RSPO

Roundtable on Sustainable Palm Oil

## RSPO NOTIFICATION OF PROPOSED NEW PLANTING

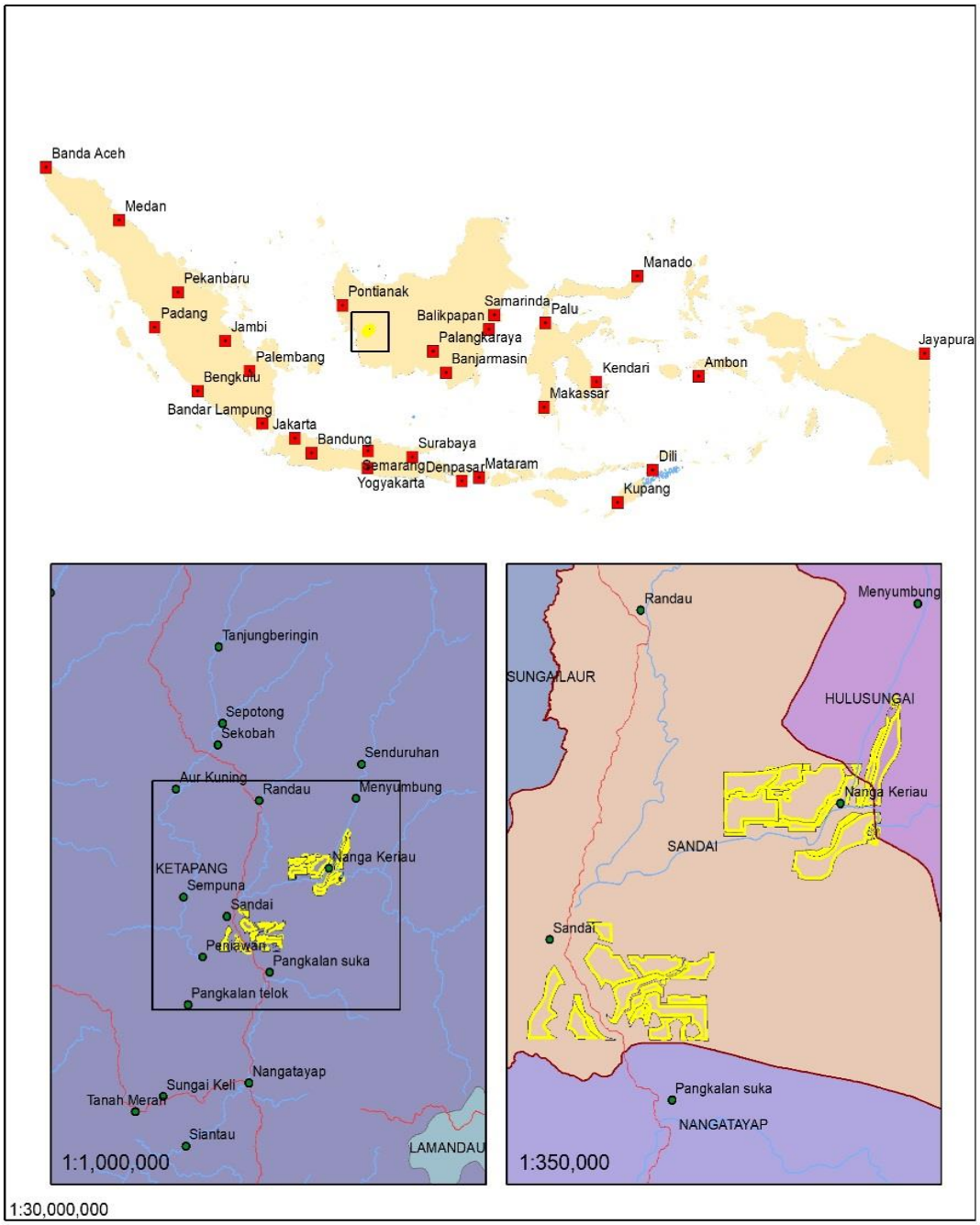
***This notification shall be on the RSPO website for 30 days as required by the RSPO procedures for new plantings (***http://www.rspo.org/?q=page/535***). It has also been posted on local on-site notice boards.***

