

NPP Notification Statement (including Verification Statement by CB)

1. Date of Notification	29th July 2021											
2. Name of Grower	Musim Mas Holdings Pte. Ltd.											
3. Name of Subsidiary (if any)	PT Sarana Esa Cita											
4. RSPO Membership No.	2-0907-18-000-00											
5. Location of proposed new planting:												
(i) Grower Address												
SPRING TOWER, 11-07 JL. YOS SUDARSO RT. 000 RW. 000 TANJUNG MULIA MEDAN DELI MEDAN SUMATERA UTARA												
(ii) Business Permit												
The Plantation Business Permit (IUP) was issued by the Kepala Badan Penanaman Modal dan Pelayanan Perizinzn Terpadu Kabupaten Sambas through the Decree Number 582 / 014 / BPMPPT /2016 Dated 19 th May 2016 for a Total area of ± 10,000 Ha												
(iii) Type of Business												
Oil Palm Plantation & Processing												
(iv) Size (ha)												
Total proposed new development area : 597.64 Ha Constitutes of 2 blocks. Block 1 (to the left) : 185.22 Ha Block 2 (to the right) : 412.42 Ha												
(v) Contact persons												
Dr. Gan Lian Tiong												
(vi) E-mail address												
liantiong.gan@musimmas.com												
(vii) Geographical location												
Located in Sambas, Subah, Sajad and Sejangkung District, Sambas Regency, West Kalimantan Province, Indonesia. The Area of Interest for New planting is located within Sabung Village and Sepantai Village.												
(viii) Spatial Reference (GPS Coordinates)												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 30%;">Site location</th> <th colspan="2">GPS Reference</th> </tr> <tr> <th style="width: 35%;">Longitude</th> <th style="width: 35%;">Latitude</th> </tr> </thead> <tbody> <tr> <td>Block 1 (to the left)</td> <td style="text-align: center;">109.401653° N</td> <td style="text-align: center;">1.297220° E</td> </tr> <tr> <td>Block 2 (to the right)</td> <td style="text-align: center;">109.541448° N</td> <td style="text-align: center;">1.307021° E</td> </tr> </tbody> </table>		Site location	GPS Reference		Longitude	Latitude	Block 1 (to the left)	109.401653° N	1.297220° E	Block 2 (to the right)	109.541448° N	1.307021° E
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(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	Area (Ha)	Total New Planting (Ha)	Conservation Area (Ha)	Area to be develop (Ha)		
				2021	2022	2023
Proposed New Development Area	597.64*	452.04	145.60**	230.25	221.79	-

*Note that these areas are based on the GIS – legal areas differ

** The conservation area comprised of 110.51 Ha of peat (9.50 Ha overlapped to HCV area) and 44.57 Ha of HCV area

6. Statement of Acceptance of Responsibility for NPP

The management of Musim Mas Holdings Pte. Ltd and its subsidiary PT Sarana Esa Cita 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 Sarana Esa Cita (part of Musim Mas Holdings Pte. Ltd)
Name of responsible person:	Dr. Gan Lian Tiong
Position:	Director of Sustainability
Signature & date:	 Date: 12 April 2021

8. Verification Statement by Certification Body (CB)

Control Union (Malaysia) Sdn. Bhd. opted for an onsite evaluation for PT Sarana Esa Cita and its surrounding area for their proposed NPP area of 597.64 Ha located in four sub-districts namely Sambas, Subah, Sajad and Sejangkung District, Sambas Regency, West Kalimantan Province, Indonesia. Due to travel restrictions imposed The NPP verification was conducted Scenario 3 of Contingency RSPO Audit Procedure in two stages where the remote audit was conducted on 18th January 2021 followed by an the on-site audit conducted with the assistance from an Audit Facilitator on 25th January 2021. Onsite verification the audit team carried out a public stakeholder consultation with affected stakeholders with the participation of representatives of Sabung and Sepantai village however the field visits were limited to the Sabung Village area as the Sepantai Village area was not accessible due to flood conditions.

