

## SIPEF Public Response for PT DIL

The current paper is a response to the High Carbon Stock Approach (HCSA) peer review comments on the content of High Carbon Stock (HCS) which SIPEF, the current owner of PT Dendymarker Indah Lestari (DIL), has commissioned as a Roundtable on Sustainable Palm Oil (RSPO) requirement. The intent of this response is to provide context and additional information to enable interested stakeholders to understand the relevance of the comments made and our intended actions in response to these comments.

PT DIL is an estate that was first planted in 1997 by a previous owner and was purchased by SIPEF in 2017. The estate was RSPO certified on 27 July 2015 and has successfully passed all the annual RSPO audits since then. The development and ongoing operations of the estate have complied with the RSPO rules, the current study being a compliance requirement under Criteria 7.12<sup>1</sup>.

Although the majority of the estate was planted in 1997-98, the current HCS study was conducted in order to assess areas that had been cleared during the original development, but never planted. The study was completed in May 2019 and submitted to the HCSA on 9 December 2019. The study was assessed by reviewers from the HCSA network and the final results were received on 12 June 2020, 7 months after the registration of the evaluation. No development has taken place on these areas.

The HCSA peer review makes several references to the perception that SIPEF is not conducting sufficient Free, Prior and Informed Consent (FPIC) or social engagement processes. While this may be a perception of the reviewer, it does not reflect the reality on the ground. The review does not recognise that the land rights (HGU) was issued in 1998 and that FPIC processes related to the transfer of land rights were carried out long before the stipulated FPIC requirements of the HCSA. Nonetheless, we recognise that the social management strategy at DIL needs to be well informed and a Social Impact Assessment (SIA), commissioned in 2018, was carried out by Daemeter Consulting. This work was comprehensive and involved all of the surrounding villages. The engagement strategy recommended in that report is being implemented as part of an ongoing social management process. SIPEF is very much engaged with the surrounding communities in other ways not reflected in the review. We have worked hard and have succeeded in reviving a defunct plasma scheme through a local cooperative, which will benefit over 3 000 shareholders, all from surrounding villages, through the replanting of their unproductive palm plantations.

There are issues resulting from structural problems within the HCSA. The peer review process does not reflect the validity of compliance with the RSPO Principles and Criteria. It therefore does not recognise compliance with existing RSPO Principles and Criteria with which the new HCSA requirements overlap. Secondly, the HCSA is an evolving methodology with blurred lines towards becoming a standard. With the HCSA review template it is not possible to reference the HCSA modules. It seems that many of the social requirements may even be sourced from the as-of-yet unapproved Social Requirement Module. Finally, the “High Carbon Stock Approach: Scope of Applicability for RSPO Certification” guidance document was only published on 15 April 2020, and makes no reference to the fact that the HCSA is itself a moving benchmark, which is evolving from its biophysical roots into social requirements.

We would like to conclude by pointing out that we appreciate the efforts being made for quality assurance and, where relevant, we will remedy the errors that have been pointed out. The following annex goes through the review point by point and will put into context some of the remarks made above. We look forward to continue working with RSPO and its partner organisations towards a process of continual improvement. Sustainability is, after all, a process and not a discrete goal.

---

<sup>1</sup> RSPO Principles and Criteria. November 15, 2018.

## SIPEF Public Response for PT DIL

### Annex List of comments to peer review comments

The table below consists of our responses to the final comments from the HCSA Peer Review. The table rows in grey are taken from the HCSA Peer Review and those in white are our responses.

HCSA Review Comment
SIPEF Response

Where there has been no response provided it is assumed we agree with the reviewer.

