessons learned from the application of the HCV methodology can inform the implementation and improvement of RSPO standards and guidelines.

2.1.3 Objectives

The BHCV WG will oversee efforts to reach the following overarching objectives or strategically important tasks:

- Identify biodiversity and ecosystem services, including related social and cultural values impacted by the production, processing, procurement and use of sustainable palm oil products.
- Support the development of new or revised “practical sustainability standards” that address biodiversity, ecosystem services and social and cultural values on plantation landscapes.
- Provide technical input for the elaboration of pragmatic guidelines to support the application of the above “practical sustainability standards,” particularly at critical stages in the development of new plantations.
- Support the RSPO in the application of the HCV framework by screening, reviewing and improving the assessment process.
- Provide technical advice to the RSPO Secretariat upon request.

3 Structure

3.1 Criteria for Membership and Composition

The BHCV WG will rely on the experience of the technical staff of RSPO members; other institutions or experts may be invited to participate if they bring specific expertise in practical aspects of conservation, environmental management, regulatory frameworks, or certification services.

The BHCV WG composition will represent broadly the sectorial and geographical composition and balance of RSPO, and the specialized technical nature of this group. One member will represent each of retailers, consumer products manufactures and financial institutions, and processors/traders. Two members will represent social organisations. Growers and environmental organisations will each be represented by an equal number of members. One independent member will be appointed to represent HCV assessors and one independent member to represent the HCV resource network. Other independent members may be appointed at the discretion of the BHCV. The membership of the BHCVWG will designate two co-chairs from the nominated members: one selected to represent the interest of the growers and the other the pooled interests of the social and environmental organisations.

All members should have technical skills in one of the following disciplines: biodiversity, ecosystem ecology, plantation management, community and smallholder development or corporate social

responsibility. Nominations will be reported to the Secretariat and the Board of Governors. Candidates must be nominated by an RSPO member and agreed by the BHCVWG members through consensus. Membership in the BHCV WG is “institutional” rather than personal; change in employment status should be reflected in the composition of the committee. Participation is voluntary and non remunerative, but reimbursement (Annex 1 & 2) for travel expenses will be allowed to facilitate participation of all stakeholder groups.

Members are expected to participate actively to the proceedings or to ensure they are represented by a designated alternate if they are unable to do so.

3.1.1 Roles and Responsibilities

The BHCV WG supports the RSPO Secretariat and will report its findings to the RSPO BoG and the General Assembly via the Standards & Certification Standing Committee (S&CSC), which is coordinated by the Technical Director (TD) of the RSPO Secretariat. The BHCV WG will be assisted by the Biodiversity & Conservation Manager who will report to the TD.

The BHCV WG will be the central advisory body for biodiversity and HCV issues. It is not the intent of the BoG that the BHCV WG replace other ongoing efforts addressing HCV issues; much to the contrary, the goal is to capture the outputs from those groups and channel that information to the Standards & Certification Standing Committee. In order to be effective, the members of the BHCV WG must understand and incorporate the lessons of many other groups that have been leading similar and parallel efforts over the last several years. The ultimate goal is to ensure that the RSPO P&C -- and all associated supporting documents -- are pragmatic and effective. To ensure effective coordination, the TD will be the principal conduit of communication among these groups and key individuals of these other bodies (typically the Chair) will be invited to attend BHCV WG meetings when appropriate.

3.2 Retirement Criteria/Reselection of inactive Working Group Member

The BHCV WG can exercise the right to retire the membership of a WG member. However the decision must be made by consensus of the WG (excluding the affected party).

The reasons (not exhaustive) for the WG to consider retirement of a WG members are:

1. Absence from WG meetings for three consecutive meetings without arranging for an alternate to attend these meetings.
2. Persistent refusal to furnish information requested by the WG. Information requested, if deemed beneficial to the objectives of the WG, shall not be unreasonably withheld except for those which are commercially sensitive and/or prohibited by law for dissemination.

Retirement of membership will be informed in writing by the Co-Chairs of the BHCV WG, copied in to the Secretary General and the Board of Governors of the RSPO.

The Co-Chairs of the BHCV WG will invite the constituents of the affected sectorial and/or geographical stakeholder group to nominate a new representative to the WG.

3.3 Management

Decisions will be reached by consensus by nominated members and must be made when a quorum, which is defined as 2/3rd of the nominated members, attending a meeting.

3.3.1 Communication

It is desirable that the Working Group to organize face to face meeting 4 times a year and organize teleconference as and when necessary. The co-chairs and the RSPO Biodiversity & Conservation Manager will have a frequent communication update.

3.3.2 Planning

In order to fulfil these tasks and meet RSPO objectives, it will be necessary to establish a yearly work program including a series of targets or deliverables.

3.3.3 Projects

Projects that are currently on-going and/or receiving funding from the RSPO will be placed under the purview of the BHCV WG.