**Date of notification: 10 September 2020**

| | | |
|---|---|---|
| **NAME OF GROWER** | **:** | **PT Sawit Makmur Sejahtera** |
| **SUBSIDIARY (If any)** | **:** | **Goodhope Asia Holdings, Ltd** |
| **RSPO Membership Number** | **:** | 1-0175-14-000-00, December 2nd, 2014 |
| **Location of proposed new planting** | | |
| • Plantation address | : | Randau Jungkal Village, Demit Village, Sandai Village, Penjawaan Village, Petai Patah Village (District of Sandai), Pangkalan Suka Village (District of Nanga Tayap) and Cinta Manis Village, Benua Kerio Village, (District of Hulu Sungai) Ketapang Regency, Province of West Kalimantan. |
| • Business Permit | : | No.331 year of 2010 Dated 11 June 2010, Issued by Regent of Ketapang, Province of West Kalimantan with area ± 13,100 Ha. |
| • Type of Business | : | Oil Palm Plantations. |
| • Size (ha) | : | 11,619 Ha (According to Cadastral) No 20/2017 dated 6th June 2017 |
| • Contact persons | : | Mr Abrar Ramlan |
| • Email address | : | abrar.ramlan@goodhope.co |
| • Geographical location | : | **Northern Block/Agro Makmur Estate of PT SMS**<br>North: PT Agrajaya Baktitama<br>South: PT Lanang Agro Bersatu & PT Sepanjang Inti Surya Mulia/Oil Palm Plantations<br>East: Cinta Manis Village<br>West: Other Use Land (APL)<br><br>**Southern Block/Agro Lestari Estate of PT SMS**<br>North: PT Lanang Agro Bersatu & PT Sepanjang Inti Surya Mulia/Oil Palm Plantations<br>South: Penjawaan Village & Pangkalan Suka Village<br>East: PT Sepanjang Inti Surya Mulia/Oil Palm Plantations<br>West: PT Hamparan Sawit Katulistiwa |

- Spatial Reference (GPS Coordinates) : 110°31’50’’-110°44’40.4’’ East and 1°5’45.23’’-1°14’18,59’’ South
- Boundary map : See Figure 2
- Areas and time plan for new plantings : See Figure 3 and Table 1

