

NPP Notification Statement (including Verification Statement by CB)

1. Date of Notification	18 July 2019 2 nd Revision 12 August 2019 3 rd Revision 27 August 2019
2. Name of Grower	Musim Mas Holdings Pte. Ltd.
3. Name of Subsidiary (if any)	PT Lestari Abadi Perkasa - 2
4. RSPO Membership No.	2-0907-18-000-00
5. Location of proposed new planting:	
<i>(i)</i> Grower Address	
Spring Tower 01-16, JL. K.L. Yos Sudarso Tanjung Mulia Medan Deli Kota Medan -20241, Indonesia	
<i>(ii)</i> Business Permit	
The Plantation Business Permit (IUP) was issued by the Ketapang regent through the Decree of the District Head of Ketapang No. 663 / DISBUN-D / 2016 (combined with location permit 1), issued on 11 November 2016.	
<i>(iii)</i> Type of Business	
Oil Palm Plantation & Processing	
<i>(iv)</i> Size (ha)	
1,140 ha (PT Lestari Abadi Perkasa- 2); <ul style="list-style-type: none"> • Based on Location permit of PT LAP 2, Letter of Decision Bupati Ketapang, nomor 194-DPMPTSP-D-2018, issued date on 04th June 2018, with title "Perpanjangan Izin Lokasi Pembangunan Perkebunan kelapa sawit PT Lestari Abadi Perkasa", with total area 1,140 ha. 	
42 ha (KD Betenung, KD Cegolak, KD Kerta Baru, KD Pebihingan, KD Sepuring Indah, KD Batu Mas)	
<i>(v)</i> Contact persons	
Dr. Gan Lian Tiong	
<i>(vi)</i> E-mail address	
liantiong.gan@musimmas.com	
<i>(vii)</i> Geographical location	
PT Lestari Abadi Perkasa 2: Cegolak Village, Batu Mas Village, Betenung Village, Tanjung Beulang Village, Nanga Tayap and Tumbang Titi Sub Distirict, Ketapang Regency, West Kalimantan Province, Indonesia. <ul style="list-style-type: none"> • North : Desa Betenung, PT Lestari Gemilang Intisawit • West : PT LAP 1 • East : HTI PT Wana Hijau Pesaguan, Desa Betenung, Desa Batu mas • South : PT LAP 1 	

Kas Desa:

Betenung Village, Cegolak Village, Kerta Baru Village, Pebihingan Village, Sepuring Indah Village, Batu Mas Village, Tanjung Beulang Village, Nanga Tayap, Pemahan and Tumbang Titi Sub Distirict, Ketapang Regency, West Kalimantan Province, Indonesia.

(viii) Spatial Reference (GPS Coordinates)

Site location	GPS Reference	
	Longitude	Latitude
PT LAP 2	110°37'48"E - 110°41'08"E	01°36'59"S - 01°43'36"S
KD Betenung	110°39'08.08"E - 110°38'56.48"E	01°37'35.80"S - 01°37'50.88"S
KD Cegolak	110°38'40.59"E - 110°38'56.27"E	01°38'01.22"S - 01°37'47.81"S
KD Kerta Baru	110°36'49.01"E - 110°36'52.28"E	01°43'18.08"S - 01°43'46.42"S
KD Pebihingan	110°36'49.02"E - 110°36'52.29"E	01°42'53.90"S - 01°43'17.15"S
KD Sepuring Indah	110°36'21.67"E - 110°36'34.83"E	01°52'04.13"S - 01°52'10.00"S
KD Batu Mas	110°36'47.40"E - 110°36'52.09"E	01°40'38.17"S - 01°41'00.32"S

(ix) Boundary Map

Complete explanation of boundary map is presented in the SEIA and HCV assessment summary and management document. Boundary map presented in figure 1.

(x) Area and Time Plan for New Plantings

Location	HCV area (ha)	Total Area (ha)	Proposed Development Area (ha)	Timeline
PT LAP 2	577.76	1,140	562.24	2019 - 2020
Kas Desa Betenung, Cegolak, Kerta Baru, Pebihingan, Sepuring Indah, Batu Mas	0	42	42	2019 - 2020

6. Statement of Acceptance of Responsibility for NPP

The management of PT Lestari Abadi Perkasa and its subsidiary Musim Mas Holdings Pte. Ltd. acknowledge the veracity of this report. We commit ourselves to making every effort to comply with its provisions and to implement the mitigation action plans of the various assessments related to the new planting procedures and the studies carried out to realize it.