The land cover map is a key data set for the HCS study and the assessor and reviewer must be convinced that it is accurate. Furthermore, it does not take into account forests outside the concession (within the 1 km buffer). Pg-3
This is not true; the 5 km buffer was provided subsequent to this review.
It is recommended to repeat the HCV assessment and it will be required to do an HCV assessment over the eastern block. Pg-4
The eastern block, which is separate from the rest of the HGU, was abandoned and heavily encroached on by squatters when SIPEF acquired DIL, and there are no plans to develop this area.
- the results should show community forests that have been set aside from development and agricultural land that is necessary for the community to ensure food security (and as such reserved from development). Pg-5
These are requirements that have come into HCSA methodology post 2018. This development was planted in 1997.
Reference made to relevant SOPs (e.g. FPIC and Land acquisition) with a description of their contents and how the company ensured these SOPs were correctly implemented. Pg-5
Again this is irrelevant as the land was acquired long ago, prior to FPIC guidance from RSPO or HCSA.
It is only after the reviewer has read the SIA that the reviewer realised that there is a Kredit Koperasi Primer untuk Anggota (KKPA) scheme active in this plantation. This definitely needs to be described in section 3.1 of the report as this is a major form of community engagement Pg-6
This may be the case for other currently ongoing social work, including a large plasma scheme to benefit all surrounding villages. This hasn't been covered in the assessment due to the changing definition of the scope of the HCSA methodology, which is moving from the biophysical (its original remit) into the social (its current trend).
The acquisition process at PT DIL was undertaken a long time ago, so it is unreasonable to expect the company to undertake a tenure study. The documentation of the <i>Tali asih</i> process meets the requirements of the second paragraph quoted above (regarding recognition of the rights of land owners). Pg-7
Note that the <i>tali asih</i> process is being carried out over areas that had undergone the land purchase process (GRTT) in the past, prior to the issuance of the HGU in 1998. There are areas in the north-east of the plantation that were cleared but not planted during the primary development period. These areas were subsequently squatted by surrounding communities and are subject to the current ongoing <i>tali asih</i> process.
It is too late to set aside land from development for community agriculture because the land acquisition has been undertaken 27 years ago. Pg-8

## SIPEF Public Response for PT DIL

<p>Had this option been contemplated 27 years ago it must be emphasized that these are not communal lands and the actual GRIT involved thousands of individuals. Any land to be “set aside” would have been private land belonging to individuals who had to forfeit their opportunity to sell their land and then subsequently dedicate their private land to the rest of the community for food production.</p>
<p>Regarding point 3, the SOP for New Development has been added. New Development is a particular point in time (which has a beginning and an end), whereas FPIC is a continual process. So New Development is only a subset of the FPIC requirements. Pg-9</p>
<p>It is not practical to expect that a company continually seek consent for activities on land to which legal land rights have been duly transferred and all legal permits for land use have been obtained. The primary function of FPIC is to ensure that the transfer of land rights has followed the correct procedure, respecting FPIC and legal requirements, of which the former are per Criteria 4.5 in RSPO P&amp;C. Subsequent to this, any negotiation and compensation follows the requirements of Criteria 4.6-4.8. To ensure long-term management of social impacts the company must prove its compliance with Criteria 4.1-4.4. The HCSA requires compliance with requirements that go beyond its scope and content when RSPO first referenced it (November 2018).</p>
<p>This could be made clearer, for example, that the company cannot use force or coerce the landowners. Furthermore, there is no mention of suggesting that the community get legal representation. It is recommended that PT DIL do a gap analysis between the requirements of HCSA and the company’s current SOPs. The SOPs will have to be made to be consistent with the very many requirements of HCSA. Pg-10</p>
<p>While SIPEF takes this recommendation on board, it must be stated that we are committed to legal compliance and fair dealing in all of its operations. This is of utmost importance as we are committed to staying on site permanently, and good community relations are paramount to safeguarding our investment.</p>
<p>Additionally, the HCV report does not cover the block to the east. Therefore, an HCV assessment will have to be done on the eastern block in order to complete the HCS assessment. The HCV assessment is 7 years old and is an “old style” HCV assessment that it lacks the level of detail around the documentation of the mapping of the HCVs that is now required. Pg-12</p>
<p>There is no intention to plant palm oil within the block to the east and, therefore, an HCV Assessment there is not relevant.</p>
<p>All the MPP that are not connected to HPP require a risk assessment. However, only a few of the patches have had a risk assessment. The recommendation is to fill out the “risk_assess” field properly. It is assumed where the risk assessment field is blank, these are “low risk.” In which case they would be “Indicative conserve.” It is recommended that a short report be produced that steps the reviewer through the PADT on a step by step basis. Pg-15</p>
<p>The consultant is not available to verify this within the time frame given. This will, however, be verified when possible.</p>
<p>The HCV shapefile stops at the concession boundary. The toolkit requires HCVs within the wider landscape that connect to the concession to be mapped (e.g. rivers). However, a new directive from the HCVRN has extended this to ALL HCVs within the wider landscape must now be mapped. Pg-18</p>
<p>This was not a requirement when the original HCV assessment was conducted. RSPO recognises that growers cannot comply retrospectively with continuously changing standards.</p>
<p>There are major problems with the land cover classification – of real concern are the holes in the land cover layer. But the roads are inconsistently classified (e.g. a road can be classified as open land, shrub or oil palm). Pg-20</p>
<p>The consultant is not available to correct this within the time frame given. This will, however, be corrected.</p>