Figure 1. Location Map of PT Sawit Makmur Sejahtera



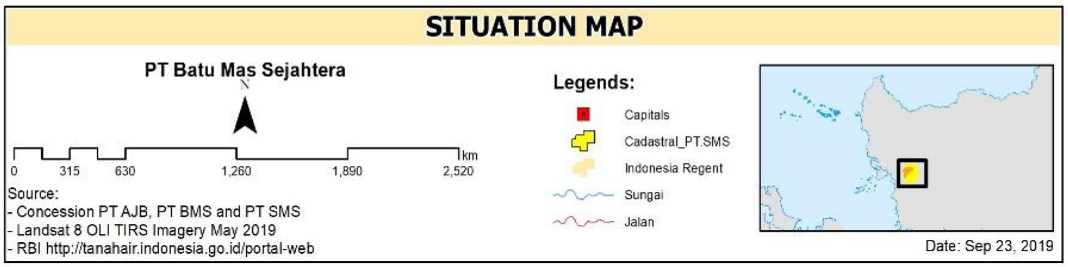



Figure 2. Concession Map of PT Sawit Makmur Sejahtera

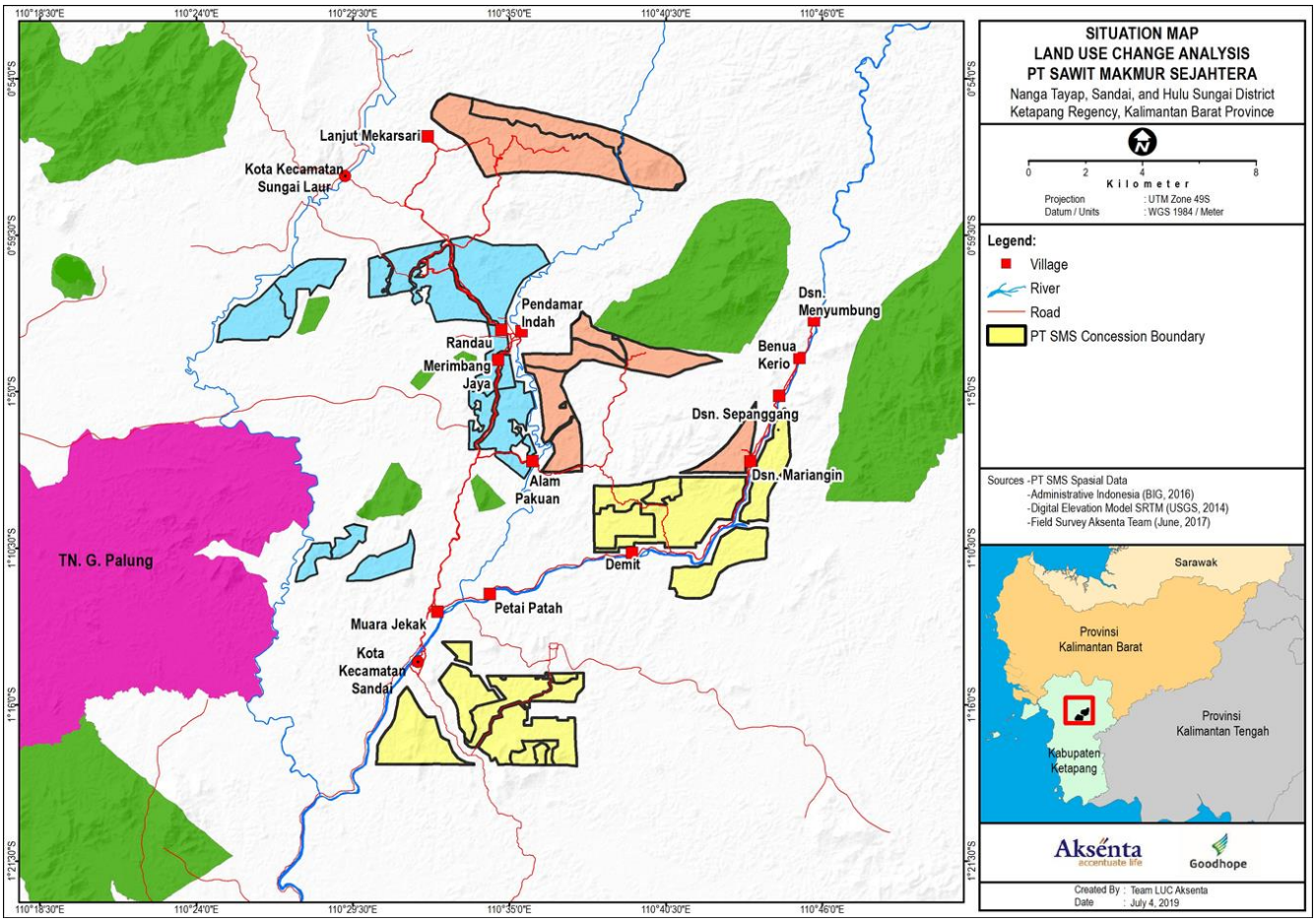


Figure 3. Map depicting new development plan of SMS (Agro Lestari Estate)