7. 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 Lestari Abadi Perkasa 2
Name of responsible person:	Dr. Gan Lian Tiong

Position:	Director of Sustainability
Signature & date:	 18 July 2019

8. Verification Statement by Certification Body (CB)

The Control Union Certifications (Malaysia) Sdn. Bhd. opted for an onsite evaluation for PT Lestari Abadi Perkasa and its surrounding area for their proposed NPP location Cegolak Village, Batu Mas Village, Betenung Village, Tanjung Beulang Village, Kerta Baru Village, Pebihingan Village, Sepuring Indah Village, Nanga Tayap and Tumbang Titi Sub District, Ketapang Regency, West Kalimantan Province, Indonesia on 14 – 16 July 2019.

The NPP verification of PT Lestari Abadi Perkasa conducted through document verification and on-site visit. CUC auditor conducted preliminary document reviewed on 28 June – 5 July 2019. This was follow up with onsite visit verification to the proposed area for new planting site at PT LAP on July 14 – 16, 2019. The information on the proposed area for new planting has been communicated transparently to the surrounding community who might be affected the proposed new planting. At the time of field verification, clearing and preparation for proposed area for new planting has not commenced.

There is further verification to ensure the conditions through satellite imagery on July 18, 2019 (google earth Pro tools) there is no activity found inside the concession area for proposed area.

A new development is proposed by PT Lestari Abadi Perkasa (PT LAP). PT LAP is an oil palm company located in Tumbang Titi, Pemahan and Nanga Tayap Sub-districts, Ketapang District, West Kalimantan Province, Indonesia. PT LAP consists of 2 concessions, the first concession covers an area of $\pm 12,830$ ha (refer to PT LAP 1) and the second cover an area of $\pm 1,140$ ha (refer to PT LAP 2). The first concession has gone through NPP process and approved by RSPO in 2012 before commencement of land development. The proposed new development only covers the second concession and the “6 Kas Desa” (Village Oil Palm Development Project) located around the PT LAP concession. Throughout this report, both areas (PT LAP 2 and the 6 Kas Desa) and will be referred as proposed development areas. The six planned Kas Desa are (a) Kas Desa Batu Mas, (b) Kas Desa Betenung, (c) Kas Desa Cegolak, (d) Kas Desa Sepuring Indah, (e) Kas Desa Pebihingan and (f) Kas Desa Kerta Baru. Where PT LAP is mentioned in this report, it refers to the second concession (i.e. PT LAP 2).

Based on Technical analysis of the function of forest No S.28/BPKH.III-2/2015, on 09 January 2015, Balai Pemantapan Kawasan Hutan Wilayah III, Ministry of Environment and Forestry all of PT LAP 2 concession area belongs to the Other Land Uses (APL) and based on Dinas Kehutanan Provinsi Kalimantan Barat, nomor: 1130/Dishut-II/PPK/2015, issued date on 13 August 2015, all concession area of PT Lestari Abadi Perkasa is inside Plantation and Agriculture Area not forest area.

PT Lestari Abadi Perkasa 2 located in in Tumbang Titi, Pemahan and Nanga Tayap Sub-districts, Ketapang District, West Kalimantan Province, Indonesia is developing approximately $\pm 1,140$ Ha of oil palm plantation based on:

- Granting of location permit for oil palm plantation development on behalf of PT LAP 2, Ketapang Regent Decree Number 417 / PEM / 2015, issued on 4th June 2015
- Location permit of PT LAP II, Letter of Decision Bupati Ketapang, nomor 194-DPMPTSP-D-2018, issued date on 04th June 2018, with title “Perpanjangan Izin Lokasi Pembangunan Perkebunan kelapa sawit PT Lestari Abadi Perkasa”, with total area 1,140 ha.
- Recommendation for UKL-UPL PT Lestari Abadi Perkasa, approval, 7th December 2015, Ketapang Regent Decree Number 660.1/2236/KLH-B
- Plantation business permit/ Izin Usaha Perkebunan for PT Lestari Abadi Perkasa, The Plantation Business Permit (IUP) was issued by the Ketapang regent through the Decree of the District Head of Ketapang No. 663 / DISBUN-D / 2016 with total area about 12,919ha.