## SIPEF Public Response for PT DIL

<p>The reviewer recommends that the whole landcover classification exercise is repeated. All the updated information should be reflected in an updated Summary Report. Pg-24</p>
<p>The consultant is not available to review this within the time frame given. This will, however, be corrected if required.</p>
<p>The company should provide an explanation about why no plots were measured in the eastern block. Otherwise plots should be measured there, as it is quite a separate geographic location from the other plots. The consultant has stated that there were enough representative plots in the western block. The reviewer does not accept this. The eastern block should also have been surveyed in order to ground truth the land cover and to check the soil type in this area (as no soil data has been provided for the eastern block). Pg-27</p>
<p>Note the correction to our earlier explanation regarding representative vegetation; this was due to there being confusion as to which eastern HCV was being referred to. The eastern-most block was included in the HCS mapping as it was originally part of the HGU of the previous owner. Upon acquisition the area was found to be abandoned, with a lot of incursion, and there are development plans for this area. It is not relevant and should not have been in the original HCSA report.</p>
<p>All trees have been identified only with local names and all densities have been assigned as 0.55 t/m<sup>3</sup>. No effort has been made to assign densities based on the wood density database Pg-28</p>
<p>Although a species specific density would be optimal it may have not been practicable at the time. Using the 0.55t/m<sup>3</sup> average is acceptable as it is higher than what is recommended by IPCC Guidelines, which is 0.49 t/m<sup>3</sup> as per Feldpausch et al., 2004. Thus, this density would give higher and more conservative values.</p>
<p>There has been no analysis to separate the basal area of the rubber with non-rubber in order to show that these are agroforestry areas in the spreadsheet provided. Pg-29</p>
<p>These are active agroforestry areas which, according to the HCSA Toolkit Module 4 Version 2, are not HCS.</p>
<p>The company has stated, that in the patch analysis all HCV areas are automatically part of HCS (in step 1). However, mapping the HCS Patch analysis against HCV areas (see below); the screen shot shows that there are a lot of HCV areas (hatched) that are not considered HCS -indicative conserve in the patch analysis file. Furthermore, in step 1, community lands (which are not necessarily HCV areas) need to be identified and excluded from development in the patch analysis. Pg-32</p>
<p>The reviewer seems to be referring to areas outside of the HGU, which were included only because of the landscape requirement. We have no jurisdiction outside of the HGU.</p>
<p>The patch analysis has been provided, but the landcover and the patch analysis shapefile are not consistent. See the screen shot below. It shows that areas of forest are not included in the patch analysis (red circle) and areas of oil palm are included in the patch analysis (violet circle). Areas of peat have not been added to the patch analysis as areas that are precluded from development. Pg-33</p>
<p>The majority of the peat was planted in the past, and this is being managed as per the RSPO requirements. SIPEF has a no new peat policy to which it will adhere for new development areas.</p>