PT SEC was formed on 1st May 2015, by grouping PT Agrowirtama 1 (AWR I) and PT Agrowiratama II (AWR II) into one management unit. Both PT AWR 1 and II are subsidiaries of Musim Mas Holdings. Based on administrative

jurisdiction, PT AWR I is located in Subah and Sajad Districts while PT AWR II is located in Subah District and Sejangkung Districts. The BPMPT letter (Badan Penanaman Modal dan Pelayanan Perizinan Terpadu) Sambas Regency, Number: 582/192/BPMPT/2015 dated 7th July 2015 stated that PT SEC has Principle Permit or Land Recommendation area of ± 11,310 Ha. On 4th November 2015, based on letter Number: 582/029/BPMPT/2015, PT SEC obtained Location Permit with an area of ± 10,000 Ha. In 2016, the License of Plantation Business (Izin Usaha Perkebunan-IUP) of PT SEC issued with an area of ± 10,000 Ha based on Letter Decree Head of BPMPT Sambas Regency Number: 582/014/BPMPT/2016 was issued.

PT SEC proposes 597.64 Ha from the new alienated Land Permit which were not part of the original PT AWR I and II for New Planting Procedure Notification, that the proposed development area has covered in HCV/S Integrated Assessment and SIA.

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 by the company even though mixed gardens and agricultural land developed by local communities were observed during the onsite audit.

Accordance with the Ministry of Environment Regulation Number 5 of 2012 concerning Type of Business and/or Activity Plan that are required Environment Impacts Analysis, PT SEC has conducted Environment Impacts Analysis Document (AMDAL) for Palm Oil Plantation and Mill Development with an areas 10,000 Ha with mill capacity 60 tons FFB/hour approved by the Sambas Regency AMDAL Assessment Commission Number 660.1/108/Komisi dated on April 11, 2016. The assessment of the social and environmental impact assessment (AMDAL) was carried out by PT. Delta Ekotrop Rayaindo.

The Social Impact Assessment (SIA) PT AWR I conducted in July 2010 and PT AWR II conducted in March 2012. The combined PT SEC conducted the SIA by Aksenta on 23-29 May 2016 and for updated, PT SEC conducted the SIA reassessment by Remark Asia on 9-14 December 2019 and reported in May 2020.

The assessments has covering all operation in PT SEC including the proposed area for NPP. In the report has been explained the negative and positive impact that caused by the PT SEC operational activities.

PT SEC has also conducted participatory mapping in in villages Sabung, Tengguli, Beringin and Mekar Jaya in 2010 and Sepantai in 2012.

HCV assessment in PT AWR I was conducted in 2010 and in PT AWR II in 2012 by RSPO approved assessor Aksenta. The NPP Notification Report of 9,000 Ha by PT AWR I had been approved in 6th January 2011, and 3,100 Ha by PT AWR II had been approved in 8th February 2012. When PT SEC was formed in 2015 (merger of PT AWR I and PT AWR II), PT SEC conducted HCV Re-Assessment in July – August 2015 by ALS Licensed Assessor from Aksenta (but the HCV Report was not submitted by the assessor to HCVRN). In March 2018, PT SEC (together with another subsidiary company PT Mulia Indah situated in the adjacent concession) conducted Integrated HCV-HCS assessment by ALS licensed assessor Aidenvironment Asia and in December 2020 has attained satisfactory status quality review by HCVRN (<https://hcvnetwork.org/reports/hcv-hcs-pt-sarana-esa-cita-and-pt-mulia-indah-kabupaten-sambas-kalimantan-barat/>).

This HCV assessment has identified 5 types of HCV, namely HCV 1, HCV 3, HCV 4, HCV 5 and HCV 6 in the area and around the study landscape where the HCV area consists of Young Scrub, Young Regeneration Forest, Secondary Forest, Rivers and their borders, Sacred and historical sites and areas that still have significant value both at the local and landscape levels. HCV 1 areas are forested areas within the area and river basins and borders within the area, HCV 3 consists of riparian areas that are still forested, HCV 4 areas are hilly areas and water catchments, as well as rivers and their boundaries. HCV 5 all rivers within the area and HCV 6 sacred areas in the study Landscape. The identified value is a very important part in determining the management area. HCV Management Areas are areas covered in a site, management unit or landscape where appropriate management decisions need to be made and implemented to maintain or enhance HCVs. Each management

area is determined and the source of the threat is identified, this is to determine the direction and recommendations for future management.

