HCV REMEDIATION PILOT PROJECT - SIME DARBY PLANTATION'S EXPERIENCE

24 June 2014

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Introduction – Background to the Project

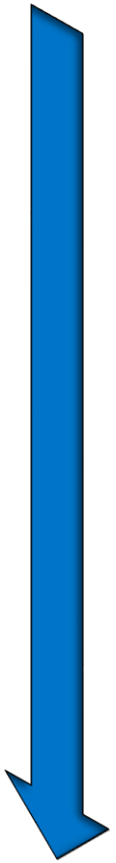
- Sime Darby Indonesian Plantation (SDIP) carried out global HCV assessment in September 2009
  - Possible HCV lost during land clearings & new plantings between the period of Nov 2005 & Sept 2009.

- RSPO Secretariat & SD Plantation agreed on options of 'acceptable solution for HCV compensation'.
  - HCV Remediation Pilot Project in 2010.
  - In Central Kalimantan, Indonesia.
  - Involving 2 of SDP's oil palm estates:
    - Baras Danum Estate
    - Batang Garing Estate

- Based on a 'historical'/ retrospective HCV Assessment approach

8 Stages of Implementation Plan

Stage	Implementation Plan
0	Appoint independent consultants
1	Establish land and remediation project parameters
2	Develop remediation plan to RSPO requirements
3	Carry-out test phase of remediation plan
4	Review and evaluate test phase outcomes
5	Complete remaining phases of remediation
6	Prepare final remediation report for EB review
7	**Prepare remediation guidelines for RSPO based on SDP Pilot Project**
8	Maintenance of areas



Period of Implementation: End 2010 – Mid 2013

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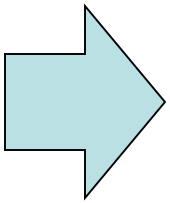
Work Processes

1. Retrospective HCV Assessment
   i. Re-scoping of the remediation project area
   ii. Identification of suspected areas: loss of primary forests and/or HCV areas
      a. Satellite Imageries
      b. Topography & soil maps



Land cover analysis
Analysis of hydrology
Analysis of fragile land

   iii. Verification of the existence of primary forest or HCV areas before the clearance for planting
      a. Ground-truthing; interviews - knowledgeable informants & historical eyewitnesses
   iv. Assessment of values (functions and/or benefits) of HCV areas which have been lost or degraded

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Work Processes

2. The Development of Remediation Options & Proposal
   A. Aims
      i. Reverse, restore, or rehabilitate the long-term benefits and/or functions
      ii. Mitigate –ve impacts which are a consequence of the loss of HCV area
      iii. Substitute or compensate the real tangible functions enjoyed or benefits derived
   B. Options
      i. Scientifically justifiable
      ii. Realistic & practical
      iii. Commensurate with the loss of benefits and/or functions
      iv. Effectively discourage the clearing of primary forest or HCV areas.

Remediation/Compensation Options – Priority

1. *In-situ remediation*
2. *In-situ compensation*
3. *Ex-situ compensation*

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Kalimantan Tengah Project – Remediation Options/Activities

- Remediation of HCV1 lost
  1. Safeguarding the wildlife corridor function of the forest area neighbouring Baras Danum Estate (outside concession area)
  2. Compensation of the remaining mixed rubber-forest area owned by local community in Batang Garing Estate.
  3. Rehabilitation of the non-plantable, ex-illegal mining swamp areas in Batang Garing Estate with forest tree species

- Remediation of HCV4 lost
  1. Establishment of civil engineering structures (land-based & river based) in Baras Danum Estate.
  2. Rehabilitation of land in Baras Danum Estate through planting forest tree species.

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The civil engineering structures are functioning properly to achieve their purposes: the Retaining Dam (above-left), the Gully Plug (above-right), the Water Reservoir (below-left), and the Silt Pit (below-right). All pictures were taken in July 2012.

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The planted seedlings of Gelam *Melaleuca leucadendron and Gerunggang Cratoxylum arborescens that grow well on the ex-mining area in Block U 68 of BGE.*

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The planted seedlings of Waru *Hibiscus tiliaceus and Angsana Pterocarpus indicus that grow well around the Water Reservoir in Block M 59 of BDE.*

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Challenges

- Retrospective HCV assessments are highly debatable, even amongst experts.

- Similarly, the remediation options. Types of remediation? Remediation vs. Compensation? Its priority?

- Extensive resources, expertise and manpower for each remediation activity (from implementation, verification to monitoring phases).

- Timeline – extension from initial one year – 2.5 years period due to extensive review of report and its methodologies for each remediation activity.

SDP's Approach in Developing Remediation/Compensation Plan

- For loss of Biodiversity HCVS
  - Priority given to *in-situ* remediation.
  - Biodiversity Conservation Compensation Projects i.e. Endangered, Rare, and Threatened (ERT) tree planting species in the conservation set-aside areas within our premises.
  - *Ex-situ* Corporate Social Responsibility (CSR) projects.

- For loss of Social HCVS
  - Direct engagement with project affected communities (PAC) on CSR projects.

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In-situ Remediation Options

Riparian Reserves – Biodiversity Enhancement

In-situ Remediation Options

Conservation Set-Aside Areas

Tree Planting Projects at Various Estates

Set-Aside Conservation Areas

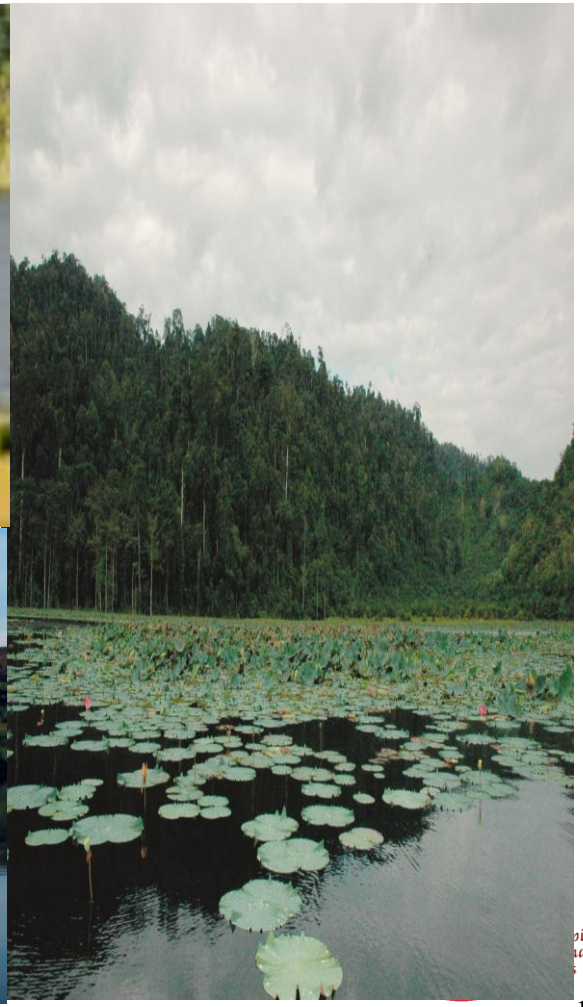
Jentar Project, Pahang

In-situ Remediation Options

Restoration & conservation of water catchment areas

Tasik Impian, Sabah

Water catchment Areas



Plantation

Ex-situ – Corporate CSR Projects

Direct Involvement – collaboration & funding with third party

THANK YOU

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