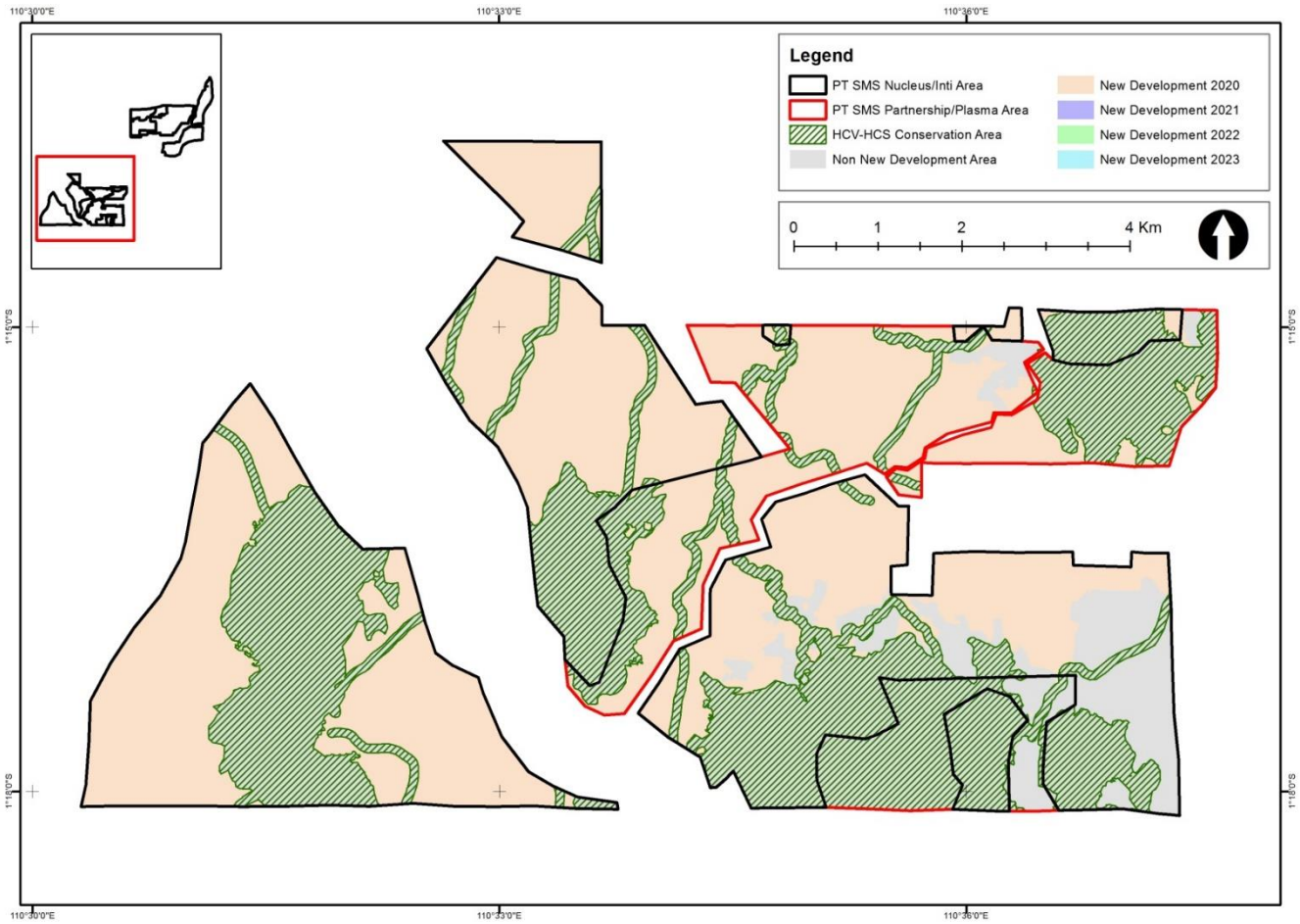


Figure 4. Map depicting new development plan of SMS (Agro Lestari Estate)