During the verification process Control Union auditor was in contact with the accredited assessor and the company to follow all aspects of this NPP report, verifying and reviewing the relevant documents.

The Social Impact Assessment was conducted over 28th February – 4th March 2017. The number of meetings held was 5 formal meetings and 1 informal meeting. There were a total of 78 participants who attended the meetings. Participants are come from the Pemahan, Tumbang Titi and Nanga Tayap Districts. In addition to the meeting, the study team also conducted observations in the field.

This assessment is also carried out by teams that have competence in social impact assessments from PT Re-Mark Asia. The assessment was carried out by Herry Triyana who has expertise in social, cultural and community empowerment studies, CD/CSR and technical facilitation and Redy Miraz Muslim who has expertise in social studies and technical facilitation.

Negative key issues are an indicator or a clue of threat existence to PT LAP Plantation which if not managed will result in negative social risks and social impacts, while positive key issues are opportunities for PT LAP Plantation which if managed properly will result in a positive impact. The identification of key issues could be obtained through stakeholder consultation (a consultation within parties) which was done through FGD (Focus Group Discussion) meeting with management unit, village level officials, villagers and through interview results of parties located in the field. These key issues were then triangulated in the field and the results were analyzed as Social Impact Study. Social issues identified within internal and external environment of the company are outlined in the following:

1. Human resources (*SDM*) around the company is seen through education level, knowledge or community skills that are relatively still lacking or low.
2. Community dependence on natural resources (*SDA*) is still high, especially to fulfill basic needs and cash income sources. Commonly, the community has not been able to carry out cultivation activities in almost all sectors intensively.
3. Community cash income sources are not relatively varied. Agriculture, animal husbandry, fisheries, home industry, trade, services, plantations sectors, etc (except rubber and palm oil commodities) are still undeveloped.
4. The price of rubber commodities is relatively low or not profitable if harvested.
5. Employment needs are still high, while surrounding companies are still limited regarding the available employment, in a sentence, unable to accommodate the local community's employment needs.
6. The management of natural resources by local community is not optimal. This is mainly due to HR factors and limited business capital owned by local community.
7. There have not been all communities who own lands in PT LAP location permit area submit their management to PT LAP. Management locations that are still in spots cause the management costs per hectare to be high.
8. CSR assistance is still in the forms of financial assistance, building materials, educational infrastructure, etc. There has not been CD program which is to develop the productive economy of local community.
9. The distribution of CSR assistance can be more evenly distributed to surrounding villages, this is risky as it could arouse social jealousy.
10. Socialization outreach has to be more extensive touched all society circles, especially lower class society.
11. Safety and security communication system between the community and plantation is extremely needed in anticipating emergency conditions, thus, the forming of the system should be initiated and agreed by plantation party and local community.
12. High community interest in developing palm commodities both independently and in collaboration with PT LAP.

While the SEIA was conducted by CV Bina Mitra Sejati which is located at Jl. P.H. Husin II Komp. Alex Griya I B-18, Bangka Belitung Barat, Pontianak Tenggara. CV Bina Mitra Sejati is one of the AMDAL consultants registered with the Ministry of Forestry (now called Ministry of Environment and Forestry). To examine the possible impacts of the development of proposed development areas, in Agustus 2015 PT LAP conducted a Social and Environmental Impacts Assessment (SEIA), better known as AMDAL (UKL-UPL). The scope of the social and

environmental impact assessment is limited to four main factors/constraints, these are: physical-chemical, biological, social, economic, cultural and local health environment. The stages of the activities studied are divided into four main stages, namely: the pre-construction stage, the construction phase, the operation stage and the last is post-operation stage. SEIA is a study to identify the large and important impacts of a business and / or planned activities on the environment and social aspect that are needed for the decision making process regarding the operation of businesses and / or activities in Indonesia. This SEIA or UKL-UPL is carried out when the developer planning a project that is expected to have an influence on the surrounding environment, both negatively, and positively.