The HCS assessment analyzes current patches of forested areas where the results of these patches will result in patches that are connected to HCV and have good forest density. The integrity of the two assessments will provide an overview of the area that will be managed and monitored as conservation areas within the company's concessions.

The total identified HCVs in PT SEC are 826.1 Ha (HCV 1, HCV 3, HCV 4, HCV 5 and HCV 6). For the proposed area itself there are HCV 1, HCV 4, HCV 5 and peat conservation areas, the total conservation areas in the proposed NPP area are 145.60 Ha consist of 44.57 Ha of HCV area and 110.51 ha of peat area (9.50 ha overlapped to HCV area). The total HCS area in PT SEC is 343.12 Ha. There is no HCS area in the proposed NPP area.

The HCV report includes management recommendations that can be carried out by the company. Inform: value, threats, management recommendation, monitoring recommendation.

The specific HCVs identified in the NPP PT SEC area of 597.64 ha on table and figure below.

No	HCV Category	Information	Size of each HCV Class in NPP PT Sarana Esa Cita Area
1	HCV 1	Forested area	-
		River border ¹⁾	2.1
		River bodies ²⁾	42.47
2	HCV 3	Riparian Zone	-
3	HCV 4	Riparian Zone	-
		River Border	2.1
		Hilly area	-
4	HCV 5	River bodies	42.47
5	HCV 6	Sacred sites (Outside Concession)	-
HCV		Total Size Overlap³⁾	44.57

¹⁾ The area overlaps with HCV 4 river border

²⁾ The area overlaps with HCV 5 river bodies

³⁾ These areas are not additive because of overlaps

A soil suitability assessment was carried out on the land in two ways survey method by two different teams. The first method was done by taking soil samples in the field on 23 February 2018. The second method with the Integrated HCV HCS assessment in 2017. Based on two ways survey method, a map of the distribution of land types, soil type and topography in the proposed development areas concession was obtained. Soil Map of 2021 is available as per the survey conducted in 2018.

Most (60.87%) of the study area are located in undulating sedimentary plains (Lawanguwang/LWW) and 36.86% are Kahayan/KHY alluvial plains (RePPProT, 1991). The development areas area dominated by mineral soil which comprised 73.31 % from the total development areas. The development areas comprised of mineral soil, sand soil and peat soil. The peat areas will set aside as conservation area.

The GHG calculation of the proposed development areas was carried out in January 2020. The GHG calculations are carried out by Sustainability Department that have experiences in GHG calculations since 2015. Two land use scenarios are developed. Their potential emissions are estimated using the New Development GHG Calculator released in August 2016. The two scenarios (permutations) considered are as follow:

Scenario 1: Conversion of all areas outside conservation areas (HCV and peat areas) where land area for development of 452.04 Ha

Scenario 2: Conversion of open land and agriculture land where land area for development of 405.34 Ha

The average carbon stock value for each land cover strata is taken from the result of high carbon stock assessment conducted by PT Aidenvironment Asia in 2018. The HCS assessment did not measure the average carbon stock for cultivated land and oil palm, so the default value from RSPO GHG Assessment Procedure for New Development was used. The land cover analysis was conducted using the Sentinel-2 and Landsat-8 dated 4th July 2017.

Potential GHG emissions from the two scenarios are as follows:

- Scenario 1 resulted in potential GHG emission of 0.48 tCO₂e/tCPO
- Scenario 2 resulted in potential GHG emission of 0.57 tCO₂e/tCPO

Potential GHG emissions from both scenarios are net positive due to the higher carbon stock value for agriculture land as compared to that of oil palm. GHG emission in Scenario 2 is higher than Scenario 1 because the carbon stock of scrub measured in the HCSA assessment is lower than the carbon stock of oil palm thus converting scrub to oil palm results in net sequestration. Scenario 1 entail the conversion of all scrub into oil palm thus results in lower net GHG emission than scenario 2.

