



RSPO NOTIFICATION OF PROPOSED NEW PLANTING

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

Date of notification:

Tick whichever is appropriate

<input type="checkbox"/>	This is a completely new development and stakeholders may submit comments.
<input checked="" type="checkbox"/>	This is part of an ongoing planting and is meant for notification only.

COMPANY: Keresia Plantations Sdn Bhd

SUBSIDIARY (If any): - None

RSPO Membership No.: 100770900000

Location of proposed new planting:

Name of Estate : Sungai Kubud Estate
Location : Lavang Land District, Sebauh Sub-District, Bintulu, Sarawak.
Geographical Location : N 03 06.715 E 113 27.690
New Planting Area : ± 3,558.00 hectares
Location Map : Figure 1, Figure 2 and Figure 3

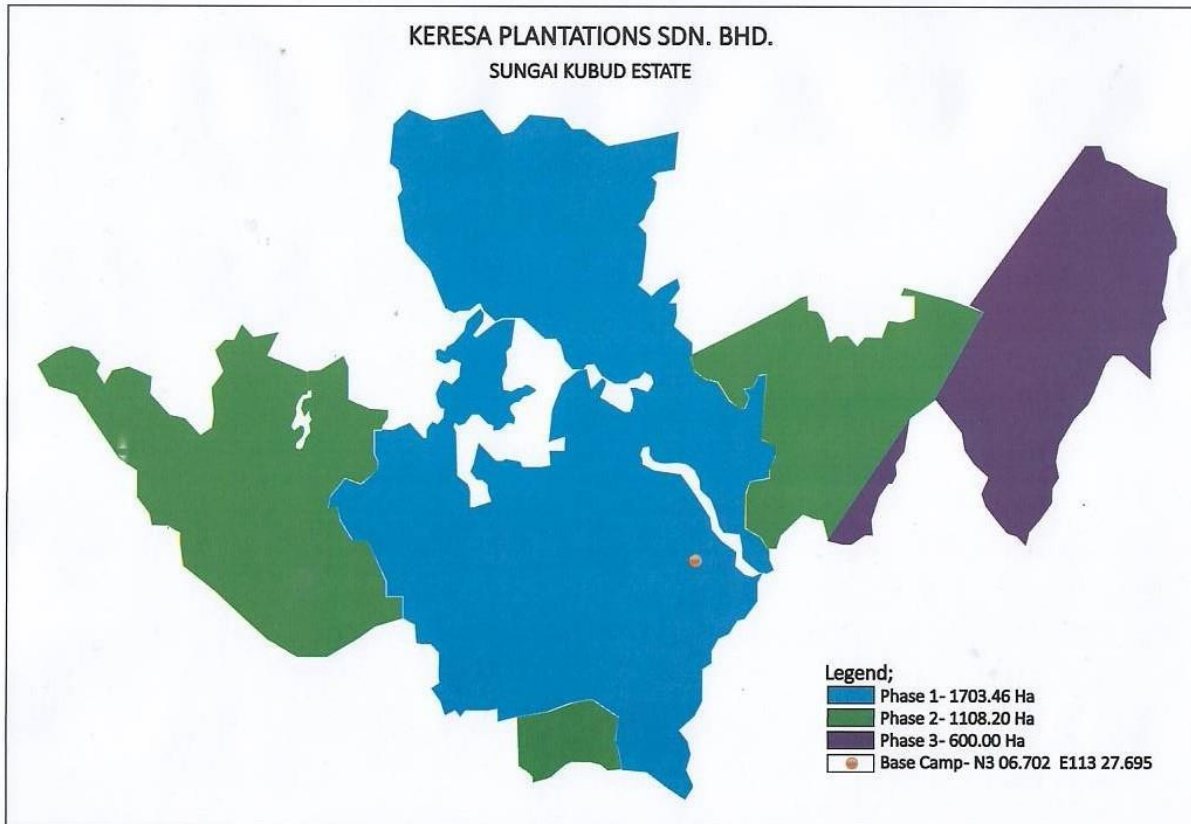


Figure 1: The three blocks of land area (Phases 1 through 3) that forms the scope of the HCV assessment

SUMMARY FROM SEI ASSESSMENTS:

The Social Environmental Impact Assessment (SEIA) conducted by Chemsain Konsultant Sdn Bhd in June 2012 by the consultants registered with Natural Resources and Environment Board (NREB). The SEIA main issue studied in the assessment is company profile and general condition of the project site covering demographic data, economic, social issues as well as availability of oil palm farms surrounding the area. The assessment also included and conducted to identify the demand of transparency aspect (principal 1) and legal compliance (Principle 2) beside the environmental and social impacts.

