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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: Date: 24 August 2011

Tick whichever is appropriate

This is a completely new development and stakeholders may submit comments.

This is part of an on going planting and is meant for notification only.

COMPANY: PT Mulia Indah

SUBSIDIARY (If any): -

RSPO Membership No.: PT Agrowiratama 1-0054-08-000-00 [PT Mulia Indah is a subsidiary of PT Agrowiratama who is a member of RSPO]

Location of proposed new planting: description or maps and GPS coordinates.

Company Name : PT Mulia Indah

Company Address : Jl. K.L. Yos Sudarso Km 6 Komp Citra Graha AA2
Kel. Tanjung Mulia, Kec. Medan Deli, Medan Sumatera
Utara – 20241

Type of business : Oil Palm Plantation & Processing

Status of concession land : Consent Lincense (Izin Prinsip) (No 582/299/BPMPPT-
3, dated on 19 November 2010) (size ± 14,350 ha)
approved by Regent of Sambas (Bupati Sambas)

Permitted Area (Izin Lokasi) (No.77 years 2011, dated
on 15 March 2011) (Size ± 8,260 Ha) approved by
Regent of Sambas (Bupati Sambas)

SEIA (AMDAL) (No : 660.1 / 139 / Komisi, Dated on : 6
June 2011) approved by Head of Environmental Office
of Sambas (Kepala Badan Lingkungan Hidup selaku
Ketua Komisi Penilaian AMDAL)

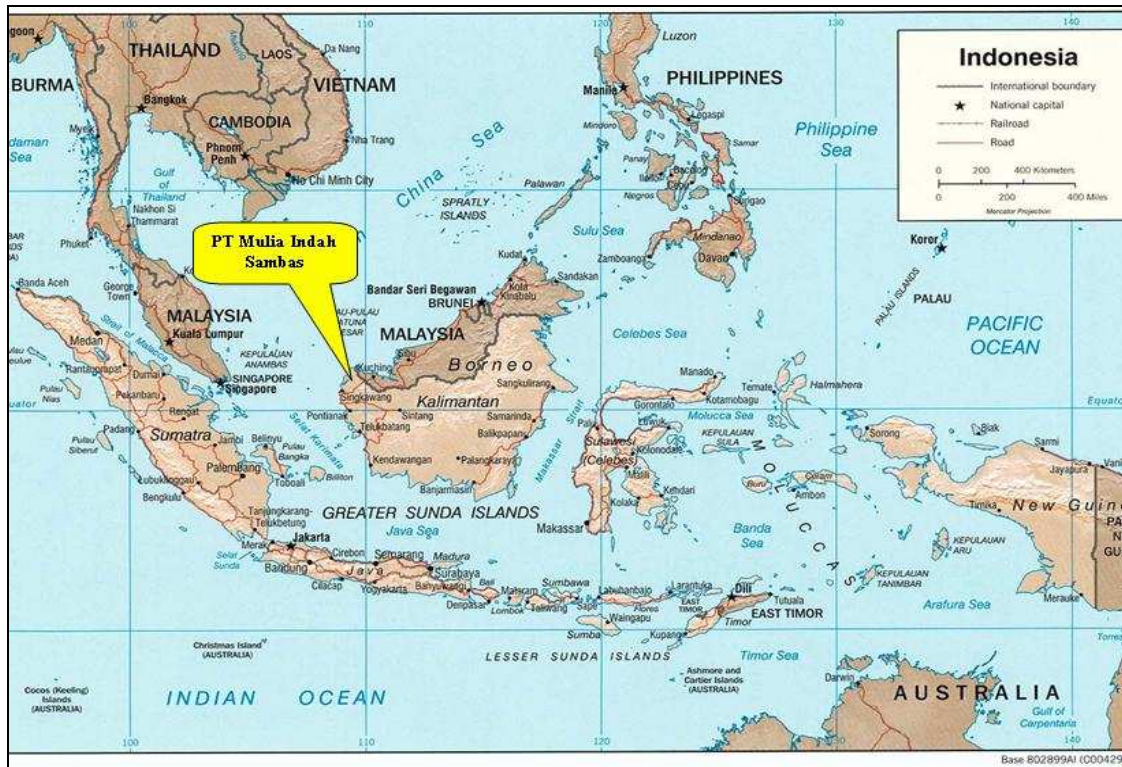
Environmental Permit (Izin Kelayakan Lingkungan)
(No. 189 Year 2011, dated on 7 June 2011) approved by
Regent of Sambas (Bupati Sambas)

Plantation Permit (Izin Usaha Perkebunan, IUP)
(No 248 Year 2011, dated on 19 August 2011) (size ±
7,390 ha) approved by Regent of Sambas
(Bupati Sambas)

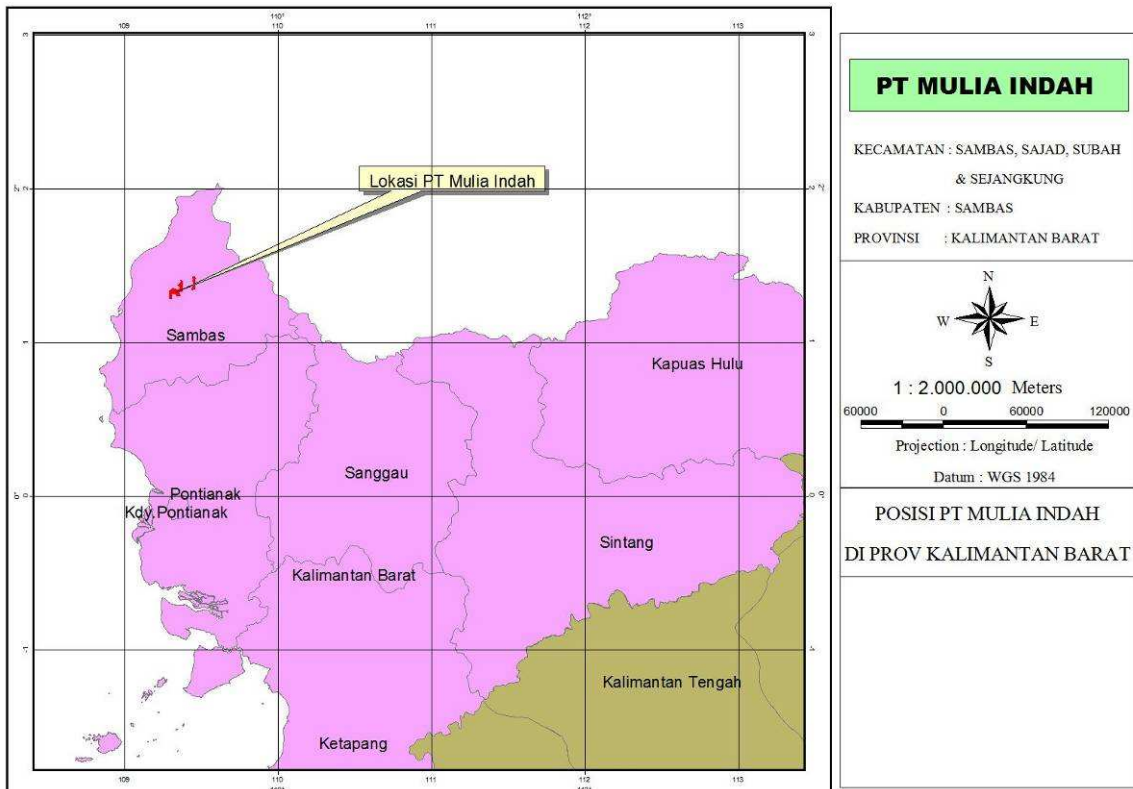
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Contact Person	:	Dr Gan Lian Tiong email: liantiong.gan@musimmas.com
Location	:	Sub-district of Sambas, Sajad, Subah and Sejangkung, Sambas District West Kalimantan Province (Detail map See picture 1, 2, 3, 4 & 5).
GPS References	:	A : 109° 17' 26,1"E 1° 19' 47,8" N B : 109° 18' 53,0"E 1° 20' 59,5" N C : 109° 19' 11,3"E 1° 20' 59,1" N D : 109° 21' 8,8"E 1° 20' 15,8" N E : 109° 21' 44,5"E 1° 21' 8,3" N F : 109° 21' 51,3"E 1° 24' 11,2" N G : 109° 22' 56,3"E 1° 23' 54,9" N H : 109° 22' 56,0"E 1° 19' 28,5" N I : 109° 21' 34,2"E 1° 19' 20,3" N J : 109° 22' 0,9"E 1° 17' 51,9" N K : 109° 20' 25,6"E 1° 17' 50,8" N L : 109° 18' 46,0"E 1° 18' 31,4" N M : 109° 18' 45,8"E 1° 16' 32,8" N N : 109° 17' 35,7"E 1° 16' 32,6" N O : 109° 17' 25,9"E 1° 17' 39,9" N P : 109° 26' 30,5"E 1° 24' 46,8" N Q : 109° 26' 41,1"E 1° 25' 35,2" N R : 109° 27' 37,0"E 1° 25' 37,4" N S : 109° 28' 15,3"E 1° 24' 39,0" N T : 109° 27' 41,0"E 1° 24' 34,8" N U : 109° 27' 43,3"E 1° 20' 24,5" N V : 109° 26' 40,6"E 1° 19' 53,7" N W : 109° 26' 31,2"E 1° 21' 18,1" N X : 109° 26' 59,3"E 1° 22' 47,2" N
Surrounding Entities	:	North : Kota Sambas and Sungai Sambas Besar South : PT Karya Boga Mitra West : Lahan Koperasi Batu Riam East : PT Agro Nusa Investama and PT Multi Daya Fortuna