The HCV assessment of the proposed development areas were carried out on February 26 to March 4, 2017. No land development activities are taking place in the proposed areas. Beside the proposed development areas, the assessment also covers the landscape around the PT LAP 1 and 2 concessions including Kas Desa Batu Mas, Kas Desa Betenung, Kas Desa Cegolak, Kas Desa Sepuring Indah, Kas Desa Pebihingan and Kas Desa Kerta Baru. The HCV assessment report has taken the Quality Panel process at the HCVRN and has been published with a **satisfactory** status (<https://hcvnetwork.org/reports/hcv-pt-lestari-abadi-perkasa-ketapang-district-west-kalimantan-indonesia/>). This assessment was carried out by an independent party that has competence in HCV assessment, namely PT Re-Mark Asia. The HCV assessment is led by the Assessor Licensing Scheme (ALS) under the name of Sigit Budi Setyanto with the registration number ALS15024BS and assisted by 9 other people who are experienced in environmental services, ecology / biodiversity especially for birds and mammals (6 people) and experienced in community empowerment, participatory mapping and FPIC expert (3 people).

PT LAP 2 Permit area and 6 Kas Desa also does not directly border protected areas and the surrounding conservation area. Based on the map of the system of functions of forest and aquatic region of the Province of West Kalimantan refers to Decree of the Minister of Forestry no 733/Menhut-II/2014, September 2, 2014, the closest protected area is in the form Protected Forest about 3.4 km east and the closest conservation area is Gunung Palung National Park, about 46 km northwest. Based on the results of field data collection and analysis of all data, it was found that in the proposed development areas there were six categories of HCVs, namely HCV 1, HCV 2, HCV 3, HCV 4, HCV 5 and potential HCV 6. The HCV area of PT LAP 2 is spread across 6 locations with a total indicative area of 537.18 ha or 47.12% of the total of PT LAP 2's permit area. HCV 1 and HCV 4 areas are identical in terms of location, shape, and area. Rivers, borders and steep and still forested hilly areas are typologies of HCV areas and are the main focus in HCV management in the PT LAP 2 permit area related to the preservation and protection of HCV areas. While the PT LAP 2 HCV Management Area (KPNKT) which is integrated with the PT LAP 1 IUP area has an area of 577.76 hectares or 50.68%. For all locations of planned Kas Desa (Kas Desa Batu Mas, Kas Desa Betenung, Kas Desa Cegolak, Kas Desa Sepuring Indah, Kas Desa Pebihingan and Kas Desa Kerta Baru) and the surrounding area, there were no identified areas with high conservation value.

The calculation of the proposed development areas were carried out in June 2019. The calculation of GHG emissions covered the potential of the planting area in PT LAP and 6 planned Kas Desa plantations around the concession of PT LAP. Several scenarios are made to find the optimal land use plan. The GHG calculations are carried out by Sustainability Departments that have experiences in GHG calculations since 2015. Each member involved has experience and knowledge in calculating GHG, analysis of land cover and calculation of carbon stocks. The GHG calculation and scenario analysis report had been sent to RSPO on 06th July, 2019 and RSPO responded on 11th July, 2019, final GHG calculation had been sent to RSPO on 13th July, 2019.

The high carbon stock (HCS) assessment was carried out in all PT LAP concessions, which included the first location permit with an area of ± 12,830 ha (location 1), the second location permit with an area of 1,140 ha (location 2) and an area of approximately 1 km from the concession boundary of PT LAP 1 and 2 where the 5 out of 6 Kas Desa are located. The five planned Kas Desa are located in (a) Batu Mas Village, (b) Betenung Village and (c) Cegolak Village which is included in Nanga Tayap District and (d) Pebihingan Village and (e) Kerta Baru Village which included in the Pemahan District. The HCS of Kas Desa Sepuring Indah is extracted from the PT MP HCS report which has been peer reviewed by HCSA on July 2018. The team succeeded in taking 108 sample points in the forest inventory activity. The number of sampling point taken is enough to represent all the land cover classes found in the proposed development areas. Among all points that have been surveyed, there are

49 points that categorized as HCS land cover class, while the rest of the points are categorized as non-HCS. Those points categorized as non-HCS because when inventory is carried out in the field, the actual land cover of those points are forest area mixed with rubber or fruit trees owned by the community. Because the rubber latex and fruits are still taken by the community, therefore the plot points are included in the other use and agri (cultivation) categories. The goal of Phase One of an HCS assessment was to create an indicative map of potential HCS forest areas in the concession and its surrounding landscape, using a combination of satellite images and field-level data. The satellite image used in this assessment is Landsat 8 OLI-TIRS satellite image path 120 / row 61, with a spatial resolution of 30 meters, and has a spectral resolution of 7 multispectral channels and 1 panchromatic channel. Image selection is based on the best atmospheric conditions, such as cloud cover of the areas must be less than 20%. The acquisition date of the image used in this study is August 3, 2016.

