

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: 26 August 2013

Tick whichever is appropriate

	This is a completely new development and stakeholders may submit comments.
√	This is part of an ongoing planting and is meant for notification only.

COMPANY : **GOLDEN AGRI RESOURCES Ltd**
SUBSIDIARY (If any) : **PT KENCANA GRAHA PERMAI**
RSPO Membership Number : **1-0096-11-000-00**
Dated 31 March 2011

LOCATION OF PROPOSED NEW PLANTING

- Company Name : PT Kencana Graha Permai
- Location : Rangkung Village, Randai Village, Batu Payung Dua Village and Belaban Village. Marau Sub-District, District, West Kalimantan Province.
- Geographical Location : 110°32'12,16058" – 110°38'18,69986 E and 2°4'22,15632" - 2°11'1,98912" S
- Surrounding Entities
 - a. North and : Protected forest of Gunung Raya, production forest
 - b. East : Oil palm plantation of PT Budidaya Agro Lestari
 - c. West : Oil palm plantation of PT Cahaya Nusa Gemilang
 - d. South : Oil palm plantation of PT Karya Bhakti Agro Sejahtera
- New Planting Area (planted) : **1,049.51ha**
- New Planting Area (remaining) : **1,767.89 ha**
- Permit :
 - a. Location Permit (Izin Lokasi): Regent of Ketapang Decree No. 176 dated 15 June 2005 on location permits for oil palm plantation PT Kencana Graha Permai covering ± 10,000 ha. Valid for 3 years with possibility of a one-time extension.
 - b. Extension of Location Permit: Regent of Ketapang Decree No. 37/2009 dated 6 February 2009 for extension area of 11,000 ha in Marau Sub-District, Ketapang District, for a term of 12 months without possibility of extension.

- c. Plantation Business License: Regent of Ketapang Decree No. 223/DISBUN-D/2012 dated 1 May 2012 covering 10,000 ha and mill capacity of 60 tons of FFB/hour. Location in Marau Sub-District, Ketapang District.
- d. Land Use Permit (HGU): The application to the National Land Agency (BPN) West Kalimantan Province No. 836/P-61/VIII/2011 dated 1 August 2011 was accepted by BPN on 12 August 2011. The application is still being processed by the National Land Agency.

