

HIGH CARBON STOCK APPROACH

HCSA PEER REVIEW REPORT

Company Name: Goodhope Asia Holdings, Ltd.

HCS Assessment Area: PT. Sinar Sawit Andalan & PT. Sumber Hasil Prima

23 October 2019

Dear peer reviewers:

Thank you for agreeing to review this HCS study. As you know, we are asking you to do a desk review of the material provided and to highlight any concerns you have about the land cover classification, land-use planning, or consultation processes. We have invited you as an expert in your field, and hope that you will bring your own experience and knowledge to this review to help the company improve its study. We are not asking you to provide a pass/fail decision, just to give your honest opinion and suggestions for changes to the company's plans or activities to ensure that the HCS Approach methodology is implemented correctly. Please refer to the latest [HCSA Toolkit](#) as reference.

Some of the issues raised in the review may be complicated and long-standing, especially those related to land tenure and historical conflict with communities. It is not within the scope of the review for you to do hours of research and determine who is at fault, or to examine stakeholder activities outside of the particular concession or plantation which is the subject of the review. Rather we ask that you call attention to topics that need further research or more information from the company, to improve community relations in the future or to reassure external stakeholders that the intent of the HCS Approach is being followed.

Background information to be provided by the HCSA Secretariat:

- a) Did a Registered Practitioner Organisation lead the HCS assessment? If not, has the organisation which led the assessment started the process of registration?**
Yes.
- b) Was the HCS Team Leader a Registered Practitioner?**
Yes.
- c) Were at least two (2) HCS team members Registered Practitioners?**
Yes. Bias Berlio Pradayatma and Resit Sözer
- d) Was the HCV assessment judged 'satisfactory' (highest rating) by the HCV Resource Network (HCVRN) Assessor Licensing Scheme (ALS)? (See <https://hcvnetwork.org/reports/find-a-report/>).**

Questions for peer reviewers

(Peer Review Panel: Neville Kemp)

The estimated time to complete each section is noted in parentheses.

1. Peer Review Summary (2 hours, Lead Reviewer)

1.1. What are the major findings and recommendations from the peer review?

Please refer to the peer review results in this report.

Finding: This is a very well written report and provides clarity on the entire HCS approach to derive at a clear conservation and land use plan. The use of contingency table to show changes in land cover classification is especially useful, as are the step-wise maps to show a clear progression and flow of the HCS patch analysis and integration of HCV process to arrive at a final ICLUP.

Reviewers Recommendations: None

1.2. Did the HCS assessment team include or have adequate access to relevant expertise to undertake the HCS assessment?

Please refer to Section 2 of the Summary Report.

Finding: Yes.

Reviewers Recommendation: None

1.3. What elements of the HCS Approach still need to be completed in order to create a final land use and conservation plan? Are there aspects which you feel need to be re-done?

Please review Section 10 of the Summary Report and the peer review results in this report.

Finding: As per 1.1 above, in order for the reader to have greater confidence of the final ICLUP results there needs to be clearer HSC process described in the report.

Reviewers Recommendation: No elements need to be re-done. Please follow priority recommendations above.

2. Social Issues (4 hours)

Please review Section 3 of the Summary Report and please also look at the full HCV report (Section 4) for how HCVs 5 and 6 were assessed. The HCSA Toolkit provides more information on the expected quality of community consultation and FPIC procedures.

- 2.1. Does the summary provided in Section 3.1 adequately represent and explain the community engagement, FPIC processes, and participatory mapping activities carried out?

Finding: Well-presented report but see points in 2.2, 2.3 and 2.4

Reviewers Recommendation: See below

- 2.2. Has a tenure study been completed and has it been vetted by independent social experts?

Finding: Tenure of land for planting has been carried out and this was verified by the HCS team.

Reviewers Recommendation: The role of governments, Chief of Adat community has been clarified as the primarily vetting parties for land tenure.

- 2.3. Is there a participatory land use map and does it contain the key components of community land use including the minimum requirement of 0.5 ha per person for future garden areas?

Finding: There is a map available in the .shp files provided. This differentiates Forested areas, Community Agricultural land and Rivers. It is assumed that the area mapped includes enough area for 0.5ha per person for future gardens.

Reviewers Recommendation:

- 1) Map derived from participatory mapping held during HCV identification inserted in report
- 2) Sources of the land use map provided was developed under HCV, and used as a start point for identification of HCS forest.

2.4. Is there a record of consultation with affected communities and FPIC processes on the proposed development, the HCS Approach and issues/concerns they raised? Did the community nominate their own representatives?