The scenario chosen for the development plan is scenario 1. Scenario 1 included development of scrub. The conversion of these patches provide tangible economic benefit to the company with minimum environmental impact. There is no conversion neither HCV nor HCS area in this proposed development.

To fulfill the NPP requirement, company also conducted Land Use Change Analysis (LUC analysis) to ensure that there is no deforestation due to land development for palm oil. The Land Use Change Analysis (LUCA) was conducted on October 2019 - January 2020 and updated to February 2021. The area of interest LUCA study is only new concession area as proposed development area with the total area of 597.64 Ha. Multi-temporal analysis of land cover was used to look at the dynamics of land cover that occurred in the proposed development areas from November 2005, November 2007, May 2008, December 2009, January 2010 – May 2014, after May 2014, August 2018 and the current field conditions in February 2021. The results of the February 2021 Landsat image land cover analysis, shows that from the areas of assessment was dominated by cultivated land that cover an area of 424.54 (71.04%). Land cover change in the secondary forest category was from an area of 48.02 Ha in 2005 to become 17.57 Ha in May 2014 and there was no secondary forest since August 2018. The changes in landcover Open Land and Cultivated Land that occurred in the proposed development areas tended to occur due to land use activities in the form of land clearing by the local community (non commercial) both for agriculture and mixed garden include oil palm land for their livelihoods. Company is committed of no operational plantation activity until NPP process is completed and the land cover analysis of 2021 found to be consistent as observed with the ground situation during field observations.

Result of land cover analysis for each period is as below

Land cover	Cut off Land Cover For Each Period							
	Before 1 st Nov 2005	31 st Nov 2007	27 th May 2008	31 st Dec 2009	Jan 2010 – 9 th May 2014	After 9 th May 2014	Aug 2018	Feb 2021
	(Ha)	(Ha)	(Ha)	(Ha)	(Ha)	(Ha)	(Ha)	(Ha)
Secondary	48.02	21.22	21.22	20.39	18.33	17.57	0.00	0.00

forest	8,03%	3,55%	3,55%	3,41%	3,07%	2,94%	0,00%	0,00%
Shrub Land	120.68	75.29	75.29	66.59	66.59	50.72	0.00	0.00
	20,19%	12,60%	12,60%	11,14%	11,14%	8,49%	0,00%	0,00%
Young Scrubs	330.06	352.42	442.70	471.48	434.17	414.26	72.10	59.57
	55,23%	58,97%	74,07%	78,89%	72,65%	69,32%	12,06%	9,97%
Cultivated Land	29.62	18.62	19.02	10.21	77.11	105.66	474.61	424.54
	4,96%	3,12%	3,18%	1,71%	12,90%	17,68%	79,41%	71,04%
Open Land	69.26	130.09	39.41	28.97	1.44	9.43	50.93	113.53
	11,59%	21,77%	6,59%	4,85%	0,24%	1,58%	8,52%	19,00%
Total (Ha):	597.64	597.64	597.64	597.64	597.64	597.64	597.64	597.64
	100%	100%	100%	100%	100%	100%	100%	100%

The grower has demonstrated the legal right to use the land and has laid the minimum building blocks for an adequate FPIC process for all areas planned for development where company SOP specifies no development to take place until the completion of FPIC process. The FPIC SOP is the specification of the mechanism for subsequent interactions between communities and the company. The development plans have been discussed with the community leaders of villages during stakeholders' engagement and consultation. The company has conducted socialization prior to the development of PT SEC's oil palm plantation December 10th, 2014, there were letters of support from nearby villages for the 2009 and 2008 location permits. The letters of support included the change of PT Agrowiratama to PT SEC. The villages involved: Sabung Village, Sungai Deden Village, Bukit Mulya Village, Sungai Sapak Village, Mekar Jaya Village, Beringin Village, Sumber Harapan Village, Lubuk Dagang Village and Sepantai Village. The document has been signed by the village head and the BPBD as many as 18 people. The agreements clearly states local peoples have the right to say 'no' to operations planned on their lands at all stages of the FPIC process, from initial discussions up until an agreement is signed and ratified by these local peoples. Survey lists of land owners, based on both customary rights mapping and land cadastres is ongoing and from 2015 to the date of audit a total 38.64 ha has been identified and compensated at Sabung and Sepantai Villages. Records evidenced on ongoing consultation with the local communities.