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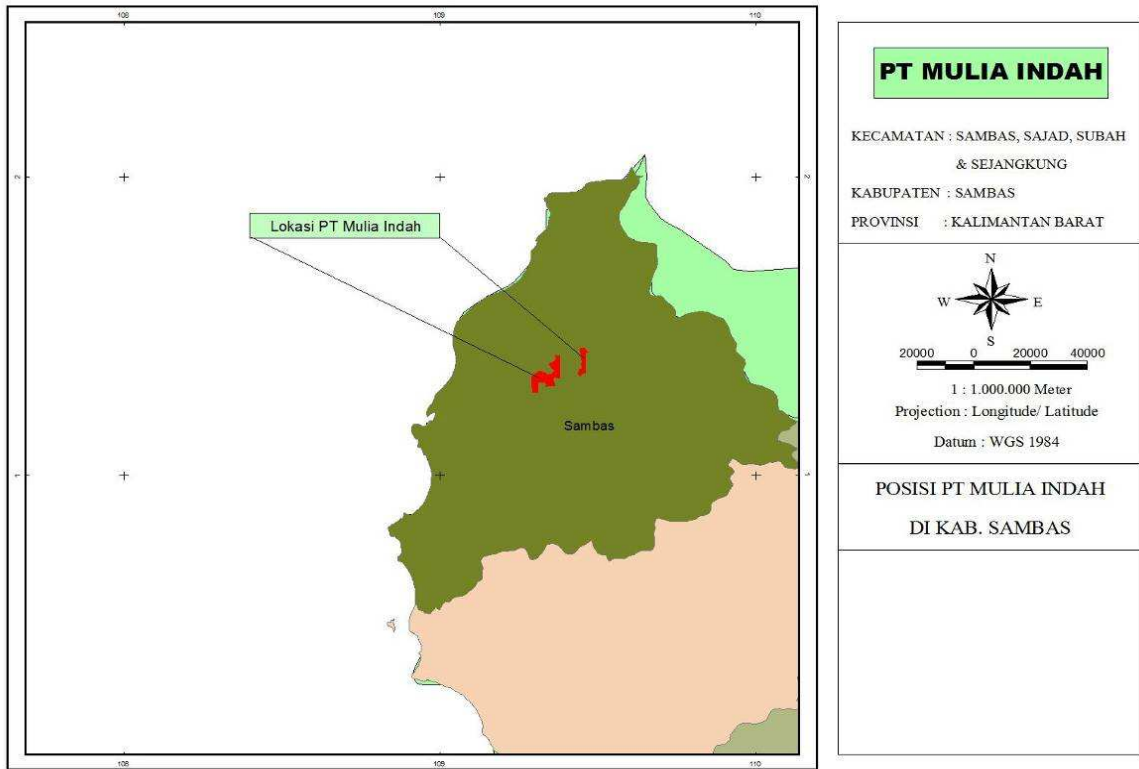