- Location Map : Figure 1, Figure 2 and Figure 3

Figure 1. Location Map of PT Kencana Graha Permai in the District of Ketapang

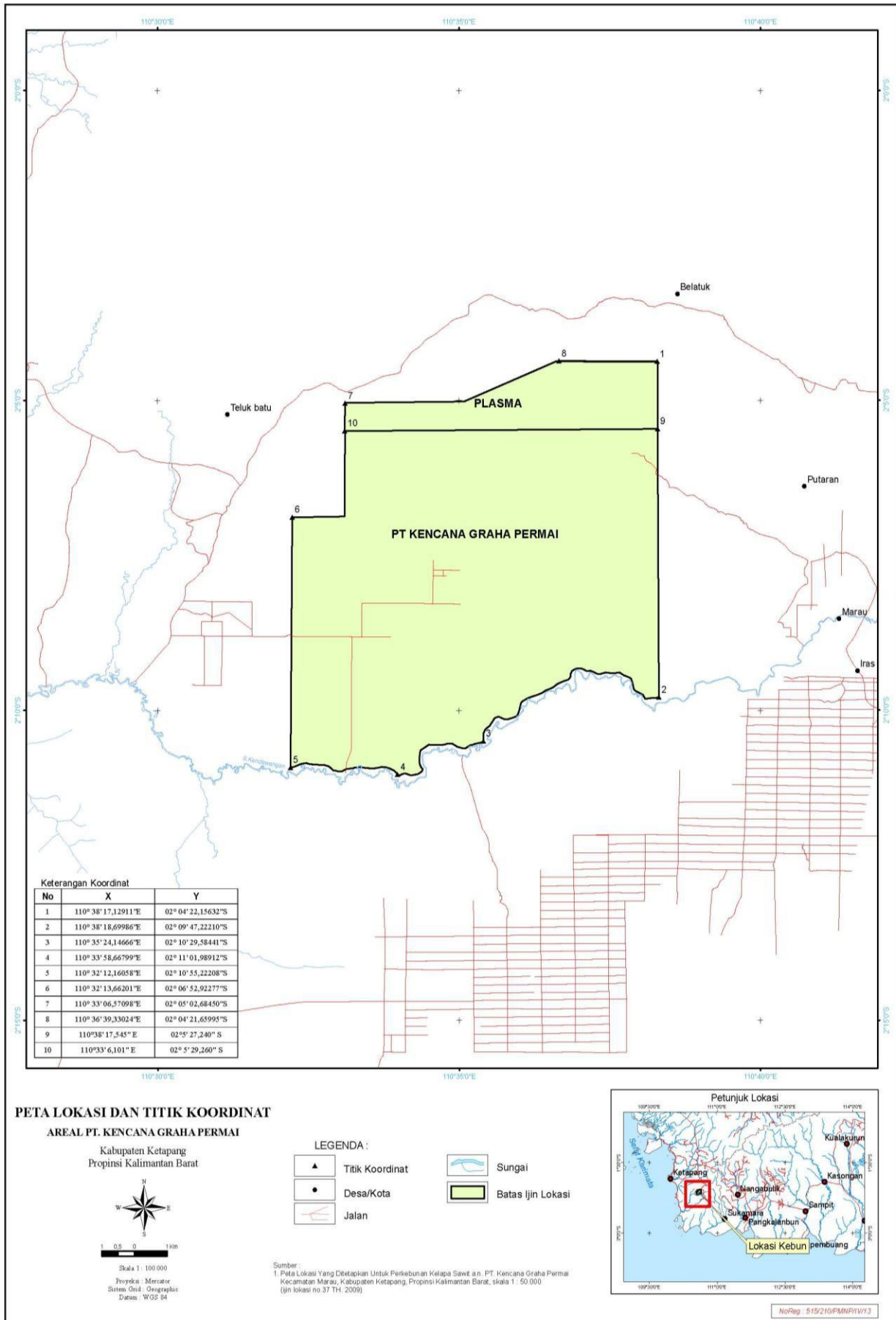
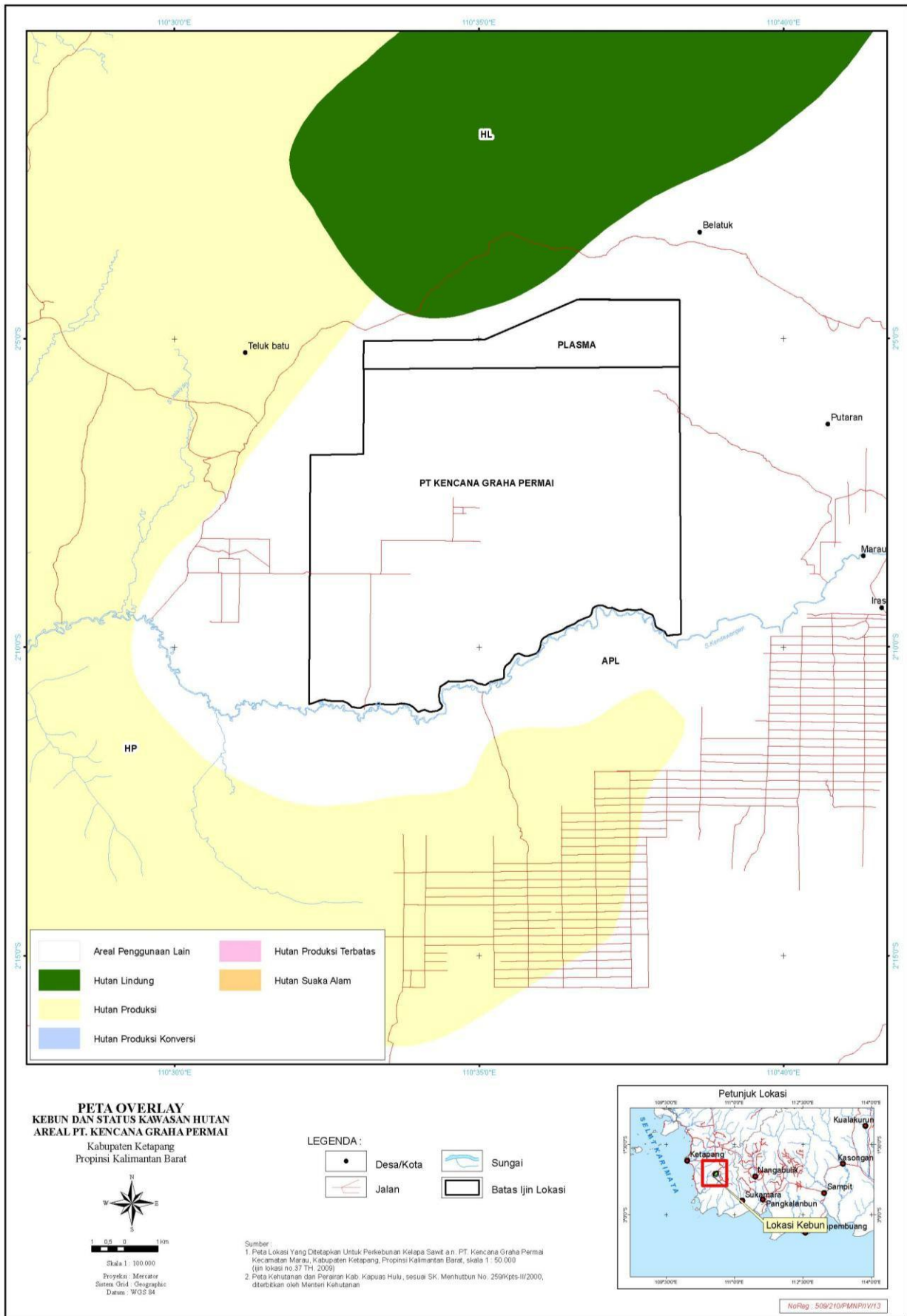