During the onsite verification the audit team carried out a public stakeholder consultation with affected stakeholders with the participation of representatives of Sabung and Sepantai village . Based on explanation from stakeholders, in general all community has been well informed regarding the Palm Oil plantation projects, including the positive and negative impacts that may occur. Community members showed their positive acceptance of upcoming program as part of palm oil plantation development in that area and the company's progress with the FPIC process. Community confirmed that company has provide information regarding Location Permit and showing maps of how the project impacted to their areas. Community also confirmed that they have had meetings with company, discussing about communication procedure, land release/submission procedure (land acquisition process), land mapping and compensation measurement procedures. Community stated that they aware of how the community representatives participate on the land acquisition/submission process including mapping, negotiations and compensation payment processes. The negotiations to be facilitated by the community representative teams however need to be conducted one to one with villagers who have developed the land. Ongoing stakeholder consultations have been conducted since signing the agreements to date. Community also stated that they involved on FPIC required assessments conducted by Company in cooperation with consultants, such as Social Impact Assessment, High Conservation Value assessment, and High Carbon Stock Assessment. The company stated their commitment into SIA Management Plan the Company will contribute to increase positive impacts that could improve community welfare through the Management and Mitigation program such as infrastructure development, religion and education support, smallholder scheme program. Community acknowledged company's social contribution to their villages through CSR initiatives. Community representatives clearly understand they have the right to say 'no' to

operations planned on their lands at all stages of the FPIC process.

Conclusion

It is the opinion of the Control Union (Malaysia) Sdn. Bhd. and the lead auditor that PT Sarana Esa Cita (PT SEC) 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 (Malaysia) Sdn. Bhd.

Desk Audit	Onsite verification
<p>Name: Sandra Purba Position: Lead Auditor</p> <p>Signed: </p> <p>Date: 23 Jan 2020</p>	<p>Name: Supun Nigamuni Position: Lead Auditor</p> <p>Signed: </p> <p>Date: 07 April 2021</p>