Picture 1 Location of PT Mulia Indah in Indonesia

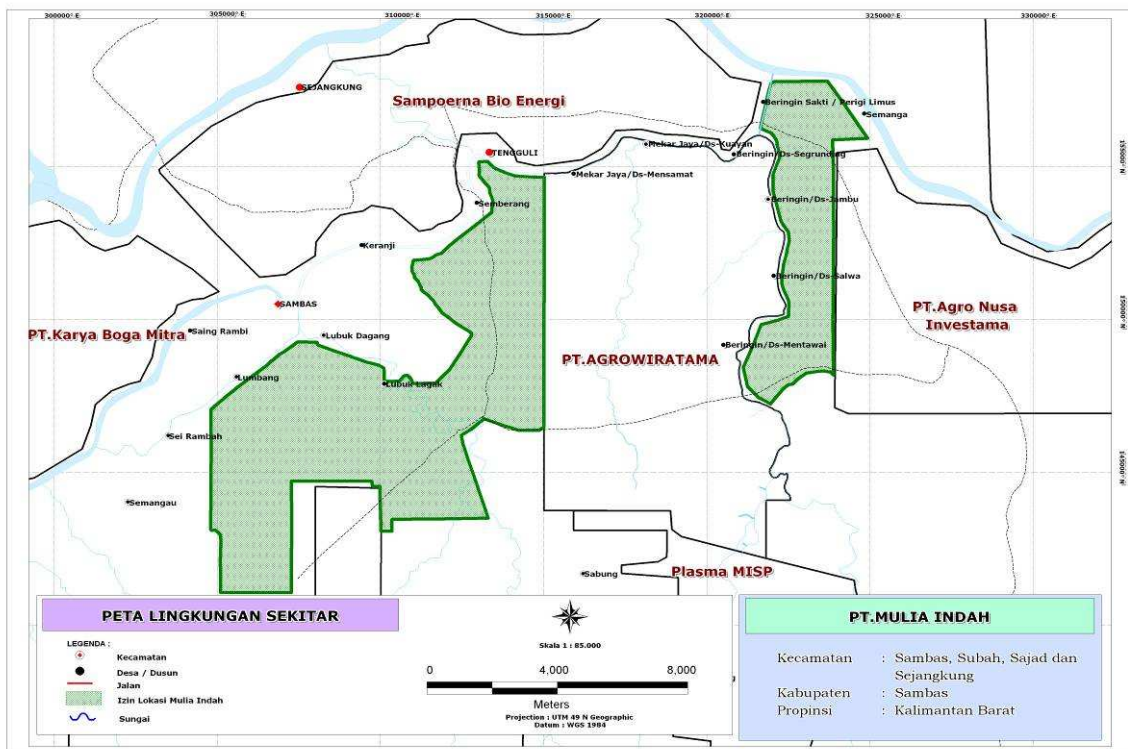


Picture 2 Location of PT Mulia Indah in West Kalimantan Province

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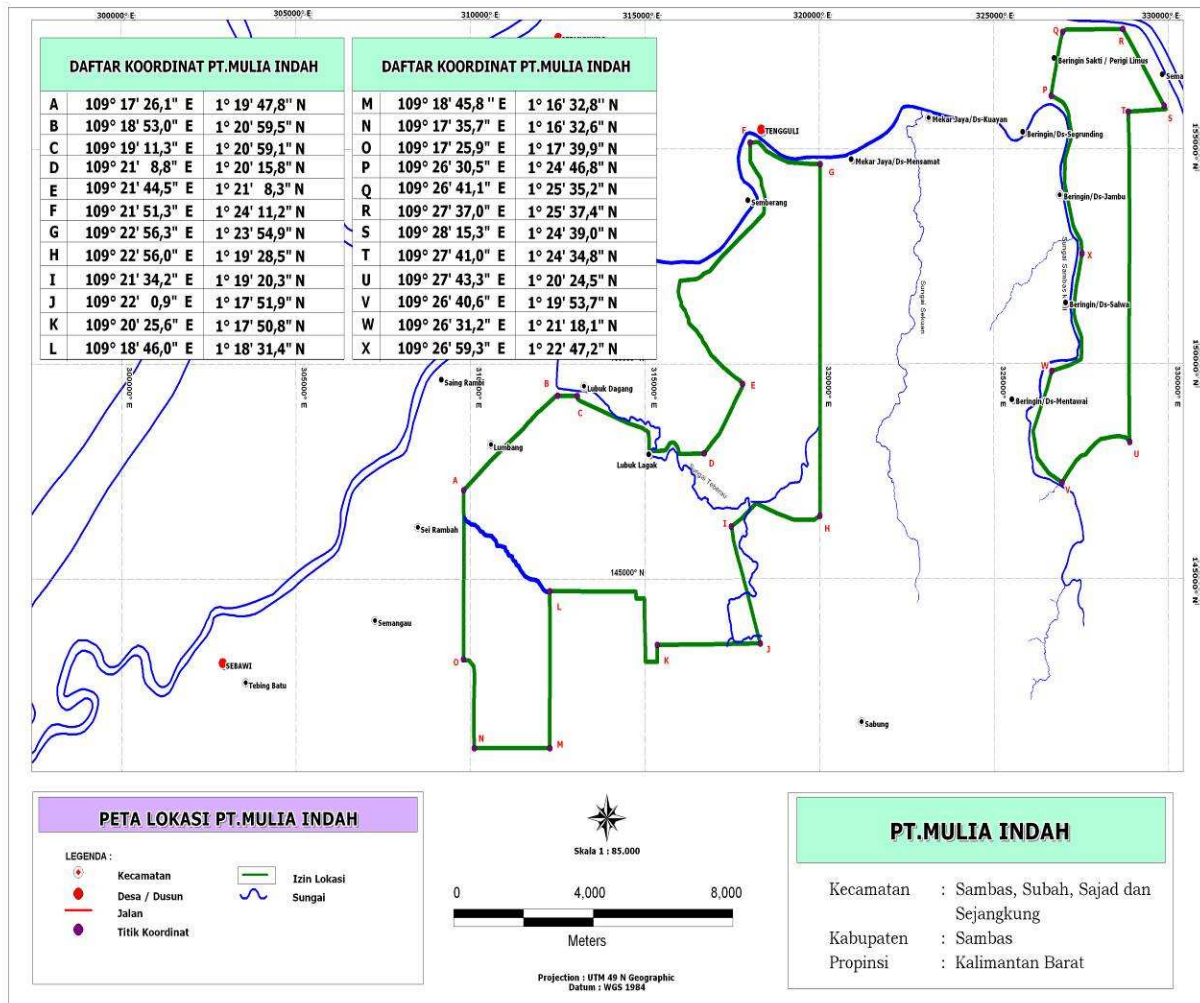


Picture 3 Location of PT Mulia Indah in Sambas District



Picture 4 Location of PT Mulia Indah and its surrounding entities

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Picture 5 Location Map of PT Mulia Indah showing GPS Coordinates

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SUMMARY FROM SEI ASSESSMENTS:

Assessors and their credentials:

The Social Impact Assessment of PT Mulia Indah was carried out by Aksenta which is located at Jl. Gandaria VIII/10, Kebayoran Baru, Jakarta 12130; Telephone/fax: +62 21 739-6518, E-mail: aksenta@aksenta.com. The consultants conducting these assessments have been accredited and approved by RSPO. The team members are:

1. **Nandang Mulyana** (nandang@aksenta.com): In March 2010, Bp. Nandang Mulyana achieved the RSPO accreditation as Discipline Specialist Social (Participatory rural assessment; socioeconomic or cultural studies; participatory mapping; conflict resolution). He is the member of Aksenta team who is responsible for analyzing the Socioeconomic and Community Development Programme (CD/CSR aspects). His role in this Social Impact Assessment is as The Team Leader focus on social economic and community development assessment. He has conducted several HCV and Social Impact Assessments in oil palm plantations in Indonesia with Aksenta. Graduated from UMI (Jakarta Muhammadiyah University) – Jakarta majoring in Economics and a Master Degree holder from Bogor Agriculture University focuses on development and planning studies (*Ilmu Perencanaan Pembangunan Wilayah*). He is experienced in the field of socio-environment. He has also collaborated with Unocal Geothermal of Indonesia Ltd and Chevron Geothermal Salak since 2000. Nandang Mulyana wrote a book on “*Membedah UMKM di Indonesia*” published by Lugas.
2. **Andri Novi** (andri.novi@aksenta.com) is a Literary Scholar from Padjajaran University, Bandung with science culture literature and linguistic culture. Master of Participatory Action Research and Community Development and was a Capacity Building & Regional Development Training Expert for National Programs of Community Empowerment (PNPM). Has conducted the Social Impact Assessment in several oil palm plantations in Indonesia and in 2010 obtain the accreditation from RSPO as a Discipline Specialist to HCV studies in social and culture. Andri Novi jointly wrote a book named “*Panduan Menakar Otonomi Komunitas (Guideline on Community’s Autonomy)*” which was published by Yappika and wrote an article “*Tata Kehutanan Majemuk; Redistribusi Kekayaan Alam Nusantara (Forestry complex System; Redistribution of National Natural Resources)*” in the Community Forestry Journal. Beside that, Andri Novi has translated the “*Seni Membangun Kapasitas Pelatihan dalam Pengembangan Komuniti Forestri (The Art of Training Development Capacity in Forestry Community)*” which was published by RECOFTC. His role in Social Impact Assessment as a member of the team with the focus of research in customs and culture.