Figure 2. Overlay Map of Plantation and status of Forest Area of PT Kencana Graha Permai (regarding legal process of HGU).



SUMMARY OF SEI ASSESSMENT

An Environmental Impact Assessment (EIA) has been prepared by the Environmental Research Centre, Tanjung Pura University (PPLH-Utan), Pontianak. The team was led by the Head of PPLH and other experts in physics-chemistry, biology, socio-economics, culture and sociology.

Governor of West Kalimantan Decree No. 546 dated 7 July 2008 stated that plantation activities (over an area of 10,000 ha) and palm oil mill (capacity 60 tons of FFB/hour) PT Kencana Graha Permai in Marau Sub-District, Ketapang District, West Kalimantan Province, are environmentally feasible.

The EIA was conducted using the following methods:

- a. Secondary data collection through literature
- b. Data collection through observation and field orientation
- c. Data collection through observation
- d. Data collection through laboratory analysis
- e. Data and information collection through public hearing and focus group discussion

Environmental Management Plan for PT Kencana Graha Permai adopts a technological, socio-economic and institutional approach. The plan has been approved by the EIA Commission of the Environment Agency, West Kalimantan, No. 546 dated 7 July 2008.

The Company also has a Social Impact Assessment (SIA) prepared by an internal team from PT SMART led by an RSPO-approved HCV Assessor and with members who are experts in social development and prosperity, social and cultural anthropology, socio-economic politics and corporate social responsibility (CSR) management.

Results of the SIA of PT Kencana Graha Permai are as follows:

No.	Social Impact	Social Issue
1.	Community Perception	Involvement of the government, community leaders, and traditional institutions in every activity of land acquisition and at the pre-construction stage.
		Land acquisition activities may trigger conflict because of disagreement over the land acquisition price.
		Clarity on plasma programme and planned CSR programme.
2.	Social Anxiety	Local labour quotas need to be considered and adapted to the needs of the Company.
		Activities of land acquisition may trigger social conflicts particularly when pricing differs from the negotiated price, as well as disputed land ownership.