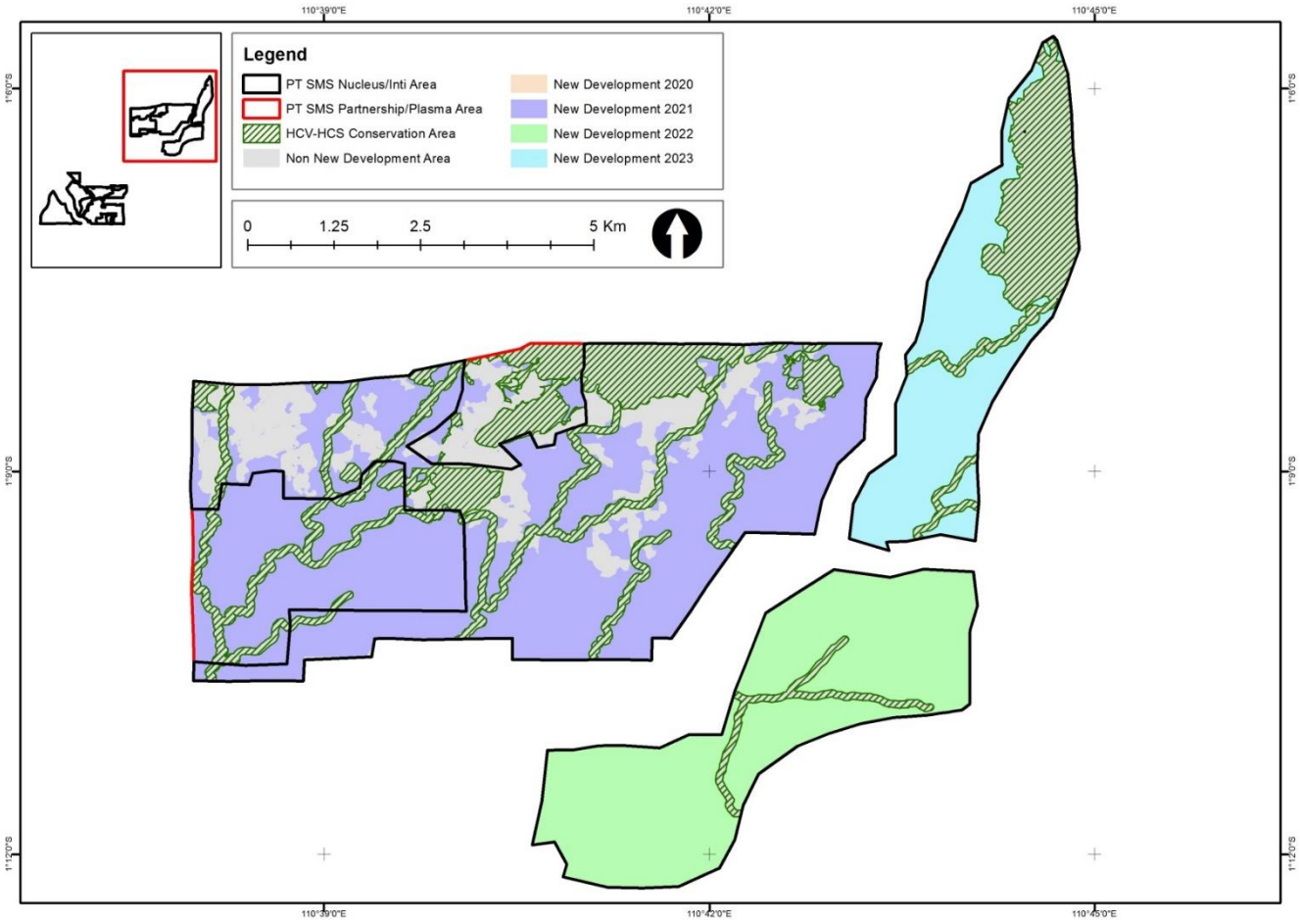


**Table 1.** The summarized of area and time-plan for new plantings

New development is planned in potential area for new development (i.e. non conservation area). Total area of the proposed area for new development is 7,180.8 ha. It comprises of 5,767.9 ha in nucleus (inti) area and 1,412.8 ha in partnership scheme (plasma) area. The new development is planned to take place within four years period starting from 2020. Table and figures below provide details of the new development plan of SMS.

| Year | Area to be Developed (ha) |
|---|---|
| **Nucleus (Inti) Area** | |
| 2020 | 2,317.5 |
| 2021 | 1,603.3 |
| 2022 | 1,206.9 |
| 2023 | 640.2 |
| Sub-Total of New Development in Nucleus Area | 5,767.9 |
| **Partnership Scheme (Plasma) Area** | |
| 2020 | 721.8 |
| 2021 | 691.0 |
| 2022 | - |
| 2023 | - |
| Sub-Total of New Development in Partnership Scheme Area | 1,412.8 |
| **Total New Development** | **7,180.8** |

**STATEMENT OF ACCEPTANCE OF RESPONSIBILITY FOR NPP**

*Notes: The oil palm grower signs to confirm that the necessary assessments have been done and completed in accordance to the NPP.*

| | | |
|---|---|---|
| Name of Grower | : | PT Sawit Makmur Sejahtera subsidiary of Goodhope Asia Holdings, Ltd |
| Name of Person Responsible | : | Edi Suhardi |
| Position | : | Director of Sustainability |
| Signed | : | |
| | |  |
| Date | : | 18 November 2019 |

**VERIFICATION STATEMENT BY CERTIFICATION BODY:**

PT. Sawit Makmur Sejahtera (here in after mentioned as PT SMS) has had legal right from the government to use the land which is location permit, Business Permit (IUP), land compensation, and Cadastral. Due to PT SMS has not gone through the NPP before the land had opened sanction for the management unit shall follow Remediation and Compensation Procedures (RaCP) 2014 and will not be able to trade the CPO and PK as CSPO and CSPK for the first 3 years after its certification with planted area 1,279.20 Hectare. Four (4) Mutuagung Lestari auditors have conducted verification on field observation conducted at site on 10-12 September 2019 and desk study on Jakarta Head Office on 19 June 2019 and the auditor teams are: Trismadi Nurbayuto (Legal, FPIC, and Land Dispute), Satria Adi Putra (SIA and FPIC), Haikal Ramadhan Kharismansyah (SEIA & Soil Suitability) and Brigitta Prita (HCV, LUCA, and HCS).

PT SMS is administratively located in Sandai District, Ketapang Regent, Province of Kalimantan Barat, it borders with the other palm oil plantations and logging concessions. Before the presence of oil palm companies, the majority of local community worked as rubber and rice field farmer, as well as logger. However, most of them have turned to works in oil palm companies. Only few of them work as community gold miner, fisherman, worker, logger, trader and civil servant.