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

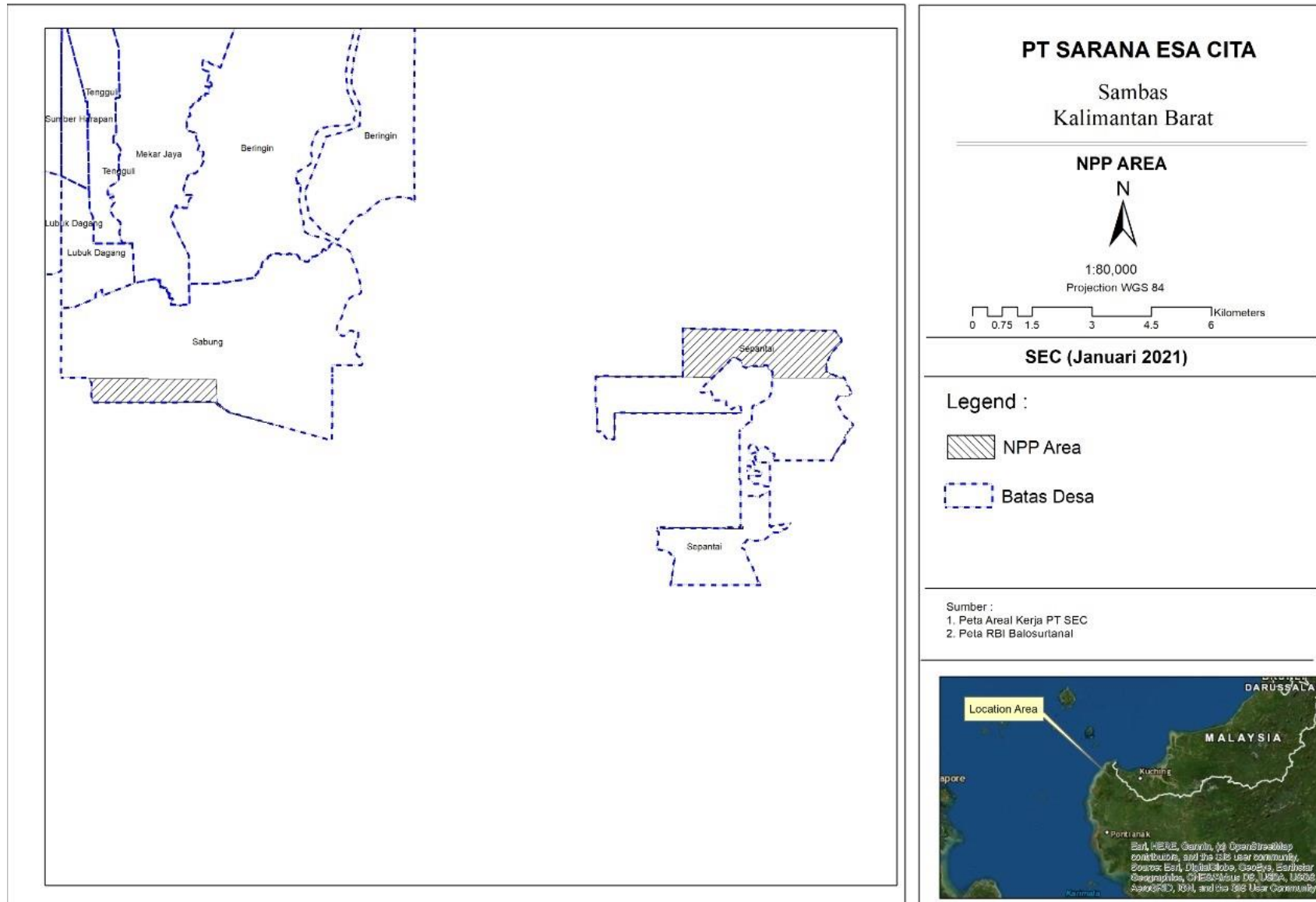


Figure 1. Location and village boundaries of proposed area for New Planting

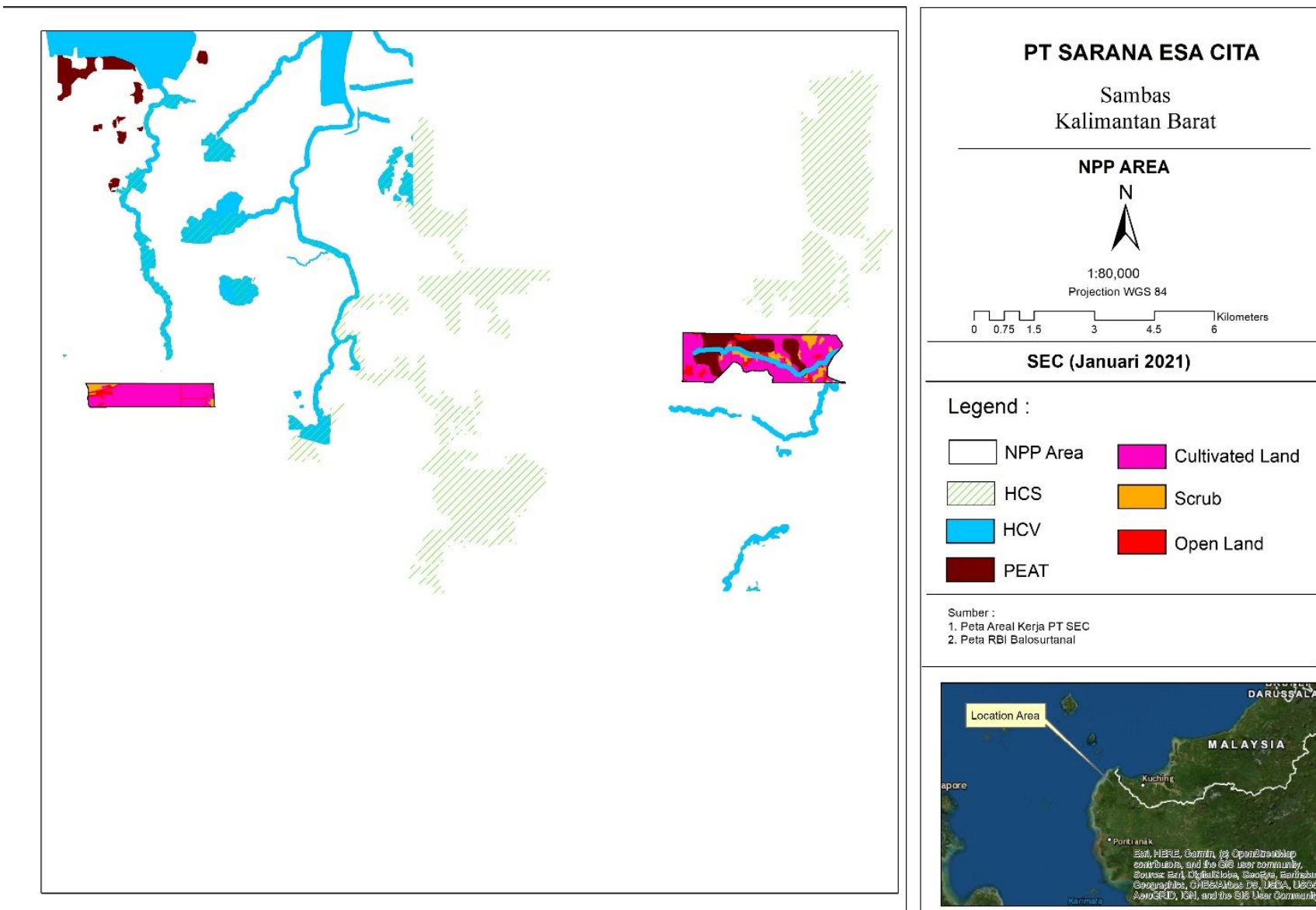


Figure 2. HCV map of the proposed development areas