No.	Social Impact	Social Issue
3.	Opportunities for Work and Business	Increase in community income through the operations of the Company.
		The Company needs to provide supporting facilities to improve employees' quality of life.
		The Company uses particular contractors continuously according to its needs.
		The Company is responsible for its employees' welfare, competence, rights and safety through its occupational health and safety programme.
		Emergence of stalls, kiosks and increasing income sources as a result of increasing economic activity in the
4.	Social Unrest	Difference between the number of local and migrant workers hired by the company.
5.	Community Health Disorders	Residual waste from Company operations is responsibly reused; waste classified as B3 is managed properly and in collaboration with third parties.
		Adverse environmental sanitation in the community is due to degradation of environmental quality after land clearing.
		FFB delivery to the factory often creates dust and pollution that can cause upper respiratory tract diseases. The company makes an effort to reduce such pollution.
6.	Regional and Community Income	The Company abides by the rules regarding taxes and licensing.
		The number of graduates with higher education is increasing. This shows the Company's contribution to the community in the study area.
		The Company supports cultural and social activities.

SUMMARY OF HCV ASSESSMENT

Identification and analysis of High Conservation Value (HCV) covered an area of 11,295.48 ha in the concession of PT Kencana Graha Permai (based on location permits from the Plantation Agency, Ketapang No. 551.31/0459/Disbun C dated 17 March 2005). The study was conducted by the Faculty of Forestry, Bogor Agricultural University (IPB) from May to August 2010. The assessment team consisted of six experts in biodiversity, flora ecology, watershed management, hydrology, land conservation, social, mammalia and flora, avifauna and herpetofauna, mapping (GIS) and environment and socio-cultural studies.

The assessment took place over 13 month (June 2010 – June 2011) including a six-day survey (June 11th – 16th, 2011). The locations were Rangkung Village, Randai Village, Batu Payung Dua Village and Belaban Village, Marau Sub-District, Ketapang District, West Kalimantan Province..

Public consultation on HCV was held on 16 June 2010 in Marau Sub-District. It was attended by 26 participants representing the sub-district, village and staff, commander of the army administrative unit, police chief, community leaders, religious leaders, estate unit and other stakeholders. Documents and photos are available.

The HCV identification method followed the “Identification Guide for High Conservation Value area in Indonesia” (2008) and RSPO Principles and Criteria and National Interpretation P/C RSPO. The stages of HCV identification and analysis were:

- a. Document collection through documents/report and relevan map
- b. Review documents
- c. Secondary data collection
- d. Survey include mapping and landscape, assessment of flora and fauna, social, economic and cultural aspects
- e. Analysing and mapping

The final report was peer reviewed in November 2011 by an independent consultant who was an RSPO-approved HCV assessor.

The HCV identification and analysis identified six HCV with the total HCV area being 639.91 ha pr 5.67% of the total area:

No.	Elemen HCV	Extent (Ha)	Description
1.	1.1	289.81	PT Kencana Graha Permai's concession includes the following riparian areas: SS. Biru (50.64 ha); SS. Langsung (150.21 ha); SS. Melaras (2.37 ha); SS. Pikan (33.64 ha); SS. Keluang (13.31 ha); SS. Perasan Bikuk (6.70 ha); SS. Minyak (12.08 ha); SS. Tong Pakit (18.08 ha); SS. Penyebrangan (4.42 ha); SS. Asahan Sambar (11.58 ha); SS. Melajau (59.12 ha); SS. Sanuwansi (6.98 ha); SS. Sianglahan (16.7 ha); SS. Puayan (26.08 ha); SS. Pengkayasan (3410 ha). Total area is 469.01 ha. Springs identified are KSMA S. Puayan, KSMA S. Biru,