The Land Use Change Analysis (LUCA) was conducted on February- March 2017. The LUC analysis was covered all PT LAP location permit areas, 6 planned Kas Desa plantation and landscape around PT LAP concessions. The analysis period used included: a) between November 2004 - November 2007, b) between November 2007 - December 2009, c) between January 2010 - May 2014 and d) after May 2014. As a part of FPIC process, PT Remark Asia assessment team, represented by Mr. Sigit Budhi Setyanto as a FPIC expert, visited the villages where sample points were taken prior to doing the LUC assessment.

This assessment was carried out by an independent party that has competence in LUCA's assessment, namely PT Re-Mark Asia. The LUCA was led by Amirul Ikhsan with the help of 2 other people who played a role in both GIS and field observations. Land Use Change Analysis (LUCA) was carried out using the Landsat 5 and 8 satellite images. There is no compensation liability in this assessment because there is no land clearing and the development of oil palm plantations has occurred in this landscape.

Multi-temporal analysis of land cover was used to look at the dynamics of land cover that occurred in the proposed development areas from 2004, 2006, 2009, 2013 and the current field conditions in 2016 which could be used as references in HCV assessment decisions. The results of the 2016 Landsat image land cover analysis, shows that from the proposed development areas was dominated by shrub that cover an area of 293.56 Ha (25.75%). This area has had a significant change in area in the period of 2004 to 2009.

Changes in land cover from November 2005 to 2016 were mostly caused by non-commercial land clearing, natural succession and community cultivation activities. Complete information on the results of 2016, 2013, 2009, 2006 and 2004 land cover analysis in the proposed development area are presented in **Table 1**.

Table 1. Result of land cover analysis in 2004, 2006, 2009, 2013 and 2016 in the proposed development areas.

Land cover	2004 (Ha)	2006 (Ha)	2009 (Ha)	2013 (Ha)	2016 (Ha)
Secondary dry land forest (mix)	195.32 (17.13%)	169.63 (14.88%)	170.23 (14.93%)	114.18 (10.02%)	159.04 (13.95%)
Scrub	70.65 (6.20%)	32.14 (2.82%)	31.43 (2.76%)	79.53 (6.98%)	293.56 (25.75%)
Bush	554.61 (48.65%)	626.37 (54.94%)	620.37 (54.42%)	287.10 (25.18%)	266.63 (23.39%)
Mix garden	254.93 (22.36%)	248.77 (21.82%)	256.99 (22.54%)	649.67 (56.99%)	403.06 (35.36%)
Open land	64.49 (5.66%)	63.09 (5.53%)	60.98 (5.35%)	9.52 (0.84%)	17.71 (1.55%)
Oil palm	0.00 (0.00%)	0.00 (0.00%)	0.00 (0.00%)	0.00 (0.00%)	0.00 (0.00%)

Total (ha):	1,140.00 (100%)	1,140.00 (100%)	1,140.00 (100%)	1,140.00 (100%)	1,140.00 (100%)
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Source: PT Remark Asia's Landuse and Land Cover Change Analysis Report, 2018

It is the opinion of the Control Union Certification and the lead auditor that PT Lestari Abadi Perkasa II has complied with the RSPO New Planting Procedures enforced on 2015, version 3 and confirmed that the assessments and plans are comprehensive, professional and compliant with RSPO requirements. Based on the review of the reports for Social Environment Impact Assessment, HCV Assessment, Land Usage Change Analysis and High Carbon Stock and GHG Assessment that include the analysis of the carbon stock on land use change, carbon emissions and sequestration.

The results of the NPP process and the content of the assessments and plan(s) is comprehensive, of professional quality and comply with the relevant RSPO Principles, Criteria and Indicators and the New Planting Procedures for new development.