The SEIA covered a review of documentary sources which were collected through site visits, Focus Group Discussion, in-depth interview, government policy and village profile data. Besides, the assessment also covered field observation and public consultation meetings with the villages within the project area and for affected landowners of surrounding communities. Summaries and findings of interviews and public consultations meetings are included in the SEIA and HCV Summary Reports posted on the RSPO website.

Social Survey

Profile of Respondents

Social survey was carried out at Rh.Iba on 21st December 2011(Wednesday) involving 20 families therein. All of the respondents were Iban native. The majority of them were in the age category of 66-75 years. 80% of the respondents were male and 20% were female. Christianity is the main religion of the longhouse community. 60% of the respondents were educated to primary level and 10% to secondary level. 30% of the respondents were not educated.

85% of the respondents were farmer and initially started to explore the area since 1874 through shifting cultivation, indicating the economy of the longhouse is agriculture-based, wherein paddy was widely planted with fruit trees for food. 95% of the respondents have a monthly income less than RM300 and only 1 respondent, the headman receive a stipend of RM400 from the government.

Of the households surveyed, there were 49% male household members and 51% female household members. In terms of the group of the household members, the largest age groups were 60-64 years and 65-69 years respectively indicating that the older generation is lacking of energy to continue their farming activities without assistance.

Perception and Awareness

All the respondents were aware of the new project to develop oil palm cultivation. All of them were informed by the head of the longhouse, external consultants who has conducted the FPIC process and SEIA, and representatives of the Keresia Plantations. Meetings were held with the longhouse community to discuss the matters on the establishment of the oil palm plantation on the Native Customary Right (NCR) land which belong to the residents of the longhouse involved in the PPIC process and SEIA.

80% of the respondents perceived that the implementation of the project will have impacts on the environment while 20% did not perceive such impacts. All of the respondents who perceived environment impacts of the project alleged that the project will have impact on the river water quality, particularly due to the application of pesticides and herbicides. 12.5% of them were concerned about the safety/security risk, particularly related to the influx of migrant workers, if any.

85% of the respondents perceived that the project will bring positive impacts to them. Those who perceived the positive impacts were largely the NCR landowners. The land will be returned to them after 30 years with the oil palms as well as the infrastructure thereon once the lease agreement expired. They perceived that the oil palm will potentially increase their second generation's incomes and they will have a better living condition compared with their parents.

All the respondents perceived that the project will bring positive impacts to the longhouse community especially in terms of infrastructural development such access roads, water, electricity, health care, business opportunities and better living condition.

Socio-Economic Impacts

Agreement with locals

A proper consultation and meeting have taken place between the local (resident of Iba long house) and the project developer. The land of the project site mainly belongs to the Iba longhouse, hence a consultation and a follow-up consultation have been undertaken. An agreement was reached between Keresa Plantations and land owners whereby the land owners agreed to lease out their land for oil palm plantation development. The development on site proceeds with the approvals of all the parties involved. It was noted that the project developer being as a RSPO member, the whole process followed the RSPO FPIC process through consultation process conducted by external consultants.

Adverse Impacts

Influx of Non-Local Workers

This is foreseen because the project's operation and maintenance would require workers with various skills. Based on a ratio of 1:10 (labourer: hectare), a 480 hectare plantation would require, in a very approximate sense, 48 labourers (minimum). Where the labour requirement cannot be met by the locals, the workers will be sourced from other places in Sarawak or from neighbouring countries. However, as for the labour requirement it is possible to be entirely met by the landowners/locals or Sarawakian as part of opening up employment opportunity for the local communities.

Potential Change In Economic Pattern

The introduction of new opportunities associated with the project may draw people away from their traditional occupations such as farming and fishing altogether. This may represent a shift in the economic activities of the locals, looking for more stable income in the plantation sector. Albeit common, this could lead to a decline in traditional local economy hence business or industries associated with such economy. For instance, a decline in farming produce may result where the economy shifts to being plantation-based.