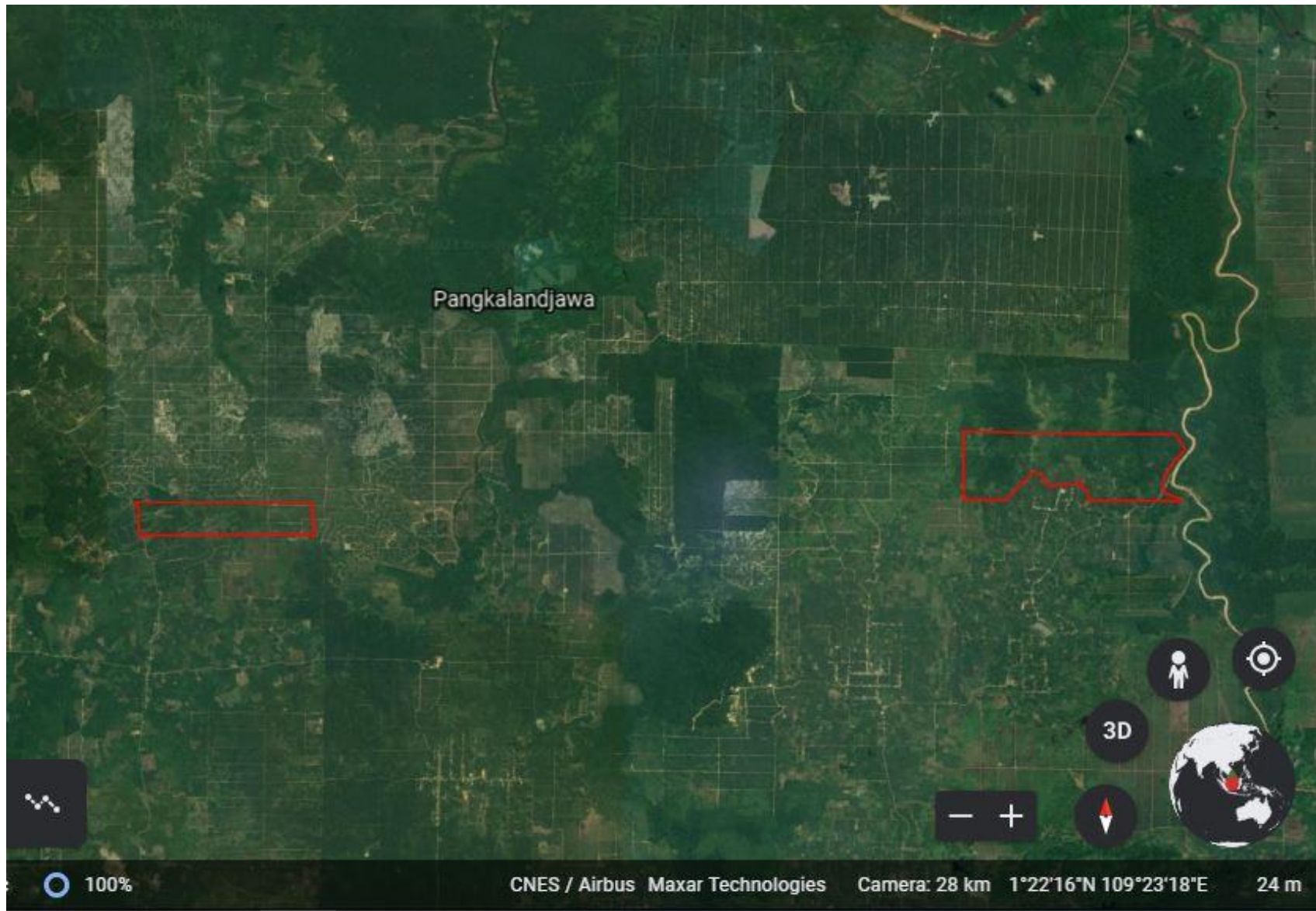


Figure 3. Satellite imagery analysis to demonstrate consistency with company analysis. (accessed on March 08, 2021)

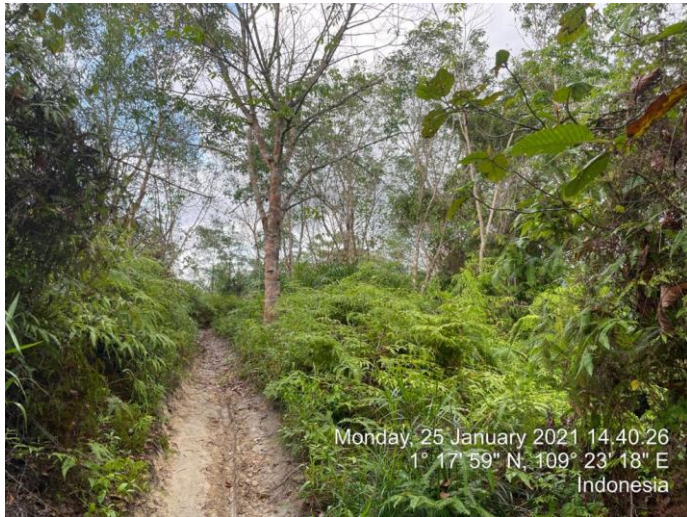
Onsite condition in proposed area for new planting



Picture 1-4. Current condition of boundaries of proposed NPP Area in Subung Village



Picture 5-7. Current condition of Village Oil Palm at Subung Village



Picture 8-11. Other cultivated and scrub area at Subung Village