- i. The BHCV WG can formulate projects or may accept project of third parties. Project implementation can be outsourced to the RSPO Secretariat or to external parties. In both cases, the Working Group will be responsible for the overall steer of the projects subject to they are agreed by the BoG and the S&CSC.
- ii. In case a project receives funding from the RSPO, then the Secretariat is responsible for the details of the project management (narrative and financial). In the situation that the BHCV WG and the RSPO Secretariat hold different opinions regarding the approval or continuation of a project, the matter will be brought to the S&CSC and/or BoG for a final decision.
- iii. The BHCV WG could request project implementer(s) to update on the progress and performance during the BHCV WG's meetings, i.e. to discuss issues and to come up with decision.

3.4 Role of the Secretariat

The RSPO Secretariat will provide the financial, human and logistical support that the BHCV WG requires to meet, conduct business and achieve its objectives: The Biodiversity & Conservation Manager will be the primary source of assistance and support to the BHCV WG. The Biodiversity & Conservation Manager will provide the BHCV WG members with technical reports from in-house and outsourced studies, terms of reference for consultancies, and other information that is required by the BHCV WG to fulfil its objectives. When the Technical Director (TD) may need technical assistance from the committee, this will be channelled through the Biodiversity & Conservation Manager who would be the primary contact person of the committee in the secretariat.

4 Expected Outputs

The BHCV WG will support the Secretariat to undertake the following tasks and activities working with others where appropriate:

- Develop an annual workplan and budget.
- Facilitate the development of information resources and toolkits for HCV assessors, managers and auditors.
- Develop a monitoring and evaluation (M&E) system that measures the impact of certification on the conservation of biodiversity, ecosystem services and the social and cultural values of the HCV framework.
- Commission and review studies which evaluate the efficacy of the HCV methodology, its application on plantation landscapes and its ability to resolve, alleviate, mitigate or otherwise manage environmental and social challenges related to the palm oil sector.
- Acquire, organize and share knowledge related to biodiversity, ecosystem services and the social and cultural values of the HCV framework via a “knowledge management system” (KMS).
- Review M&E reports and other information gleaned from the KMS, in order to make recommendations for improving the P&Cs related to HCV and biodiversity.
- Organize and synthesize information in order to improve guidance for the application of the HCV framework methodology.
- Adjudicate conflicts related to the application of the HCV framework on plantation landscapes.
- Disseminate information on biodiversity and HCV in appropriate formats and media outlets so that it is accessible to all RSPO stakeholders, and other important constituencies, such as governments and multilateral organisations.

Appendix I

Policy for claims for Working Groups

Date of document: 24 August 2011

Guidelines for reimbursements of expenses related to RSPO Working Group meetings

These guidelines take effect on 1 September 2011.

RSPO is a non-profit organisation and we are accountable to our members for all the money we spend. We are expected to keep expenses to a minimum so that we could do more with our limited funds.

RSPO expects the participant's employer or organisation to arrange and sponsor the expenses of the participants in attending RSPO Working Group and meetings as part of the members' commitment to the RSPO and its work. For clarity we do not expect volunteers for the Executive Board and Standing Committees to seek reimbursement of expenses. However, the RSPO does recognize that not all member organisation are equally able to meet those costs. For participants who wish to seek reimbursement, the RSPO Secretariat has developed the following guidelines for claimable expenses.

Accommodation

Where a meeting is held at a hotel it is expected that participants put up at the same hotel where RSPO would have arranged preferential rates. Please enquire from the WG coordinator/Secretariat and participants are expected to make their own reservations for accommodation well in advance, especially during high periods. Participants are also expected to pay for the room first and claim from RSPO later, if eligible to. Do ask for the RSPO special rate.

Where a meeting is not held at a hotel (e.g. business centers) RSPO would usually have 'preferred' hotels. Likewise please enquire from the WG coordinator/Secretariat and participants are expected to make their own reservations well in advance, especially during high periods. Participants are also expected to pay for the room first and claim from RSPO later, if eligible to. Do ask for the RSPO special rate.

(It is normal for hotels to ask for security deposits which are refundable upon checkout)

Participants using other hotels will be reimbursed only up the rate of the RSPO preferred hotel. (e.g in Kuala Lumpur RSPO has a prevailing agreed rate of RM300 nett per night with a local hotel and in Jakarta there is a hotel that we use regularly with the rate of IDR650,000 nett per night maximum).

Depending on flight arrangements participants are encouraged to check out on the final day of the meeting. If a meeting is held in the city of a participant's residence or where day travel is possible, RSPO will not provide accommodation.

Allowances

RSPO will not cover per diem or allowances. As most meals are included in the hotel accommodation and/or are provided during the meetings RSPO expects minimal other meal claims. Participants should generally avoid dining at extravagant restaurants.