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- Bambang Widyatmiko** (bambang@aksenta.com), His competence in HCV/SIA studies has been recognized by the RSPO and was approved as RSPO Accredited HCV Assessor – Discipline Specialist. His role in SIA was as a member of the team with the focus on social-economic and regional development. He was a graduate of Bachelor's Degree in Geography Faculty of Gajah Mada University, Yogyakarta, and Magister in Urban and Regional Planning in the same university. Presently, he is completing his Doctor in Regional Planning in Bogor Agriculture University. He is experienced in field study and land mapping to an oil palm development in Sumatra, Kalimantan, and Papua, and field feasibility study on resettlement land in Sulawesi, and spatial studies to development of fishery industry sector in Pantai Selatan Jawa. He has expertise and experience in spatial analysis in designing water resources management and land.

Assessment methods (Data sources, data collection, dates, programme, places visited):

Social Impact Assessment on the ground was carried out as follows:-

- Participative;** issues identification and information searching were done in participative way. This participative approach enables the participants as the subjects in mapping the social issues they are facing, expressing their opinions and ideas, as well as being involved in designing the administration and changing of the issues.
- Multiparty;** issues identification and information review were done in multiparty way by involving related parties directly or indirectly affected by the impacts.
- Rapid and Ex-ante;** issues identification and information review were done rapidly and based on the forecast of the changes tendencies that occur and the factual and accurate data – as the solution to the Social Impact Assessment approach and time limitation.
- Appreciative;** issues identification and information review were guided positively, not only to find out the gaps regarding the location but also to collect data regarding expectations, potentials, and ideas in order to find out solutions and social issues that exist.
- Social Learning Cycles;** the social impact assessment is not a linear process which is instantly created but a cycled process which functions as the social learning processes to respond the changes in the environment.

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The methods and techniques applied in the Social Impact Assessment were:

1. **Literature Study;** this method was used for the purpose of gathering the understanding on the socio-context and environmental aspect of the location which was evaluated. It was carried out in the early phase-before going to the field and at the result analysis phase.
2. **Dialogue;** this method was used to identify the nature of the parties, identify the potential issues to impact, gathering information about expectations, ideas, and opinions to bring the solutions for the related issues. The process was carried out through meetings both formal and in non-formal sequence with definite topics (Focus Group Discussion);
3. **Field Observation;** this method was used to understand the actual facts which will be indicator of the issues and social impacts;
4. **In-depth Interview;** it was used to get a deeper understanding regarding the issues. It was done in-depth by interviewing the key people who will act as respondents. The criteria of choosing the respondents were based on the knowledge possessed or their direct experience over the impact or impacts.
5. **Tri Angulations;** the above methods were carried out in integrated way to reciprocally verify the actual issues, opinions, and ideas.
6. **Social Learning Cycle;** the social impact assessment is not a linear process which is instantly created but a cycled process which functions as the social learning processes to respond the changes in the environment.

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Summary of SEI Findings

Based on social environment assessment, the positive and negative impacts of the operational activities of PT Mulia Indah have been identified. The key positive impacts include enhancing the income of the communities and providing more job opportunities to the local communities with the development of oil palm plantations in the area. Possible negative impacts are threats to the ecology as well as potential conflicts of workforce and socio-cultural balances. Based on the assessments, with the expert guidance of Aksenta, PT Mulia Indah has developed management and monitoring plans to mitigate any negative impacts and enhance the positive ones. Management and monitoring of social and environmental impacts are based on the operational activities that can cause impacts during the development as well as during the operational stages. Potential impacts and other negative impacts as perceived by the communities arising from PT Mulia Indah's the new activities were also identified by the external consultants. Issue that may arise from PT Mulia Indah's oil palm development are categorized into potential social/risk issues, ongoing social issues and existing issues that existed before the company's operations, such as water deficit during dry seasons, flooding during rainy seasons, as well as poor ground water quality. By implementing sound social and environmental management practices, it is expected that these conflicts, both of ecology or social, can be minimized and the relationship between the company and local communities can be preserved and harmonized.

SUMMARY FROM HCV ASSESSMENT(S):

Assessors and their credentials

The HCV assessment was conducted from 4 – 12 April 2011 in the Permitted Area (Izin Lokasi) of PT Mulia Indah was carried by Aksenta, located at Jl. Gandaria VIII/10, Kebayoran Baru, Jakarta 12130; Telephone/fax: +62 21 739-6518, E-mail: aksenta@aksenta.com. The key consultants from Aksenta have been accredited and approved by RSPO. The team members are:

1. **Ganip Gunawan** (ganip@aksenta.com), in 2010, Bp. Ganip Gunawan obtained approval as team leader and Discipline Specialist for RSPO HCV assessor. In this HCV assessment his role is as the Team Leader whose coordinate the entire activities. He was graduated from Bogor Agriculture University-Forestry Scholar and Geography Master from Indonesian University. Has an interest, expertise, and experience in Social-Conservation, planning and partisipative decision making, fasilitator and trainer to management process of natural resources collaboratively. Has a good experience in identified of HCV and SIA in plantations sector. As a memeber of Working Group HCVF in Indonesia
2. **Pupung F. Nurwatha** (pupung@aksenta.com), Bp. Pupung F. Nurwatha experienced in HCV assessment studies in plantations sector and registered in RSPO Accredited HCV Assessor – Discipline Specialist in HCV 1, 2, and 3 Biodiversity and Conservation. Biology Scholar from Padjajaran University, Bandung. Experienced in wildlife research since 1990, expertise in Community Based on Biodiversity Assessment and managing a wildlife conservationist group.
3. **Sigit Budhi Setyanto** (sigit@aksenta.com), In March, 2010, Bp. Sigit Budhi Setyanto obtained the accreditation from RSPO as the Discipline Specialist for Social Assessment on palm oil companies. His role in this HCV Assessment was as one of the team members focusing on the HCV 5 and HCV 6. He graduated from the Faculty of Agriculture of Universitas Negeri Jember and has been involved in research and has experiences in areas involved with growers and community's development since 1990. Since 2004 he has been active as the auditor for *CAFÉ Practice Program* in Indonesia and Papua New Guinea as well as an *Agriculture Marketing Specialist* for an international NGO for *Rural Agro-enterprise Development (RAeD)* program. He is experienced in national and international training on *Sustainable Organic*, "*SCS-Starbucks*" *CAFÉ Practice*, "*Rainforest Alliance*" – *Sustainable Agriculture, Forest Management and Chain of Custody*, as well as "*DOEN- Roundtable Sustainable Palm Oil*. In Aksenta, he has carried out assessments on "*Socio – Economic study on palm trees in West Pasaman and Sanggau*", "*Social Impact Assessment*" and "*High Conservation Value Assessment*" for Indonesian Palm Oil Companies.

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4. **F. Getsamany** (getsam@aksenta.com): He is experienced in GIS and remote sensing techniques for biology conservation and issues related to land management by the local communities. He has also carried out research on radiation quantity in forest and energy management by the forest using GIS and Remote Sensing techniques. He is also experienced in soil potential resource analysis, the analysis on water and conservation area.
5. **Robert H. Sinaga** (rohansinaga@aksenta.com): Science Scholar in Applied Meteorology in Mathematic and Natural Science Faculty of Bogor Agriculture University. His is experienced in GIS and Remote Sensing technic to Biology Conservation and land use issues. He has done his research in radiation quantities in the forest and energy using by the forest using the GIS techniques and Remote Sensing. In this Assessment, he identified the HCV 4 and HCV mapping.