Finding: The FPIC for development process by the company was described clearly. The community represented themselves as individuals and were engaged by the company over a long period of time. The report explains clearly that the HCS assessors verified that a meaningful FPIC process was conducted and still ongoing for plantation development. Complaints about the lack of progress on 'Plasma' is attributed to the need for HCV and HCS to be completed and a final ICLUP accepted before plasma development can proceed. FPIC for HCS was conducted, agroforests were included in the final HCS forests / ICLUP and the consequences of classifying as conserved areas were explained and accepted by community.

Reviewers Recommendation: No recommendations

2.5. Were their views addressed and reflected in the plans and implementation of the plantation? Is there specific reference to the customary owners being made aware that they can say no to the development and they have the right to independent legal representation with regard to their agreements before they sign (to meet the 'prior informed' test)?

Finding: The participative map provided forms the basis of the HCS and other areas that the company can develop, so this would seem that agricultural land (under rubber and other crops) are open to negotiation between community and company (especially as the price of rubber is currently very low). According to the report, the assessors found that the communities were free to withhold consent – "prior informed". Rights to independent legal representation is unknown.

Reviewers Recommendation: The report explains that communities / customary owners were aware that they had the right to say no and prior informed test was met.

2.6. What recommendations do you have for any improvements regarding community consultation and negotiation of Free, Prior and Informed Consent?

Finding: No further recommendations.

Reviewers Recommendation: The report now clearly explains the process of how community maps were produced and used in the development of conservation areas for HCS.

3. Ecological and Conservation Values (4 hours)

3.1. Does the summary provided in Section 4.1 of the Summary Report adequately represent the findings of the HCV study?

Finding: Well written and represented

Reviewers Recommendation: None

3.2. If the HCV assessment was not judged satisfactory (highest rating) by the ALS scheme of the HCVRN (as noted in the introductory information from the HCS Secretariat – please see page one of this document), please do a cursory review of the HCV report as it relates to HCVs 1-4. Do you have any general comments on the quality of the site description, the analysis of the landscape and national or regional context, or the methods used to undertake the HCV study? Were the determinations of the absence/presence and extent of HCVs 1-4 well-justified? Are the HCV management and monitoring maps accurate?

The HCV Report can be found in the SharePoint.

Finding: HCV is a well-written and detailed assessment of the HCVs in the landscape

Reviewers Recommendation: None

3.3. Please review Section 9.2 of the Summary Report. Was the methodology used for the Pre-RBA and the Rapid Biodiversity Assessments (if any) satisfactory? Did the RBA(s) reveal any significant biodiversity values that should have been captured in either the HCV assessment but were not, or warrant protection?

Note that this is a check of procedures, not outcomes. The HCSA Toolkit provides more information on the expected quality of the RBA and the Pre-RBA.

Finding: Medium-forested landscape as described – therefore no RBA required.

Reviewers Recommendation: The assessor correctly followed the decision tree and the suggestion to clarify about RBA not required.

3.4. Are the forest conservation management and monitoring activities outlined in Section 10.3 adequate? Do they take into account forests and protected areas outside the concession?

Finding: Good. Recommendations for Management and Monitoring are adequate and very much consider the surrounding landscape with their forest blocks and protected areas

Reviewers Recommendation: None

4. **Image Analysis** (6 hours, including land use planning/Decision Tree Section 6 below)

4.1. Please review Section 6.1 of the Summary Report. Was the Area of Interest correctly identified?

The HCSA Toolkit explains how the AOI should be identified.

Finding: Yes

Reviewers Recommendation: None

4.2. Please review Section 6.2 of the Summary Report. Were the images used of adequate quality, including resolution and date?

The HCSA Toolkit describes the expected quality of the images.

Finding: Yes

Reviewers Recommendation: None

- 4.3. Please do a quality check using the images provided in 6.3. Was the initial vegetation classification done properly? Do the land cover areas in the tables in Section 6 look reasonable? Are there any obvious errors in classification?

The HCSA Toolkit provides more information regarding the expected quality of the image analysis.

Finding: Reasonable initial classification.

Reviewers Recommendation: Using the images a provided, the initial land classification (illustrated in Figure 10.) looks reasonable.

5. Forest Inventory (4 hours)

- 5.1. Please review Sections 7.1 and 7.2 of the Summary Report. Were the sample plots selected, set up, and measured properly? Please check the inventory plot layout for adequacy.

The HCSA Toolkit describes the expected quality of the forest inventory process.

Finding: The assessors have provided sufficient clarification. While the HCSA Technical Panel is currently providing clarifications to the ALS on this very issue, due to the increasing number of HCS assessment being registered and reviewed, the HCS should developing an open access tool to provide suggested number of samples.

Reviewers Recommendation: Please explain the method used to determine the number of plots required for sampling each strata (Scrub / Young regeneration Forest etc. and whether the $N = t_2 S_2 / E_2$ equation was used. Please be aware that this is not a pass-fail review. Sampling intensity is an on-going issue with HCV-HCS integrated assessments and your input is appreciated as guidance for future assessments.