The new planting of PT Sawit Makmur Sejahtera (own estate) will be planned on 2020 – 2023 for an area of 7,180.8 Ha. HCV Assessment was conduct from May to August 2017 and continued in October 2017 for additional visit. Goodhope contracted a full licensed HCV assessor from the Assessor Licensing Scheme (ALS) registered with HCVRN to conduct HCV assessments. The lead assessor, Mr Iwan Setiawan, was appointed with an assessment team from PT Gagas Dinamika Aksenta to conduct HCV assessments PT Sawit Makmur Sejahtera.

With assessments still ongoing, the HCVRN unexpectedly revoked the license of the assessor Mr. Iwan Setiawan on August 23rd 2017. The loss of the license occurred in response to assessments conducted elsewhere. Having been informed on the licensing status of Mr. Iwan Setiawan, Goodhope sought further direction and advice from the RSPO Secretariat. Prompted by RSPO, the HCVRN issued guidelines on 'Next steps for companies when the license of a lead assessor of an ongoing assessment is revoked'. The assessment was following requirements of HCVRN ALS, namely commission of HCVRN ALS Licensed Lead Assessor, use of the Common Guidance by HCVRN and other relevant

toolkits, steps in the assessment that required by HCVRN are followed, the report are evaluated by the HCVRN Quality Panel and obtained satisfactory judgement.

There are nine social communities potentially receiving impacts from company's activities. Six of them are located in Sandai District, namely Desa Alam Village, Sandai Kanan Village, Penjawan Village, Petai Patah Village, Randau Jungkal Village, Demit Village; two of them are located in Hulu Sungai District, namely Benua Krio Village and Cintamanis Village; and the last one is located in Nanga Tayap District, namely Desa Pangkalan Suka.

Based on land system map (RePPProT, 1989), the dominant soil great group in the Assessment Area includes *Honja, Pakulanai and Lohai* lands system. Lands with both PLN and LHI systems have more potential to deliver important functions in terms of ecosystem services, i.e. as water catchment, downstream flow regime control, and erosion control.

The assessment on social and environmental impacts in SMS is comprised of (i) EIA (environmental impact assessment - also known as AMDAL in Indonesia) and (ii) SIA (social impact assessment). EIA was conducted in 2010 and is referred to as the baseline for environmental impact management and monitoring. SIA was first conducted in 2012 and was reassessed in 2017-2018. The social impact reassessment is referred to as the up to date reference and therefore is referred in this NPP.

GHG Assessment report was conducted according to RSPO GHG Assessment Procedure for New Development version 3, October 2016 and incorporated carbon stock assessment was based on the HCS Approach Toolkit Version 2.0: Putting No Deforestation into Practice on 3 May 2017 following the process of HCS Forest Patch Analysis Decision Tree described in the 2017 toolkit. Assessment of land cover carbon stock identified 13 classes of land cover in the assessment area. Land cover areas with the highest carbon stock according to the assessment are (i) forest with 105.6 tonC/ha, (ii) young regenerating forest with (63.4 tonC/ha), and (iii) agroforest with 57.3 tonC/ha. Table below presents biomass carbon contents in each land cover class in the assessment area.

**Table 2.** List of land biomass carbon stock in assessment area (SMS)

| Land Cover | Above Ground Carbon Stock DBH > 5cm (tonC/ha)* | Above Ground Carbon Stock DBH < 5cm (tonC/ha)*** | Below Ground Carbon Stock (tonC/ha)*** | Carbon Stock (tonC/ha) | Area (ha) |
|---|---|---|---|---|---|
| Forest (hutan)* | 78.8 | 3.0 | 23.7 | 105.6 | 569.5 |

| | | | | | |
|---|---|---|---|---|---|
| Young regenerating forest/YRF (hutan muda)* | 47.3 | 1.8 | 14.3 | 63.4 | 732.5 |
| Scrub/MAFL (semak belukar)* | 9.8 | 0.4 | 3.0 | 13.2 | 3337.8 |
| Agroforest/MAFH (kebun campuran tiggi)* | 42.8 | 1.6 | 12.9 | 57.3 | 3487.8 |
| Seasonal agricultural crop (pertanian musiman)** | | | | 8.5 | 135.3 |
| Paddy field (sawah)** | | | | 2.0 | 228.5 |
| Oil palm (kebun sawit)** | | | | 20.9 | 1,387.4 |
| Other company's oil palm (kebun sawit PT lain)** | | | | 9.4 | 22.6 |
| Community's oil palm (kebun sawit masyarakat)** | | | | 9.4 | 161.4 |
| Cleard land/LCIP (lahan telah dibuka belum ditanam)** | | | | 2.5 | 64.3 |
| Bare land (lahan terbuka)** | | | | 2.5 | 1,270.3 |
| Infrastructure and facilities (infrastruktur dan fasilitas lain)** | | | | 5.0 | 0.6 |
| Settlement (pemukiman)** | | | | 5.0 | 22.4 |
| Road (jalan)** | | | | - | 17.5 |
| Water body (badan air)** | | | | - | 0.0 |
| **Total** | | | | | **11,438.1** |