Assessment methods (Data sources, data collection, dates, program, places visited)

The assessment covers the Permitted Area (Izin Lokasi) which has been approved as the company's project area. Assessments also expanded into villages and other areas which could be considerably of relevant importance to the proposed plantation area. The field survey was conducted on 4 – 12 April 2011. The survey area covers \pm 180 observation spots.

In the process, each observation team was accompanied by the field staff from the company and local representatives who are familiar with the site. Besides field activities, the team also collected information from the local people through individual interviews, Focus Group Discussion (FGD), as well as public consultations. At the same time, confirmation and cross checking of the findings were carried out with the local people using the technique of purposive sampling – which included the local communities, the enclaves' owners (if existed), and the related interest parties.

The definition and scope of HCV for the oil palm plantation sector refers to the HCVF definitions which apply to the forestry sector. The Identification of High Conservation Value in Indonesia was developed by the Consortium Revised HCV Toolkit Indonesia (2008) - the toolkit for the revision HCV consortium. Other references are such as IUCN, CITES, and other guidelines as well as the relevant laws of Indonesia were also subjects of consideration.

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Identifying Methods for HVC 1, 2, and 3

The target of HVC 1, 2, and 3 identifying was to find out the areas which have important values in the biological context. Such areas were marked by the location status, the origin of the communities, or the existence of the ecosystem of flora and fauna with high values. The significant values of flora and fauna refer to the status defined by the law, endemics (endemic, limited spread), and scarcity (scarce, facing extinction or almost extinct) was in accordance to the national and international law (IUCN and CITES) which protect such flora and fauna. Moreover, the significance of the value of the wildlife as well as the habitat was also based on the ecology roles from the species and from the cultural and traditional point of view.

The method of inventories was done using reconnaissance survey to analyze the existence of the important flora and fauna. The existence of every fauna was recorded through:

- Direct observation, either through the identification of visual appearance or sound (for both diurnal and nocturnal animals).
- The existence of the marks or residual from the animals' activities in their former habitat (such as tracks, scars on trees, nest, scales, snake skin, bird feathers, or mammal hair, etc.).
- The finding of the residual of animals' body parts (skull, horn, skin, hair, tusk, scales, and other recognized part of the animals' body) which were possibly hunted or caught by the local people in the observed locations. Interviews were carried out to complement the information about the time and location of the hunting activities.
- The secondary information was the existence of the animals which were documented based on external information, such as local people information or the local authorities. The consistency of such information was always monitored through cross checking (check and recheck) with other relevant parties as well as checking the validity of the description on every species of animals from the interviewed people. All information was then matched with the natural distribution and the history of the existence of such species in the locations (as mentioned in the literature references). The data was then compared to the type and condition of the habitat at the time when the survey was done. Any mismatching between the description and their natural distribution zone and habitat, will put the existence of such species in doubt.

HVC 4 Identification Methodology

In order to identify the existence of HVC 4 in the area allocated for oil palm plantation, two approaches were applied. The first approach was analysis to find out the interactions and correlations between the water system and the plantation land in a wide context. The approach also covered the area outside the plantation area. The second approach was another analysis to find out the significant values of such locations and their impacts to the plantation location. Thus, in this analysis, the perspective used was the inside area in the plantation. Based on both approaches, the phases of identifying HCV 4 were analysis of the secondary data, field survey, and the integrated data analysis of secondary data and the field survey.

The identification of the HCV 4 areas was done by analyzing the area from the metrology point of view, the soil analysis, topography, watershed, and the field survey and interviews. The field observation was carried out on the chosen locations; i.e. springs, river, river condition, land clearing, plantation in production, and other locations representing the condition of the water management in the plantation.

HCV 5 and HCV 6 Identification Methodology

The focus of the HCV 5 assessment was the area inside the Permitted Area for development of oil palm plantation which has significant values to fulfill the basic needs of the local community. The focus of the HCV 6 assessment was the area inside the Permitted Area for development of oil palm plantation which has the significant values for identification and sustainability of the tradition or culture living of local community. The methods adopted in the assessment of HCV 5 or 6 are:

- Mapping participation of locations containing elements of HCV 5 and 6.
- Interview the local community, either with individual or Focus Group Discussion (FGD).
- Ground assesment and analysis.

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Summary of HCV Findings

The results of the HCV assessment by the RSPO accredited assessors from Aksenta have shown that there is no primary forest in the Permitted Area (Izin Lokasi) of PT Mulia Indah. This is consistent with the confirmation by the Balai Pemantapan Kawasan Hutan No. S.946/VII/BPKH-III/2010 dated on 1 December 2010 that the concession areas of PT Mulia Indah is area for other uses (Areal Penggunaan Lain, APL) and not a forest land. In the Aksenta HCV assessment report, it is indicated that almost the entire area is covered with shrubs or mixed crop farm land. As for potential HCV areas, four types of HCV were identified by Aksenta; these are HCV 1, HCV 3, HCV 4, and HCV 6 within the Permitted Area of PT Mulia Indah (The details of the HCV assessment is presented in the Report of High Conservation Value in PT Mulia Indah, April 2011 by Aksenta). The HCV area identified was \pm 368.08 ha or 4.46 % of the total Permitted Area (Izin Lokasi) in the assessments by Aksenta. There was no change in the HCV areas in the Plantation Permit (Izin Usaha Perkebunan). Within the Permitted Area (Izin Lokasi), the important elements of HCV 1 include the presence of threatened species, such as the Sarawak Surili (*Presbytis chrysomelas*) and River Terrapin (*Batagur baska*), and several other endangered as well as protected species, such as Sunda Pangolin (*Manis javanica*) and Sunburst turtle (*Heosemys spinosa*). HCV 3 elements comprise of riparian vegetation of the Teberau River flood plains. Important elements of HCV 4 include flood control, erosion control, and riverbank. Lastly, important elements of HCV 6 are the existence of old and sacred graveyards. The HCV areas outside the IUP approved areas will be included in the monitoring and socialization plan with the local communities.

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SUMMARY OF PLANS:

Development of HCV and SIA Management Plans

The total area based on Permitted Area (Izin Lokasi) is $\pm 8,260$ ha. The Plantation Permit (Izin Usaha Perkebunan, IUP) was approved on 19 August 2011 by the Sambas Regent decree (Surat Keputusan Bupati) No. 248 Year 2011. Based on the Plantation Permit (IUP), total area approved for Mulia Indah has been reduced from the original $\pm 8,260$ ha to $\pm 7,390$ ha. The reduction in these areas is due to exclusion of cultivation land belonging to the local communities (houses, paddy field, productive mixed plantations, and swamp land) and villages land around the Sumber Harapan Village – Sub-district of Sambas, Beringin & Tengguli Village – Sub-district of Sajad and Semanga Village – Sub-district of Sejangkung. These areas had been excluded in the Plantation Permit (IUP). The total area that has been excluded is ± 870 ha. PT Mulia Indah will not cultivate these areas in accordance to the wishes of the communities and in accordance with the areas allocated in the IUP. Hence, in the development plan, the Company development of oil palm will be within the approved $\pm 7,390$ ha.