Company's Response:

Number of plots was determined using proportional calculations based on land cover hectares with given assumption of maximum 60 plots feasible for the assessment period and the available forest inventory team. The plots distribution were determined purposively following particular criteria, namely (1) condition of the vegetation cover, (2) density of the trees, and (3) avoidance of ecotone area. Combination of the proportional approach to determine number of plots and the purposive plots distribution were chosen to improve the accuracy of samplings with limited resources to do the inventory. Though access was available, to cover all of the study area was part of the issues as it is widely scattered (approximately 50 km from the Eastern to the Western part of the study area). Sampling adequacy was tested in iterative process using the ANOVA and Scheffé as recommended in the toolkit. The realization of 63 inventory plots, including adjustments of sample numbers for particular classes, is found adequate to significantly represent the carbon stocks of the potential HCS land covers in the study area.

5.2. Please review Section 7.3 of the Summary Report. Was the forest inventory team qualified?
The HCSA Toolkit describes the expected qualifications of the forestry team.

Finding: Yes

Reviewers Recommendation: Summary of all members given. Well qualified

5.3. Please review Section 7.4 of the Summary Report. Was the allometric chosen adequate?
The HCSA Toolkit provides more guidance on choosing an allometric equation.

Finding: Yes

Reviewers Recommendation: The allometric equation for all species has been provided and is fit for purpose

5.4. Please review Sections 7.5, 7.6, 7.7 and 7.8 of the Summary Report, and do a cursory review of the forestry data and statistical analysis. Are there any obvious errors in the raw forestry data? Are there any flags where a result does not seem consistent with your rough interpretation of the land cover image? Do the final carbon classes seem accurate given what is known about other forests in the region?
The HCSA Toolkit provides more guidance on what statistical analysis should be used.

Finding: No errors in Statistical analysis. Interpretation of field work used to verify land cover classification. No observed errors in raw forestry data and final carbon stock classes are consistent with previous HCS reports for the area

Reviewers Recommendation: All recommendations now included in report.

The report now contains the correct initial land cover classification map and proportional samples based on initial strata.

Getting a very accurate land classification in Kalimantan is difficult because of the similar appearance of agroforestry and abandoned field with that of secondary forest or Young regenerating forest. The assessor describes very well how the initial classification was verified and errors corrected to arrive at an accurate final land cover classification map. There is a very useful “Contingency matrix” of forest inventory plots and changes in land cover classification through the verification process. This kind of matrix should probably be standard in all HCS reports. The large amount of error that is common in Kalimantan and Sumatra exemplifies the need for significant amount of plots to be sampled even in smaller areas.

The agroforest areas have been dealt with and a final area of potential HCS areas is available.

6. Land use planning (6 hours with Image Analysis above)

- 6.1. Please review Section 8.1 of the Summary Report. Was the initial vegetation classification map adequately calibrated and adjusted to take into account forest inventory results?

The HCSA Toolkit provides more guidance on how to incorporate the forest inventory results into the land cover map.

Finding: Calibration of initial land cover classification to final land cover classification now understood and thorough.

Reviewers Recommendation: All recommendation from 5.4 have been dealt with satisfactorily.

- 6.2. Please review Section 9 of the Summary Report. Was participatory mapping data used in step one to identify community lands that should be enclaved? Were patches merged correctly? Was the core area correctly identified? Was the connectivity analysis done correctly?

The HCSA Toolkit explain how to merge patches and identify the core area.

Finding: Participatory map is the basis of the final classification so community lands have all be enclaved (but see 2.3, 24. And 5.4 above). All aspects of patch analysis were done correctly.

Reviewers Recommendation: None

- 6.3. Please review Section 9 of the Summary Report, and select a few sample patches to test that the Decision Tree was used correctly. Were the patches correctly identified as High, Medium, or Low Priority? Was the Patch Analysis done according to the HCS Approach Decision Tree?

The HCSA Toolkit explains how to prioritize patches and go through the Decision Tree.

Finding: All aspects of patch analysis were done correctly.

Reviewers Recommendation: None

- 6.4. Please review Sections 10.1 and 10.2 of the Summary Report. Were the final integrated conservation and land use planning steps completed to maximize the ecological and social viability of the conservation areas (HCV, HCS, peatland, riparian zones, customary forest, etc)? Were the results of the final ground verification (if any) adequately incorporated into the land use plan and final HCS map?

Finding: Areas that can provide connectivity have been included for conservation, HCV are included and the final ICLUP based on information provided is ecologically and socially viable.

Reviewers Recommendation: All points in 2.3, 2.6 and 5.4 have been addressed.