While plantation is setting the trend due to the good price of crude palm oil, a healthy economy depends on a healthy supply of various items, goods and produce by various people involving in different economic activities. Therefore a shift to plantation-focused economy may have far-reaching socio-economic consequences.

Mitigation measures

The recruitment policy should place first priority to employ local residents who are interested to work in the plantation. The second priority is to recruit and employ any non-local Sarawakians and Malaysians of similar cultures and traditions in order to minimize the potential cultural dissimilarities. The recruitment package of local workers should include the provision of relevant training to equip the local workers with required skills.

Environmental Impact & Mitigation Measures

The prediction of impacts and recommended mitigation measures were made based on project's pre-development and planning, which involves the project siting and land use compatibility, determination of landowner participation, the project's site preparation and development, as well as the project maintenance and operation.

The project's pre-development and planning involves clarification of land matters and project's of riparian reserves/buffer zones, the topography, the soil conditions of the project of site and where applicable, the presence of water supply catchment.

The major environmental impacts arising from the project activities during the site preparation and establishment stage are:

1. Soil erosion
2. Waste generation
3. Water pollution
4. Impact on flora and fauna
5. Air and noise pollution
6. Impacts from weed control after clearance and boundary demarcation
7. Impacts from nursery establishment

The major impacts during operation and maintenance stage are:

1. Water pollutions from the application of fertilizers and chemicals
2. Occupational, safety and health impacts
3. Socio-economic impacts

Recruitment of foreign workers should be the last resort in accordance with the needs of the project. Workers shall be screened of communicable and sexually transmitted diseases upon employment. Those suspected to be carries of such diseases shall be referred to the Bintulu Health Office and / or Bintulu Hospital. Workers shall undergo health screen of such diseases annually. The project proponent shall consider engaging in its Corporate and Social Responsibilities (CSR) to the locals.

The participation in the project should be based on voluntary basis. Some would be early adopters of the project, some may adopt wait-and-see first attitude, while others might refuse to join at all. As farmers, the participating landowners should be encouraged to preserve adequate size of land for cultivation to food and cash crops. This will minimize their anxieties about risking their livelihood as they gradually adapt to cash-living lifestyle.

The project should do all things possible to preserve the environment so that hunting, fishing and gathering of jungle produce would not be drastically reduced as this has been part of the

community's culture. These include preservation of steep areas, communal forests, buffer zones, rivers by judicious use of agrochemicals and protected species.

Beneficial Impacts

The beneficial socio-economic impacts associated with the plantation development are:

1. Job opportunities to the locals.
2. Business opportunities to local suppliers and service provider. Spin-off business opportunities to the locals, for instance selling of local produce and food to plantation workers may arise.
3. Infrastructural development, i.e. the coming of electricity and water supply, good road, and other amenities, which are much anticipated by the residents of Rh.Iba.

SUMMARY FROM HCV ASSESSMENT(S):

Envirologic Consulting with RSPO approved High Conservation Value (HCV) assessor of the Roundtable on Sustainable Palm Oil (RSPO). Envirologic Consulting has comprehensively assessed 3,558 hectares of the project site through Retrospective HCV Assessment. This retrospective HCV assessment was carried out using the HCV guidance document for Malaysia: *High Conservation Value Forest (HCVF) Toolkit for Malaysia: A national guide for identifying, managing and monitoring High Conservation Value Forests, October 2009* and general references were made to the global High Conservation Value Forest Toolkit (ProForest, December 2003), where necessary, for the identification of High Conservation Values in the project site and its adjacent land area.

The assessment was carried out for Keresa Plantations (an RSPO member), operations in Lavang land district, Sebauh sub-district, Bintulu, Sarawak, Malaysia for compliance with the ongoing RSPO New Planting Procedures (NPP) and the National Interpretation of RSPO Principles and Criteria for Sustainable Palm Oil Production. *Final Document (Including smallholder NI Approved by the RSPO Executive Board November 2010, the baseline NI indicators and guidance are as in the approved NI dated 26 April 2008)* RSPO Malaysia National Interpretation Working Group (MY-NIWG). Reference is made to the latest Revised RSPO Principles and Criteria 2013 with special attention to Criterion 5.2 and Criterion 7.3.