The findings by Aksenta on both the HCV and SIA have been incorporated in the oil palm development plan of PT Mulia Indah which includes the HCV and SIA management and monitoring plans of PT Mulia Indah. Development of the HCV and SIA management and monitoring plans was facilitated by Aksenta team through a workshop for the PT Mulia Indah management and sustainability team conducted from 3 - 4 June 2011 in Sambas District, West Kalimantan Province. The purpose of the workshop on HCV - SIA management and monitoring program for PT Mulia Indah was to enable the management team to have a better understanding of the HCV and SIA findings and their related implications so as to provide reference points in developing the operational activities of the company related to the HCV, social managements synergy with the company's development of oil palm plantation. The results of the assessment and the management plans are documented and presented and discussed in a stakeholders' consultation on 6th June, 2011 in Sambas District. The feedback from this stakeholders' consultation have also been incorporated into the oil palm development plan as well as the HCV and SIA management plan.

The implementation of the HCV and SIA management & monitoring plans in the field will be implemented by experienced personnel who possessed a high level of dedication of knowledge and special technical skills. Sustainability Staff, RSPO Staff, with the assistance of the Public Relation - Humas Team, stationed at the location, will provide support in these activities. The Estate Manager is directly responsible on the implementation of the plans of management and monitoring. In addition, the Senior Estate Manager is accountable in

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fulfilling of the requirements for the plan and as well as responsible in analyzing the input results from the monitoring plans. The General Manager is accountable and responsible to ensure that the overall Development Plan including the management of HCV and SIA is implemented according to the time plan and budget. The management team is supported and supervised by the Regional General Manger. The detail of the responsibilities and roles of the HCV and SIA development and preparation of management plans and monitoring are summarized in the “The Management & Monitoring Plans of HCV/SIA PT Mulia Indah” document. The Head Office (Estate Department, Public Relation - Humas Department and Sustainability Department) will provide the overall support in the implementation of the development plan.

Stakeholders to be involved

The process of the HCV and SIA development and preparation of management plans and monitoring PT Mulia Indah also involved relevant stakeholders such as governmental offices (Natural Resource Conservation Department - BKSDA, The Plantation and Forestry Office, The Office for Environment - BLH), the government of local village and Sub-district, Investment Agency and Integrated Licensing Service (BMPPT-Badan Penanaman Modal Dan Pelayanan Perizinan Terpadu), Health Department, Police Department (POLRES), Army Department (KORAMIL), the local NGOs, independent consultant - Aksenta, and the local communities.

Consultation with the relevant stakeholders is to provide opportunities for communication and sharing the informations/opinion/suggestions between the PT Mulia Indah and the workers, contractors, suppliers, smallholders (plasma), consumers, government agencies and communities to move forward for the benefit and common progress. This is also part of the process of free, prior informed consent procedures to ensure that there is a balance in the social and environmental harmony in the development of the oil palm planting project between PT Mulia Indah and the local communities, the relevant government agencies, concerned stakeholders, NGOs, etc.

The stakeholders consultation was held on 6th June, 2011 in the Sambas Distric, West Kalimantan Province. This stakeholder consultation was held simultaneously with PT Musim Mas stakeholder consultation as most stakeholders are common to both PTs *al beit* different participants from villages around the respective PTs were present in the respective session that affect them. PT Musim Mas is a separate management unit by PT Mulia Indah and is also adhering to the RSPO New Planting Procedures. This PT is nearby PT Mulia Indah. There were 73 participants present during this consultation meeting. The details of the stakeholders consultation is presented in the Report of Stakeholders Consultation PT Mulia Indah, June

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2011. The summary of the consultation with highlights of key suggestions from the consultation on HCV, SIA, and RSPO P&C are as follow:

1. The number of stakeholder consultation participants that conduct by PT Mulia Indah at 6th June, 2011 in Sambas District, West Kalimantan Province are 73 participants, consisting of:

Organization	No. of participants
Government Agencies, are: Region III Natural Resource Conservation Department - BKSDA West Kalimantan Province (2 participants), The Office for Environment (BLH) Sambas District (2 participants), Region Secretary (SETDA) Sambas District (1 participant), Investment Agency and Integrated Licensing Service (BMPPT) (1 participant), The Plantation and Forestry Office (DISHUTBUN) Sambas District (3 participants), Health Department (1 participant), Army Department (KORAMIL) (2 participants), Police Department (POLRES) of Sambas District (4 participants), Police sector of Teluk Keramat Sub-district (1 participant), Police Sector of Galing Sub-district (1 participant), Police Sector of Sambas Sub-district (2 participants), Police Sector of Subah Sub-district (1 participant), Police Sector of Sajad Sub-district (1 participant)	22
Representatives from villages around (Sub-district head, village head, community leaders)	23
Non-Governmental Organization (NGO's), consist of: Gemawan Agency (1 participant), WWF Indonesia – Pontianak (1 participant), Wahana Visi (2 participant), MCF – Sambas (Mangrove Center Foundation) (2 participants), Kontak Borneo (1 participant).	7
Company around, such as PT Sentosa Asih Makmur Company of oil palm plantation	1
Religious Agencies	2
HCV / SIA Assessor	6
Management PT Mulia Indah	12
Total	73

2. The following subject matters were presented to the stakeholder during the stakeholders meeting:

- Roundtable on Sustainable Palm Oil Principles and Criteria (RSPO P& C) presented by Bp. Peron Sembiring (PT Mulia Indah)

The presentation focused on the requirements of the RSPO Principles and Criteria and provides explanation on the how PT Mulia Indah plans to implement the oil palm plantations development in a sustainable manner in accordance the requirements of the RSPO P&C. In the presentation the procedures in opening and operation of oil

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palm plantation company PT Mulia Indah in accordance with the RSPO New Planting Procedures (NPP) was also provided.

- The Dimensions of Best Practice in Sustainable Development of Palm Oil (RSPO and Legally Binding) presented by Bp. Haryono from WWF Indonesia.

Explanations were on compliances with regulations that exist related to the development of oil palm plantations, NPP or the planting procedures in managing of new palm oil plantations in accordance to RSPO P&C requirements and its implementations in the field with the best practice and the report to related stakeholders.

- Smallholder Scheme in Plantation was presented by Bp. Dedi Budianto, Engineer from Sambas District Offices Forestry and Plantations.

Smallholder scheme in the fields of sustainable plantations that have similarities and are in conformity with the RSPO P&C, allocation of fields of oil palm in Sambas District and an explanation the Decree of the Minister of Agriculture (Peraturan Menteri Pertanian) No.7/Permentan/ OT.140/2/2009 regarding the effort of plantations guidelines.

- HCV Assessment in PT Mulia Indah is presented by Bp. Pupung F N (HCV Assessment Team, Aksenta).

Explanation on HCV Assessment in PT Mulia Indah – Sambas regarding on HCV typology identified in Permitted Area, that are HCV 1.2, 1.3, 3, 4 and 6 with extensive in ± 368.08 ha. At the same presentation, the speaker presented the HCV management plan in PT Mulia Indah and its implementation.

- SIA Assessment in PT Mulia Indah is presented by Bp. Nandang Mulyana (SIA Assessment Team, Aksenta).

In this SIA presentation, explanation on the results of social impact assessment, its process, identification of the social issues related to environmental issues, welfare issues, health issues, education issues, and hand-over land issues and social issues and how these are incorporated into the management and monitoring plans of SIA as the effort of social impact assessment in PT Mulia Indah.