Four new development scenarios were prepared based on differentiation of land use plan. Calculation of the emission projection considered only land use area that will potentially be cleared for the new development while setting aside several land use area that will not be converted to oil palm plantation. Table below presents details of land use areas that are potential to be cleared versus land use area that will not be converted.

**Table 3.** Details of land use potential to be converted versus land use will not be converted (SMS)

| Development Status and Land Cover | | | HCV and HCS Overlap | | | | |
|---|---|---|---|---|---|---|---|
| | | | Non HCS/HCV | HCV Incl Overlap HCS | Residual HCS (incl overlap HCVMA) | HCVMA only | Total |
| Developed Area | Company Development Area | Oil Palm | 1,049.3 | 15.9 | 0.0 | 322.2 | 1,387.4 |
| | | Land Clearing in Progress | 43.6 | 17.7 | 0.0 | 3.0 | 64.3 |
| | | Roads | 14.9 | 2.4 | 0.0 | 0.2 | 17.5 |
| | | Infrastructure and Amenities | 0.6 | 0.0 | 0.0 | 0.0 | 0.6 |
| | | **Sub Total** | **1,108.4** | **36.0** | **0.0** | **325.4** | **1,469.9** |
| | Other Development | Oil Palm Other Company | 20.5 | 0.6 | 0.0 | 1.5 | 22.6 |
| | | Settlements | 19.5 | 2.9 | 0.0 | 0.0 | 22.4 |
| | | **Sub Total** | **40.1** | **3.5** | **0.0** | **1.5** | **45.0** |
| | **Sub Total Developed Area** | | **1,148.5** | **39.5** | **0.0** | **326.9** | **1,514.9** |
| Undeveloped Area | Potential HCS Strata: | Forest | 0.0 | 514.8 | 50.9 | 3.8 | 569.5 |
| | | YRF | 0.0 | 513.3 | 213.1 | 6.0 | 732.5 |
| | | **Sub Total** | **0.0** | **1,028.1** | **264.0** | **9.8** | **1,302.0** |
| | Non HCS Strata: | Scrub | 2,907.7 | 419.1 | 1.6 | 9.4 | 3,337.8 |
| | | Mixed Agriculture and Forest (High) | 2,974.3 | 511.4 | 0.0 | 2.0 | 3,487.8 |
| | | Oil Palm Smallholder | 153.2 | 7.8 | 0.0 | 0.4 | 161.4 |
| | | Smallholder Agriculture (current/recent) | 98.4 | 37.0 | 0.0 | 0.0 | 135.3 |
| | | Open Land | 1,157.6 | 111.3 | 0.0 | 1.4 | 1,270.3 |
| | | Rice Paddy (sawah) | 208.7 | 19.8 | 0.0 | 0.0 | 228.5 |
| | | Water Body | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | **Sub Total** | **7,499.9** | **1,106.4** | **1.6** | **13.3** | **8,621.2** |
| | **Sub Total Undeveloped Area** | | **7,499.9** | **2,134.5** | **265.6** | **23.1** | **9,923.2** |
| **Total SMS** | | | 8,648.4 | 2,174.0 | 265.6 | 350.0 | 11,438.1 |

The first scenario assigns all of the potential land use area to be converted for new development, whereas the second, third, and fourth scenario consider particular areas to be set aside from the new development. Table and figures below describe differentiation of each new development scenario for SMS.