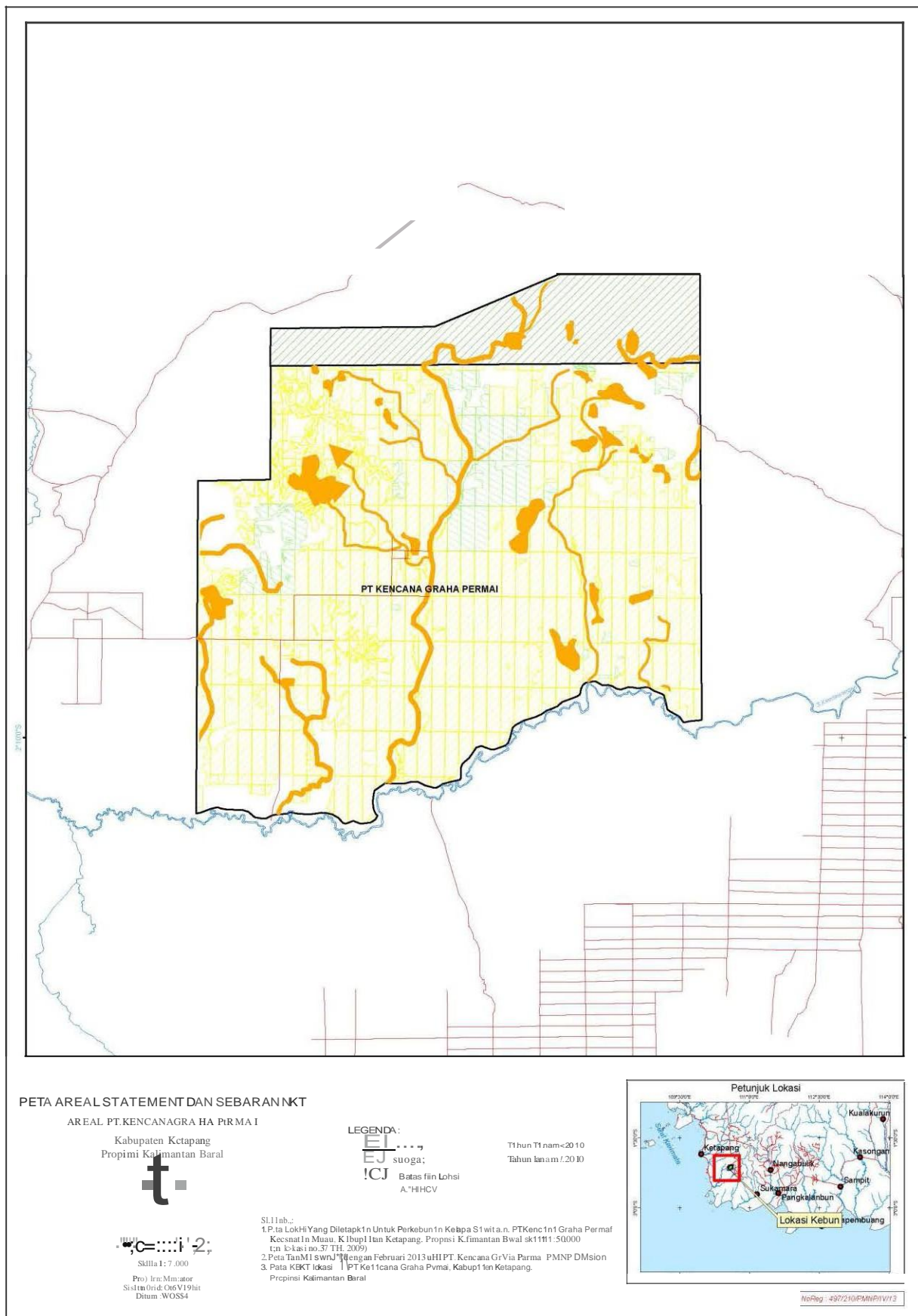
No.	Elemen HCV	Extent (Ha)	Description
			<p>KSMA S. Pikan, KSMA S.Keluang, KSMA S. Melajau, KSMA S. Tong Pakit, KSMA S. Siangsahan and KSMA S. Perasan Bikuk. Each KSMA area is 3.8 ha, making the total area 30.4 ha.</p> <p>The hill that is identified as a protected area is known as Besar Hill (53.61 ha)</p> <p>The assessment concluded that PT Kencana Graha Permai's concession contains a protected area such as timbered riparian that is interconnected with the surrounding protected area (SS Kendawangan and protected forest). The area contains plant species and wild animal that are protected and/or endangered. So that the riparian serve as supporting biodiversity both inside and outside. <i>This was declared in the area's permit PT Kencana Graha .</i></p> <p>The location of HCV 1.1. are SS Biru, SS Langsat, SS Minyak, SS Siangsahan, SS Puayan and SS Pengkayasan.</p>
2.	1.2	93.42	<p>Plant species included in HCV 1.2 are 217 species that 238 species have been identified and 33 species not identified by scientific name. Those species are listed in the IUCN Red List as Critically Endangered/CR such as <i>Dipterocarpus grandiflorus</i>, <i>Hopea ferruginea</i> and <i>Shorea balangeran</i>.</p> <p>Wild animals identified are 50 species such as mammalia (11 species), birds (36 species), reptile (3 species). There were no animals named on the IUCN Red List as Critically Endangered/CR.</p> <p>Locations are SS Biru, SS Siangsahan and SS Puayan with total area 93.42 ha.</p>
3	1.3	639.74	<p>Habitat Area for species population in HCV 1.2 and support them to survive</p> <p>Plant and animal species that are protected and/or Endangered can survive in an area of 639.74 ha.</p> <p>The location are SS. Biru, SS Langsat, SS Minyak, SS Siangsahan, SS Puayan, SS Pengkayasan, Ibul hill, Tembawang Enkabang hill , Tembawang Block E31, and Tembawang Lingkaran Kuning.</p>
4	1.4	150.21	<p>PT Kencana Graha Permai's concession does not have mangrove, grassland along river and batu jilatan,.</p> <p>They also did not find species/ populations of migratory bird and bird nest, but there is other wildlife in the corridor or wildlife refuge area.</p>
5	2.3	355.44	<p>Although HCV 1.1 was present, the team did not find HCV 2.1 and 2.2. It means that this area of the</p>