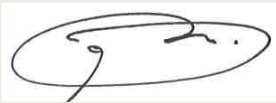
9. Certification Body and Lead Auditor

Name of CB: Control Union Certifications (Malaysia) Sdn. Bhd.

Name: Ahmad Furqon

Position: Lead Auditor

Signed:



Date: 27 August 2019

*The Summary of assessment reports (SEIA, HCV, soil and topography, LUC, GHG) and Summary of management plans available in “Assessment Summaries and Management Plans”

Figure 1. Location and boundary location propose for New Planting

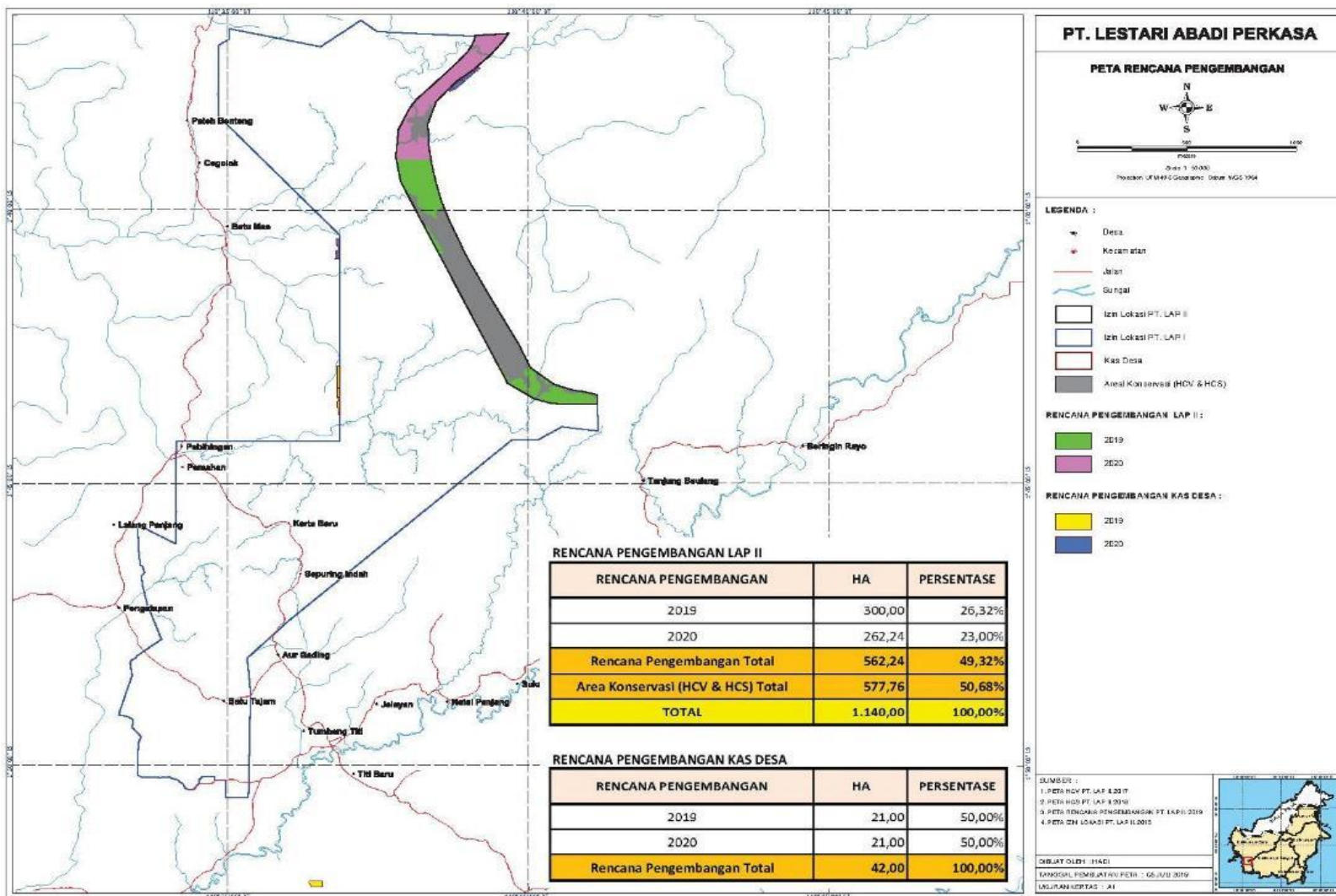


Figure 2. HCV map of the proposed development areas

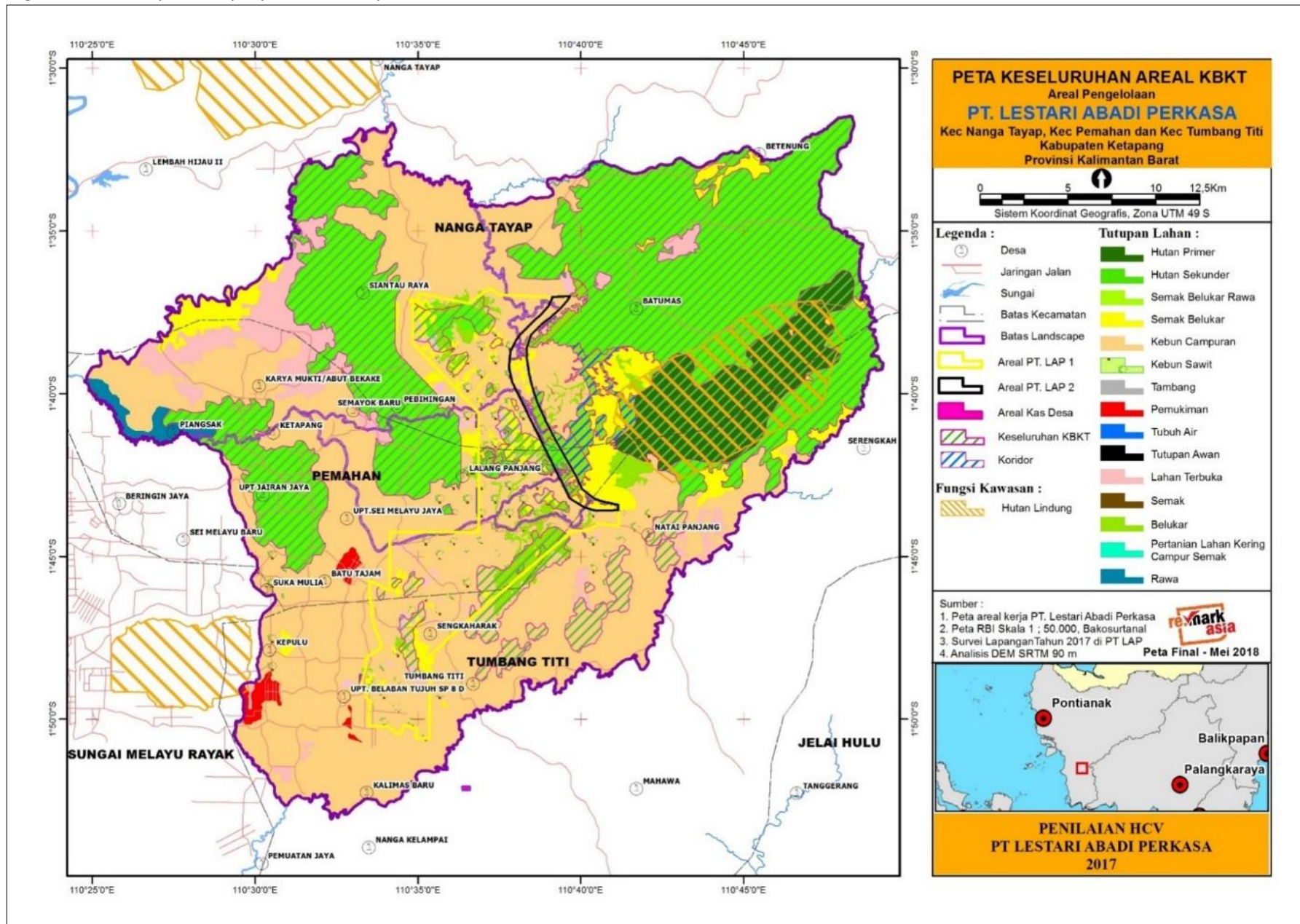


Figure 3. HCVMA map of the proposed development areas

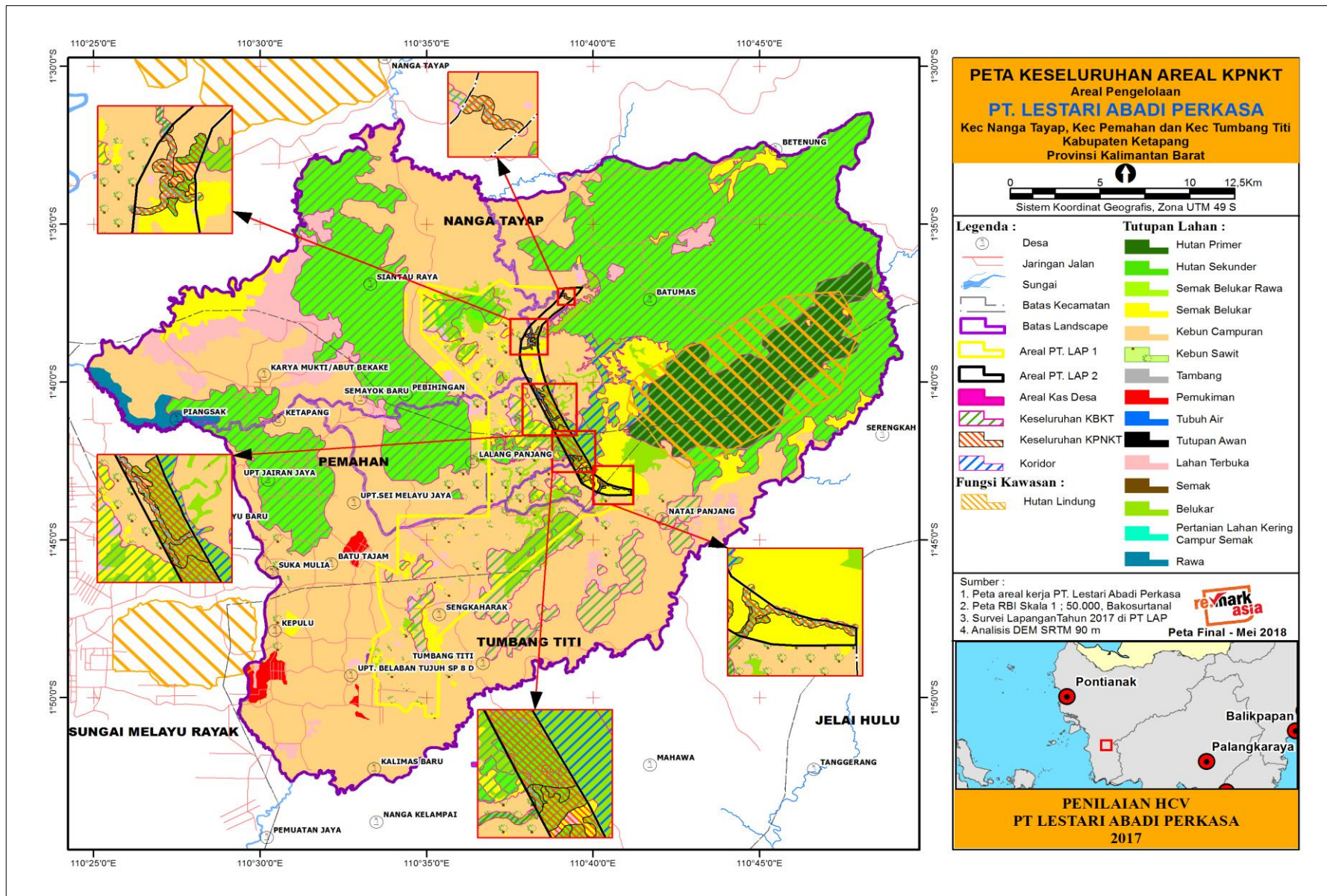


Figure 4. Result of Satellite Imagery to ensure there is no activity in NPP proposed area in PT LAP II, using Google Earth Pro tools. Verified on July 18, 2019



Geographical information $01^{\circ}39'44.96''\text{ S}$; $110^{\circ}37'57.85''\text{ E}$

Figure 5. Onsite condition in proposed area for new planting. Take on 15 July, 2019 Geographical information 01°39'44.96"S ; 110°37'57.85" E