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3. Key issues raised for discussion during the stakeholders meeting include:

Important issues that are related to sustainable development of oil palm plantations in PT Mulia Indah Sambas District, West Kalimantan Province in stakeholder consultation activities, are:

1. The stakeholders urged that more socialization activity either in formal or informal meeting should be actively conducted to obtain mutual understanding and interest in the issues such as inter-village boundaries, identification of HCV area, and smallholder scheme.
2. Land acquisition (and compensation) procedure are to be carried out as per rules of consent and if there is a problem, the problem solving process is done either through discussion or deliberation,
3. Expected that PT Mulia Indah in Sambas District to be manage in good way and in accordance with RSPO P&C as the sustainable palm oil plantation and management of HCV areas or areas that need protected such as river and water resources.

Summary of the questions and answers during the stakeholder consultation process are as follows:

No.	Partisipant's Name	Agency/Village	Suggestion/Question	Answer/Opinion
1.	IPDA Yustendi	Head of Sajad Sub-district Police	Any problem should be discussed in a good way to find the solutions of mutual interest.	PT MI: Emphasized on deliberation to find solution for every problem raised.
2.	Bp. Mustawan	Head of Lumbang Village	Need to have more intensive socialization about the boundary of Permitted Area and land acquisition.	PT MI: the company has and will continue to conduct socialization, provides a dialogue about the boundary of Permitted Area and land acquisition & compensation, and principally according to the rules that exist.
3.	Bp. Agus R, S.H	Head of Teluk Keramat Sub-district Police	It is expected that what is presented in this meeting can be done right.	PT MI: PT Mulia Indah is committed to run the operations of oil palm plantations as environmentally friendly and in accordance with the RSPO principles and criteria.
			Communities and stakeholders are expected to express both the problems and the openness of the company and society	PT MI: PT Mulia Indah is always open to the suggestions or opinion from the related stakeholders in accordance to the prodecures that exist in the company.
4.	Bp. Agustian	Head of Galing Sub-district	Proper survey must be conducted to ensure the land owner is willingly and ready to release the land without coercion.	PT MI: The land acquisition process will be continuously carried out by holding dialogue with the land owner (FPIC) and without coercion. Thus, the final decision to sell the land is still with the owner.

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5.	Bp. Badar	Head of Teluk Kembang Village	Need to socialization well with the community to avoid problem of overlapping of land owned by the community and need for clarity with the smallholder scheme agreement letter and everything.	PT MI: The company has done the participatory map in the Permitted Area with the local community. It is aimed to know the land condition that may exist in the Permitted Area; if there any overlapping of land owned by the community, then it will be done according to the procedures that exist but the priority are discussion and communication. Land release decisions remain in the hands of the community, the company will continue to conduct discussions and better communication with the community in terms of land acquisition, compensation, and description of the smallholder scheme.
6.	Bp. Edi Supriyadi	Head of Sajad Sub-district	Suggest, smallholder scheme develop with credit / revenue sharing scheme so that the community will not suffer in their income.	PT MI: Until now the company has socialization with the community about the smallholder scheme in which smallholder scheme are expected to improve the welfare and livelihood of local communities.
7.	Bp. Taufik	BKSDA Region III West Kalimantan Province	In HCV Assessment by the consultant, there is no detail about the water spring and buffer zone between HCV and plantations area.	Aksenta Cosultant: According to the field result, there is no water spring in the area, but the upstream of the river has been included as HCV area. And for the riparian buffer zone it is included to the HCV area.
8.	Bp. Anong / M. Lutharif	NGO-Gemawan agency	The existing local communities' plantations and farms which are source of the needs of local communities were not incorporated into HCV5.	Aksenta Cosultant: Survey and interview result with the communities concluded that the land release can be achieved by depending on negotiation within local communities and the company. Therefore, the value/function of the assessment has been changed. But HCV is a dynamic system and not depending on the current social condition at that time.
9.	Ibu Yeni Januarti	NGO Mangrove Center Foundation (MCF)	Mapping of HCV areas have been established is expected to be managed consistently and with commitment from the company in managing and monitoring the HCV.	PT MI: In addition to the existing rules in the SEIA, the HCV will also be managed consistently as per management and monitoring plan.
			Is there any buffer zone area in the Permitted Area? Matters related SIA need to be managed properly to avoid conflict.	Aksenta Consultant: The buffer zone in the HCV map included canal and river bank, which also functions as corridors for wild animals.

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SIA Management Plan

PT Mulia Indah has developed the management plans for the environmental impacts and social impacts and incorporated into the operational efforts on social harmony and environmental conservation mitigation. The SIA development and preparation of management & monitoring plans for PT Mulia Indah was mainly based on the SIA result conducted on 4 - 12 April 2011 by RSPO accredited assessors from Aksenta, and with reference to AMDAL and the related laws in Indonesia.

The steps taken in the HCV and SIA development and preparation of management & monitoring plans were:

1. Determining the strategic issues i.e. land acquisition for plantation, public facilities, environment condition, health condition, welfare, and company's communications with the local people.
2. Determining the purposes and desired final condition of the project (vision, practical vision, end-state).
3. Determining targets and objectives to achieve, creating the strategy map to achieve the desired outcome.
4. Identifying the must-do initiatives to achieve the determined targets.
5. Identifying the competency reinforcement for human resources and the supply of the infrastructures so that the implementation of the process can be achieved effectively.
6. Determining effective monitoring activities to analyze the dynamic state of every indicator in order to assess the progress of target – achievement.

Based on the SIA results for PT Mulia Indah by Aksenta and the Environmental Management & Monitoring Plans (Rencana Pengelolaan Lingkungan / Rencana Pemantauan Lingkungan) of PT Mulia Indah document, the management for the Social and Environmental Impacts aimed to be managed consistently with appropriate work performance standards. The scope of the development and preparation of management & monitoring plans included all of the potential impacts by the plantation activities. The development and preparation of management & monitoring plans guidelines include:

1. Management Plan PT Mulia Indah, Compliance Issue with The Existing Regulations and Respect The Local Costum

Scope of this management and monitoring covers to the achievement of permits that in accordance to the existing regulations and related to plantations, make a harmonic relation to the communities, implement the SOP related to employee recruitment and implement the SOP on acquisition and compensation.

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2. Management Plan PT Mulia Indah, Positive Perception Issue from the Communities to the Existence of the Company

Scope of of this management and monitoring covers early and continuous socialization, conduct intensive communication with the communities by social activities, smallholder scheme socialization, giving help in communities social activities according with the procedure and policy of the company.

3. Management Plan PT Mulia Indah, Issue of Establishing a Condisive Working Atmosphere, Both from the Company Social Environment, Internal and External

Scope of management and monitoring covers the distribution of work opportunity to the local communities and nearby locations, receiving the local workers, enrolling all employees into the Social Security Employees Program, conduct training related to the health and safety of the workers.

4. Management Plan PT Mulia Indah, Issue of Health and Safety for Company Employees

Scope of management and monitoring covers to the distribution of Personal Protective Equipment (PPE) that according in the standard, provide socialization and training to the understanding and awarenesss related to the importance of occupational safety and health (OSH), and provide medical facilities to employees.

5. Management Plan PT Mulia Indah, Strategic Issue on The Welfare of Employees and the Community around the Company

Scope management and monitoring covers to the implementation of standard of wages based on Minimum Wages District / Provincial Minimum Wages (UMSK/UMP), build infrasturcture like housing, bridge and road, electricity and water facilities, socialization of employees cooperative in the company, fulfillment of basic food needs and savings and loans, and give information about business opprtunities to the local contractor, village government, and community leaders.