HCV assessment of Sg. Kubud Estate, a new development area of Keresa Plantations Sdn Bhd was conducted by Envirologic Consulting. The assessment was carried out from 24 November 2013 to 01 December 2013 by a team leader Dr. Sanath Kumaran with of five ecological and social experts focussing on all six HCVs. The team leader and social assessor is an approved High Conservation Value (HCV) assessor of the Roundtable on Sustainable Palm Oil (RSPO). The assessment included satellite imaginary analysis, extensive field surveys, and public consultations with the communities living in the project area. The HCV assessment report included recommendations for the management and improvement of HCV found within the project area.

This retrospective HCV assessment was commission by the company developing this project, Keresa Plantations to gather information which is needed by the plantation organisation, in order to

make management decisions that have impacts on the high conservation values where and if identified.

During the assessment, five HCV experts were present with the management team to conduct the study including interviewing the management team members, local peoples and other stakeholders.

The retrospective HCV assessment carried out in the project area revealed no primary rain forest was present. However, the assessment did record a number of High Conservation Value species and ecosystems present.

The assessment noted the presence of HCV 1.2, HCV 1.3 and HCV3. Subject to further investigation and documentation of evidence, HCV 1.4, HCV 4.2 and HCV 4.3 were noted as potentially present, while HCV 1.1, HCV 2, HCV 4.1, HCV 5 and HCV 6 were not identified.

The presence of HCV 1.2 (Threatened and Endangered species) is observed in the form of a number of floral and faunal species. Among the noteworthy ones are:

- The Sun Bear (*Helarctos malayanus*) – Near Sungai Sujan
- Sambar deer (*Rusa unicolor*) – near Sungai Mapo
- Asian Brown Tortoise (*Manouria emys*) – close to Riverine areas
- Asian Black Hornbill (*Anthracoceros malayanus*) – in the riparian reserves
- Luis Paya (*Hopea pentanervia*) – Sungai Kubud area
- Urat Mata (*Parashorea lucida* Kurz) – Sungai Tebusang area
- Meranti Bulu Merah (*Shorea pubistyla*) – Limar 2 division
- Tegelam (*Shorea seminis*) – close to Rumah Iba area
- Alan Batu (*Shorea albida*) – Sungai Kubud peat area
-

Under the category HCV1.2, a total of 14 tree species recorded in the project area were categorized in the IUCN Red List as Vulnerable (7 species), Endangered (3 species), and critically Endangered (4 species). Of the total of 316 plant species identified, a total of 14 species (4%) is listed as protected under the State law (Sarawak Wildlife Protection Ordinance, 1998).

HCV 1.3 presence is in the form of a number of endemic species found in the project area. In the case of the presence of HCV 1.3, endemism is noted as endemic to Borneo. The significant endemic species are:

- Bornean Yellow Muntjac (*Muntiacus atherodes*)
- Sixteen species of endemic trees

HCV 1.4 is potentially present as the wetlands are potentially used by migratory birds. Together with HCV 1.4, the buffer zones along rivers whether intact or fragmented with varying width and quality along the oil palm blocks are also noted as potentially present (HCV 4.2). The justification for HCV 4.2 to be potentially present is that, the HCV Toolkit mentions that HCV 4.2 is forest areas that have

been legally gazetted for soil protection. Areas that act as barriers for fire or can become prone to fires. Such areas within the project area are the peat swamps and oil palm blocks bordering to *Acacia mangium*.

HCV3 is present due to the presence of peat swamps and kerangas forests, which are two priority habitats listed under the National Conservation Strategy for the state of Sarawak. Dipterocarpaceae species *Shorea albida* (Local Malay name: Light Red Meranti, Alan Batu, Family Dipterocarpaceae) is recorded in the peat land areas, which is a priority habitat for conservation both in Sarawak and generally in Malaysia.

Table 1: Identification and analysis of HCVs presence in the project area.