**Tabel 4.** List of new development scenarios for PT SMS

| Scenario | Description | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | All unplanted area for new development | | | | | | | |
| 2 | Set aside HCV area with forest land cover from new development plan | | | | | | | |
| 3 | Set aside all HCV area from new development plan | | | | | | | |
| 4 | Set aside all HCV and HCS areas from new development plan | | | | | | | |
| Land cover | S1 | | S2 | | S3 | | S4 | |
| | New dev | Cons | New dev | Cons | New dev | Cons | New dev | Cons |
| Forest | 569.50 | 0.0 | 50.89 | 1,037.94 | 50.89 | 1,037.94 | 0.00 | 1,302.00 |
| Young regenerating forest | 732.46 | | 213.14 | | 213.14 | | 0.00 | |
| Scrub | 3,337.85 | | 3,337.85 | | 2,909.33 | | 2,909.33 | |
| MAFH | 3,487.75 | | 3,487.75 | | 2,974.33 | | 2,974.33 | |
| Seasonal agr crop | 135.34 | | 135.34 | | 98.38 | | 98.38 | |
| Cleared land | 64.34 | | 64.34 | | 43.62 | | 43.62 | |
| Bare land | 1,270.32 | | 1,270.32 | | 1,157.64 | | 1,157.64 | |
| **Total** | **9,597.57** | **0.0** | **8,559.64** | **1,037.94** | **7,447.33** | **1,037.94** | **7,183.30** | **1,302.00** |

Differentiation of the proposed area for new development leads to variation of amount of the other GHG emission sources to be used in the new plantation management, such as fertilizer and fuel. The smaller the new development area, the lower the GHG emission emitted. Projections of GHG emission from each scenario are presented in table below.

**Table 5.** Projection of GHG emission from each new development scenario

| No | Source of Emission | Projection of GHG Emission (tonCO2e/ha) | | | |
|---|---|---|---|---|---|
| | | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
| 1 | Land clearing | 5.43 | 4.58 | 4.56 | 4.34 |
| 2 | Crop sequestration | -9.36 | -9.36 | -9.32 | -9.36 |
| 3 | Fertilizer | 0.32 | 0.32 | 0.32 | 0.32 |
| 4 | N2O | 0.21 | 0.21 | 0.21 | 0.21 |
| 5 | Field fuel | 0.06 | 0.06 | 0.06 | 0.06 |
| 6 | Peat | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | Conservation credit | 0.00 | -.030 | -0.35 | 0.45 |
| **Total** | | **-3.34** | **-4.49** | **-4.55** | **-4.88** |

The company agrees to select scenario 4, which is to set aside all of the HCV and HCS area for conservation. The selected scenario would decrease as much as 1.54 tonCO2e/ha compare to the baseline scenario.

The FPIC process of land compensation is using RSPO NPP guidance document for FPIC for Auditors (RSPO-GUI-T01-022 V1.0 ENG) was conducted by interviewing the surrounding communities. Interviews were conducted to six surrounding villages adjacent to company locations such as Randau Jungkal Village, Sandai Village, Penjawaan Village, Petai Patah Village, Pangkalan Suka Village, and Benua Kerio Village. Interview process was conducted for three days by two auditors from 10-12 September 2019. From interviews it is known that the community has been involved since the preparation of AMDAL (2010), HCV Assessment (2017), Carbon Stock Assessment (2017), Social Impact Assessment (2018). The surrounding community supports the existence of oil palm plantations and hopes that the opening of oil palm plantations can be done as soon as possible. The communities

also said that the company never commit coercion in the process of land acquisition and has involved participatory identification to local people land in company location permit.

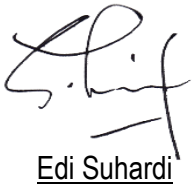
In addition to interviewing the surrounding community and field observations are made to ensure unplanted areas and HCV sites are in good condition. The field observation process was conducted for one day by two auditor. From field observations it is known that the condition of HCV is still well preserved, besides the location of NPP is still not yet embedded.

The SEIA (AMDAL) has conducted by the government approved consultants as well as the HCV and SIA assessments conducted by ALS accredited and approved assessors licensed. PT SMS has arranged the management plan to reduce the negative impact and increase positive impact from all risk and impact that are identified. PT SMS has adhered to RSPO New Planting Procedure and documented the assessments and plans are comprehensive and professionally carried out according to RSPO requirements and comply with the applicable RSPO Principles, Criteria and indicators for new plantings. PT Sawit Makmur Sejahtera also has complied to Criterion 7.8 (High Carbon Stocks) of the P&C RSPO 2015. The calculation of High Carbon Stock (HCS) is conducted by calculating the carbon stock from satellite imagery and biomass.

Signed for, on behalf of,
Mutuagung Lestari

Trismadi Nurbayuto
Lead Auditor
10 September 2020

Director of Sustainability



Edi Suhardi
Director of Sustainability
10 September 2020