No.	Elemen HCV	Extent (Ha)	Description
			<p>region will have high predator population with a high reproductive and survival rate too. But the team did not find others species that need widespread habitat to survive. It couased naturally life in low intensiveness.</p> <p>The locations of HCV 2.3 are SS. Biru, SS Langsat, SS Minyak, SS Siangsahan, SS Puayan, SS Pengkayasan, Ibul hill (30.89 ha), Tembawang Enkabang hill (27.43 ha), Tembawang Block E31 (6.31 ha) and Tembawang Lingkaran Kuning (1 ha)</p>
6	4.1	553.02	<p>Areas with HCV 4.1 are an important ecosystem, water supply and flood prevention for the community.</p> <p>HCV 4.1 in the concession area: PT Kencana Graha Permai are riparian ecosystem (SS Biru, SS Langsat, SS Melaras, SS Pikan, SS Keluang, SS Perasan Bikuk, SS Minyak, SS Tong Pakit, SS Penyebangan, SS Asahan Sambar, SS Melajau, SS Sanuwansi, SS Siangsahan, SS Puayan, SS Pengkayasan), surrounding area in springs (KSMA S. Puayan, KSMA S. Biru, KSMA S. Pikan, KSMA S. Keluang, KSMA S. Melajau, KSMA S. Tong Pakit, KSMA S. Siangsahan, KSMA S. Perasan Bikuk and Bukit Besar).</p> <p>The riparian ecosystem (riparian and springs) is crtucial. As the community uses rivers in the permit's area to fulfil basic need of water and protein (fish).</p>
7	4.2	53.61	<p>HCV 4.2 are slope s, soil, rainfall intensity and erosion hazard level</p> <p><u>Erosion Hazard level</u>: include heavy to very heavy (209,74 – 5.150,18 ton/ha/year) while conjecture erosion is varies upon plant management and conservation activities. Company have made terracing in steep slope area and plant cover crop based on slope aspect not Erosion Hazard level calculation. Location is Bukit Besar</p>
8	5	14.7	<p>There are four villages surrounding PT Kencana Graha. im?? such as Rangkung village, Randai village, Batu Payung Dua village and Belaban village. Based on survey and social analysis, timbered area or others ecosystem role important to fulfill basic need and difficult to replace. The basic needs are drinking water from Siangsahan river, Asahan Sambar river and Melajau river.</p>
9	6	56.01	<p>HCV 6 locations are Tembawang Engkabang hill, Tembawang Block E31, Tembawang Block C42, Tembawang Dukuh Durian Tunggal, Tembawang Lingkaran Kuning, Tembawang Bebira, tomb Sungai Pikan-1, tomb Sungai Pikan-2, tomb Block G44, tomb Stantu Blok G43, tomb Geriyang, tomb Baris, tomb Lingkaran Kuning, tomb Sudir, tomb Titi Belian, tomb Durian Tunggal, tomb Pakit Krupuk, tomb Jambu, tomb Kadan Seinsah,</p>