Travels

Air travel should always be on a low cost carrier as a first option and where not possible on economy class. This applies to short-haul flights within the region (e.g. within Asean). For long-haul flights RSPO would allow up to up to economy class on a full-service carrier. Participants are expected to make their own travel bookings well in advance. Please note that early reservations could translate to significant cost savings for RSPO. Airport transfers should be on the most economical mode and should generally avoid premier class taxis.

General

Duly completed Claim Forms (blank template attached) will be verified and processed by the RSPO Secretariat.

Bank charges imposed for reprocessing of payments due to erroneous information provided shall be for the account of the participants.

Any deviation from these guidelines should be preapproved by the Chair of the WG who is accountable for the budget of the WG. Expenses are to be supported by actual receipts or other acceptable documents.

Claims should be submitted within 30 days. This is to facilitate better control of the budget and reporting.

(REF: RSPO24082011)

Appendix II

Working Group Travel Expense Claim Form



Roundtable On Sustainable Palm Oil (RSPO) Travel Expense Claim Form

Participants Name:
 Participants Phone Number and Email Address:
 Project/Working group:
 Meeting Period:
 Participant's signature:

Date	Description <i>(All claims must be supported with receipts)</i>	Original Currency & Amount	Exchange Rate used/applied	Final Amount **
	<u>Airfare(inclusive airport tax)</u>			
	<u>Hotel</u>			
	<u>Transportation/ Travelling</u>			
	<u>Others</u>			
	Total:	-		-

**Preferred currency that you wish to be reimbursed

Participant Bank

Details:

Name as per Bank

Account:

Bank Account Number:

Currency of the Bank Account (e.g USD/EUR):

Bank Name and

Address/Branch:

Bank Swift Code/IBAN:

**For Office Use (RSPO
Secretariat):**

Verify By:

Approved

By:

Date:

Date:

Ref:
MH24082011

Annex 10

BHCVWG membership composition

	Organisation	Representative	RSPO membership category	RSPO membership
1	Sipef	Olivier Tichit	Grower	Ordinary member
2	Musim Mas	Dr. Gan	Grower	Ordinary member
3	GAR	Peter Heng	Grower	Ordinary member
4	REA Kaltim	Sophie Persey	Grower	Ordinary member
5	Olam	Alexandra Booth	Grower	Ordinary member
6	Sime Darby	Tang Men Kon	Grower	Ordinary member
7	Felda	Norazam Abd Hameed	Grower	Ordinary member
8	ZSL	Michal Zrust	ENGO	Ordinary member
9	WWF International	Adam Harrison	ENGO	Ordinary member
10	WRI	Anne Rosenbarger	ENGO	Ordinary member
11	BORA	John Payne	ENGO	Ordinary member
12	WWFM	Melissa Yeoh	ENGO	Ordinary member
13				
14				
15	FPP	Sophie Chao	SNGO	Ordinary member
16				
17	Wilmar	Simon Siburat	Processor n Trader	Ordinary member
18	IFC	Kathleen Bottriel	Financial institution	Ordinary member
19	HCV RN	Anders Lindhe	Independent	
20	Remark Asia	Dwi Muhtaman	Independent	Affiliate member
21	Independent	Dato'Henry Barlow	Senior Advisor	

Annex 11

RSPO BHCV Working Group Workplan development

Proposed preliminary themes in order of priority

HCV Assessment and audit

- Review of the HCV **assessment procedures and reporting template**
- HCV assessor **licensing scheme** (review of standards, timelines, update)
- Simplified assessment for non-affiliated **smallholders**
- **HCV Assessor training**
- **HCV Toolkit for oil palm sector**
- Review of the **auditor assessment** conducted for the RSPO

HCV in Africa

- **Review** of HCV issues in Africa
- **HCV awareness and training**
- Benefits and pitfalls of the standard **HCV approach in Africa**
- Encapsulating **landscape approaches** in African palm oil development

HCV Management

- **Review** of current HCV management issues, gaps and failings
- **Riparian zones and remediation** – how best to set aside riparian zones, how to manage, restore and remediate. This includes encroachment, non-compliance with P&C and what is the root of this non-compliance (e.g. communication of practices).
- **Management of illegal activities** in set asides
- **Function of fragments** of natural vegetation (related to size, isolation and the above function of plantations in the landscape matrix) – decisions of what fragments need management activities, which can be considered a priority and which can be considered as something that can be let go. Realistic size of fragments and how to manage them.

Environmental Monitoring

- Monitoring of **social values**
- Development of a **reporting framework** for the RSPO certification standard on environmental performance.

Plantation management

- To what extent do plantations function as natural habitats within the **landscape matrix** as buffer zones and/or as corridors.
- Alternative **plantation management schemes** for combined improved environmental benefit functions with production