6. Management Plan PT Mulia Indah, Strategic Infrastructure Issue

This management and monitoring includes the participation in developing the general facilities and work together to the other party, do the need assessment, and working together with the related needs.

HCV Management Plan

The HCV development and preparation of management & monitoring plans was based on the result of the HCV assessment that was conducted on 4 – 12 April 2011 by RSPO accredited assessors from Aksenta. The HCV development and preparation of management & monitoring plans was implemented with the aim to provide guideline for the company in planning and management of its programs or activities in managing the HCV present within the concession area. The purpose was to enable all the available resources to be focused, integrated and effective in order to achieve the HCV management outcome. The purposes of this management and monitoring document were:

- 1) To ensure that the identified and assigned HCV areas are under protection and in a well managed state so that their HCV functions are well preserved.
- 2) To enhance the administration of the management and monitoring in the sense that the process carried out is more systematically according to the legal procedures.

The process of the HCV preparation of management plans and monitoring for PT Mulia Indah was based on the structure of strategy mapping. In strategy map, the processes were all focused on three fields under the management and responsibility of the plantation management;

- 1) Stakeholders
- 2) Operation
- 3) People & Resources

Plan for HCV Monitoring and Regular Review of Data

The basic programs and activities that fulfill the HCV management are in regular monitoring and review. The purpose of review is to measure the achievements, effectiveness, efficiencies, impacts, and sustainability of the programs. Thus, the purpose of monitoring is to evaluate whether the activities implemented as they are expected; whether the outputs of the process are as they were projected previously; and whether the resources investments (human, fund, time) are as they were planned.

Monitoring and review are aimed to a set of indicators as the key performance indicators and should be managed systematically, consistently, and well documented. The monitoring should be implemented regularly and it is dependent on the classifications of the activities and the target indicator to evaluate (the detail of such activities is presented in the Activities Plan Matrix - Matriks Rencana Kegiatan). The review should be conducted at the end of the management periodical plan, that is in the end of the third year (summative review) and every six months (formative review).

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Management and mitigation plans for threats to HCV areas.

The identified basic activities which are planned to implement in order to achieve the basic targets for the enhancement and maintenance of the HCV areas are:

1. Mitigating illegal hunting of protected animals.
2. Avoid the threaten activities the existence of key species.
3. Enrich the wildlife corridor.
4. Maintain the existence of riparian ecosystems.
5. Maintain the function of border rivers and streams as a provider of natural environment.
6. Maintain the water catchment area.
7. Maintain the existing peatland.
8. Maintain the existence of the thomb and pekong.
9. Minimizing possible accidental fires.

Management plans to enhance or maintain conservation values of identified HCV areas

The process of strategy mapping, the practical vision is defined as the basic targets. Those basic targets include six ideal states which are going to be achieved through the efforts of HCV protection and management. Those ideal states are:

1. The Existence of key species in PT Mulia Indah maintained.
2. The sustainability of the riparian zone ecosystem is reserved.
3. Rivers and streams still in its function and maintained.
4. Conserve water catchments areas.
5. Minimize damage of peat moss areas.
6. Preserve the local graveyards and cultural sites.

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Development Plan:

The total area based on Izin Lokasi (Permitted Area) is $\pm 8,260$ ha. The Plantation Permit (Izin Usaha Perkebunan, IUP) was approved on 19 August 2011 by the Sambas Regent decree (Surat Keputusan Bupati) No. 248 Year 2011. Based on the Plantation Permit (IUP), total area approved for Mulia Indah has been reduced from the original $\pm 8,260$ ha to $\pm 7,390$ ha. The reduction in these areas is due to exclusion of cultivation land belonging to the local communities (houses, paddy field, productive mixed plantations, and swamp land) and villages land around the Sumber Harapan Village – Sub-district of Sambas, Beringin & Tengguli Village – Sub-district of Sajad and Semanga Village – Sub-district of Sejangkung. These areas had been excluded in the Plantation Permit (IUP). The total area that has been excluded is ± 870 ha. PT Mulia Indah will not cultivate these areas in accordance to the wishes of the communities and in accordance with the areas allocated in the IUP. Hence, in the development plan, the Company development of oil palm will be within the approved $\pm 7,390$ ha.

PT Mulia Indah's development plan has incorporated the findings from Social Environmental Impact Assessment (SEIA - AMDAL), HCV Assessments and Social Impact Assessments for implementing the operational plans. Management plans for HCV areas and management plans for handling social impacts have been drawn up. Peatland will not be planted and will be left as conservation areas. PT Mulia Indah will implement the smallholder scheme system with a ratio of 20:80 (smallholder scheme:estate), that is the smallholder scheme (20%) and estate oil palm plantations (80%) and both will be managed by the PT Mulia Indah Estate Management. The total area allocated in the Plantation Permit (IUP) is $\pm 7,390$ ha. HCV areas and peatland will be left out of planting. The net area for oil palm plantation development plan of PT Mulia Indah, after excluding the HCV areas of ± 368 ha and peatland of $\pm 1,046$ ha become $\pm 5,600$ ha (75.78 % from the Plantation Permit). Of this area, $\pm 4,480$ ha is allocated for the estates and $\pm 1,120$ ha for the smallholder schemes. In accordance with the operational management of PT Mulia Indah land development will commence in year 2011.

Consultation with the relevant stakeholders to provide opportunities for communication and sharing the informations/opinion/suggestions between the PT Mulia Indah and the the affected stakeholders will continue to move forward for the benefit and common progress. The process of free, prior informed consent, procedures to ensure that there is participation in the social and environmental harmony in the development of the oil palm planting project by PT Mulia Indah will continue. PT Mulia Indah has established standard operating procedures for land acquisition and compensation procedures based on the principle of free prior informed consent. The company also has established the complaint and grievance procedures

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so that the problem solving process is done through discussion and mutual deliberation. PT Mulia Indah will abide by the requirements according the Decree of the Minister of Forestry No: P.14/Menhut-II/2011, 10 March 2011 before commencing land clearing. The company will inform in writing to the Plantations and Forestry Department of Sambas District for assessment of the area on the requirements of the Wood Utilization Permit (Izin Pemanfaatan Kayu).

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VERIFICATION STATEMENT:

The company opted for a document audit. Control Union Certifications auditors conducted desk study, pre-assessment check, discussions with the management team including the Head of Sustainability, Regional General Manager, Public Relations (Humas) Manager before the main document audit. During the main document audit, two Control Union auditors were present with the management team of PT Mulia Indah at their head office in Medan on 27th – 29th July 2011 to verify and review the relevant documents including interviewing the management team members.

PT Mulia Indah has adhered to the RSPO New Planting Procedures and has documented the assessments and plans according to the RSPO templates issued in May, 2010. The social and environmental assessments were detail, comprehensive and professionally carried out. The management plan has included the findings of the SEIA (AMDAL) conducted by the government approved consultants as well as incorporating the HCV and SIA assessments findings by consultants accredited and approved by the RSPO.

Control Union Certifications confirmed that the assessment and plans are comprehensive, professional and compliant of RSPO principles, criteria and indicators. It is the opinion of the Control Union Certifications auditors that PT Mulia Indah has complied with the RSPO New Planting Procedures enforced on 1st January, 2010.

Signed on behalf of Control Union Certifications



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Mr Senniah Appalasamy
Lead Auditor
Date: 23 August 2011

Signed on behalf of PT Mulia Indah



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Dr Gan Lian Tiong
Head of Sustainability Department
Date: 23 August 2011