No.	Elemen HCV	Extent (ha)	Description
			tomb Kalimantan Uling, tomb Pancak, tomb Durian Sundung, tomb Bebatu, tomb Sitaduh and tomb Pliser.
Total HCVA		639.91	

*SS (Sempadan Sungai) = riparian

Figure 3. Identification of HCV Areas and the project plan at PT Kencana Graha Permai



DOCUMENTATION OF FREE, PRIOR AND INFORMED CONSENT

The RSPO requires the free, prior and informed consent (FPIC) of the local community that influences the development of a concession area or area that has been opened or will be opened.

There is evidence of FPIC implementation such as socialisation of land clearing and agreement from the heads of the three villages surrounding PT Kencana Graha Permai's estate.

The letter issued by the heads of Rangkung Village (No. 01/PEM/2012, dated 4 April 2012), Batu Payung Dua village (explanation letter dated 14 February 2012) and Belaban village (No. 140/002/PEM/2012 dated 4 April 2012), affirms that:

1. The location covered by the land use permit application is 9,332.80 ha including the three villages
2. Land compensation has been paid to the community and the land has been owned by the company.

The right to use the land is not legitimately contested by local communities or other parties

The EIA shows that socialization, community **participation** and information transparency comply with regulations. The evidence shows the community being informed by advertisements, attendance lists, minutes of meeting and an agreement letter to support development of palm oil plantations.

SUMMARY OF PLAN

PT Kencana Graha Permai has an HCV management master plan for the period 2012 – 2016. It describes programmes, targets, stage of activities, indicators, location and schedule.

The Company also has an Environmental Management Plan and Environmental Monitoring Plan which derived from the EIA Document and sets out time-bound measurement of environmental impact.

The social impact management and monitoring plan drawn up by PT Kencana Graha Permai refers to recommendations for social identification. The plan includes social impact type, resource impact, management actions, benchmarks, location in four surrounding villages (Rangkong, Randai, Batu Payung Dua and Rangkung), the one year period, executive (PT Kencana Graha Permai) and supervisor (Marau Sub-District)

Those three documents guide the management unit of PT Kencana Graha Permai in managing environmental and social aspects in accordance with the RSPO Principles & Criteria for New Plantings.

VERIFICATION STATEMENT

PT Kencana Graha Permai opted for a document audit. Two Mutuagung Lestari auditors conducted a desk study and audit of relevant documents at the head office of Sinarmas in Jakarta from 11-12 April 2013; and also held interviews with the management representatives of PT Kencana Graha Permai (Division Head of Sustainability, Conservation and Biodiversity Division, Certification Officer, Legal & Monitoring Section).

Based on all document verification such as legal documents, HCV identification documents, SIA documents and EIA documents:

1. There is no evidence of land clearing after 2010 in HCV areas, Primary Forest or protected peat area.
2. The Company has considered both HCV and the SIA in its land clearing plans.
3. The Company has complied with the FPIC process in land acquisition.
4. The Company has complied with the legal aspect of new planting, such as location permit and plantation business permit as a basis for oil palm management, while the land use title is pending issue by the National Land Agency

PT Kencana Graha Permai has implemented the RSPO New Planting Procedure. Documentation of assessment and planning has been done completely and professionally in accordance with RSPO requirements and the RSPO Principles and Criteria for New Planting. This is part of an ongoing planting and this report is meant for notification only.

Signed on behalf of

MUTUAGUNG LESTARI



Oktovianus Rusmin
Lead Auditor
20 June 2013

PT. KENCANA GRAHA PERMAI



Dr Haskarlianus Pasang
Division Head of Sustainability
20 June 2013