HCV	Sub-HCV	Present	Potentially Present	Absent
HCV 1 Biodiversity Values	1.1 All forest areas that have been legally gazetted as Protected Areas under Malaysian legislation (either federal or state).			Not identified
	1.2 Any species categorised as either Critically Endangered (CR), Endangered (EN) or Vulnerable (VU), on the IUCN Red List, Appendix I of CITES or listed as protected under Malaysian legislation (federal or state).	Presence of the following species were noted: Sun bear Sambar deer Asian Brown Tortoise Light Red Meranti		
	1.3 Any forest containing endemic species as identified by FRIM, MNS, SFC, Forestry Departments and published literature, particularly in high concentrations or highly restricted distribution.	Presence of the Bornean Yellow Muntjac noted		
	1.4 Any forest area which is important to wildlife for feeding, nesting, roosting, migration or contains saltlicks		Presence of migratory birds	
HCV 2 Landscape Level Forests				Not identified as the plantation is located surrounded by industrial tree plantation, oil palm plantations, repeatedly logged over forest areas
HCV 3 Ecosystem	Any forest area that contains an ecosystem/habitat type identified as a priority for protection	Peat swamp forests and Heath forests (Kerangas)		
HCV 4 Services of Nature	4.1 Dam catchment areas and any forest area legally gazetted as a Protection Forest for water catchment under the National Forestry Act 1984			Not identified
	4.2 Forest areas that have been legally gazetted for soil protection or conservation under federal and state laws		All buffer zones along rivers. Vegetation riparian buffer reserves along rivers are intact with varying width and quality along the oil palm blocks.	
	4.3 Any specific areas that can act as		Areas that are	

HCV	Sub-HCV	Present	Potentially Present	Absent
	barriers to provide protection of forests, especially forests with high conservation values, from fire		prone to fires, e.g. peat swamps and oil palm blocks bordering to <i>Acacia mangium</i> plantations	
HCV 5 Basic needs of local communities.	Rh. Iba Rh. Lawai Rh. Majang Rh. Desmond			The longhouse communities are not forest dependent for basic subsistence or health needs
HCV 6 Cultural identity of local communities	Rh. Iba Rh. Lawai Rh. Majang Rh. Desmond			The longhouse communities are not use the forest for their cultural, or religious activities

SUMMARY OF PLANS:

The management plan has incorporated the findings from SEIA, Social Impact Assessment and HCV assessment for implementing the operational plans. Recommendation and also conclusion as result of SEIA and HCV has integrated in the management plan and consistent with RSPO P&C for New Plantings. The full details of the development and management plan are in the HCV and SEIA Assessment Summary Report and Summary of Management Plan posted with this notification.

VERIFICATION STATEMENT:

The company opted for a document audit and field verification audit. BSI's auditor conducted desk study prior to the visit to the project site. During the field verification physical documents and discussions with the Keresia Plantations's management to verify and review the relevant documents was conducted on 1 – 2 April 2014. During the visit the project site was visited and stakeholder consultation was carried out. Subsequently, Keresia Plantations prepared and submitted the final documents which were reviewed on 7 – 9 April 2014. BSI auditor also visited communities taking part in the project and interviews were conducted to verify the social consultation and FPIC process took place prior to development by external consultants on 4 October 2011, 29 August 2012, 16 – 17 February 2012 and 30 August 2013.

It is the verifying auditor's opinion that the social and environmental assessments by consultants registered with government Natural Resources and Environment Board (NREB) and HCV assessment conducted by the RSPO approved HCV Assessors including RSPO approved HCV Assessment Team Leader are detailed, comprehensive and professionally carried out. The management plan has included the findings of the SEIA conducted by consultants as well as incorporating the HCV assessments findings.

It was noted that during the site visit the project area was planted and remaining area unplanted was about 600ha. Document checked shows that Keresa Plantations has carried out the planting prior to the NPP Notification. Keresa Plantation's management had discussion with RSPO Secretariat on 17 September 2013 which was attended by Mr. Darrel Webber (RSPO Secretary General) and Ms. Oi Soo Chin (Biodiversity and Conservation Manager). It was noted that RSPO has advised Keresa Plantations to conduct a Retrospective HCV Assessment and submit all the relevant documents to RSPO for notification. It was noted that Keresa Plantation adhered to the RSPO New Planting Procedures and has documented the assessments and plans according to the RSPO templates. At the time of this verification, it is the opinion of the verifying auditor that the new development is an on-going planting rather than a new planting because the area visited was already planted. Furthermore the land is belongs to the native community since 1874 and was used for shifting cultivation, planting of fruit trees, rice and rubber in the past.

Signed on behalf of BSI,



.....
A. Senniah
Lead Auditor

Signed on behalf of
Keresa Plantations Sdn Bhd



.....
Abdul Aziz
Assistant General Manager