

Status update from Goodhope Asia Holdings Ltd on the Greenpeace Report entitled “Deadly Trade-off, IOI’s Palm Oil Supply and its Human and Environmental Costs,” on Social and Environmental Complaints regarding its subsidiary PT Nabire Baru

The Background to the Grievances and Complaints identified in the Greenpeace report

Greenpeace published a report entitled “Deadly Trade-off, IOI’s Palm Oil Supply and its Human and Environmental Costs” (“Greenpeace report”) on 27th September 2016. This report implicates Goodhope Asia Holdings Ltd (“Goodhope”)/Carsons Cumberbatch - as one of the third party suppliers who has allegedly breached the sustainability policies of IOI Ltd.

The report highlights on pages 22-27, allegations from Greenpeace regarding the violation of IOI’s sustainability policy by PT Nabire Baru, which is an oil palm plantation subsidiary company of Goodhope Asia Holdings Ltd, located in province of Nabire, Papua region. The report highlights the following alleged violations:

1. Deforestation of primary forest and peatland for oil palm cultivation
2. Irregularities in the Permit and Licenses including commencing land development without having an Environmental Impact Assessment (EIA).
3. Sima village located within the PT Nabire Baru’s concession area having suffered severe flooding.
4. PT Nabire Baru failing to follow proper FPIC process during the land acquisition.
5. Excessive use of force including the use of the state security forces (BRIMOB).

Some of the above allegations and inquiries have been raised previously by other organizations such as Yayasan PUSAKA, Forest Peoples Programme (FPP) and Aidenvironment. In this regard, the complaints made by Yayasan PUSAKA have been already lodged with the RSPO Secretariat under the Grievance handling mechanism. It needs to be noted that the Greenpeace report referred to herein encapsulates all such inquiries pertaining Goodhope’s oil palm plantation development project in Nabire. Further it is to be noted that this Greenpeace report is a media publication as opposed to a complaint to RSPO secretariat.

The Greenpeace report also mentions about the comprehensive social and environmental policy and practices adopted in oil palm plantation developments in Nabire, Papua by Goodhope as a showcase of the company's commitment to adhere with stringent sustainability standards being a member of the RSPO.

Further to the response provided by Goodhope on 28th September 2016, and after having conducted the required due-diligence in this regard, the Company now intends to respond to all specific allegations contained in the Greenpeace report regarding its oil palm plantation development project in Nabire, Papua.

The Complaints Handling Approach

Goodhope directly deals with and responds to issues and allegations on its Nabire project in Papua from various organizations based on factual verifications, individually. The company has completed a series of discussions and consultations, including on-site field verification with the involvement of representatives from the RSPO Secretariat as the facilitator and observer, as part of the settlement process of the complaints raised by Yayasan PUSAKA.

RSPO received a complaint from the NGO Yayasan Pusaka on 19 April 2016. The main allegations contained in the complaint were that PT Nabire Baru has violated the RSPO principles and criteria for sustainable palm oil production, and has also violated both legal regulations and the customary law of the Yeresiam Gua people, who hold customary land rights in the area.

A series of meetings between the parties (Yayasan Pusaka and Goodhope) were conducted on 22 July 2016 and 16 August 2016 and the parties agreed to a joint field visit, with the inclusion of the RSPO Secretariat representatives as observers. The joint visit involving Yayasan PUSAKA, RSPO team and Goodhope was undertaken on 27-28th September 2016.

In order to speed up the settlement process of Yayasan PUSAKA's complaints to RSPO Secretariat, Goodhope team also met with the Forest Peoples Programme (FPP) team who were working together in highlighting the said allegations. This meeting with Mr. Marcus Colchester and Mr. Emil Klede of FPP, and Mr. Franki Samperante from Yayasan PUSAKA was held on 19th October 2016 at Goodhope's office.

Further, Goodhope also officially met with the Greenpeace team on 26th October at Goodhope's office and on 8th November in Bangkok, Thailand in addition to numerous discussions the teams have had in Jakarta. The meetings resulted in mutual understanding and led to recommendations for Goodhope's sustainability performance improvement.

Clarifications on the allegations highlighted in the Greenpeace report

1. Deforestation and plantings on peat land

Goodhope is a committed member of RSPO, which strictly adopts and abides by RSPO principles and criteria (RSPO P&C). It should be noted that RSPO has not yet adopted "no deforestation" as one of the standards due to pending agreement on the carbon threshold for oil palm plantation development. Accordingly, the company has yet to adopt the "no deforestation" policy itself pending the guideline from RSPO. However, Goodhope is committed not to develop oil palm plantation in either primary forest or peatland due to its high carbon stock value.

Goodhope has performed all necessary assessments to ensure the implementation of the RSPO standards in the company's operations. This includes assessments on High Conservation Value (HCV) as the baseline to distinguish the plantable area against conservation areas. Further, the company has also completed High Carbon Stock (HCS) assessment which has been shared with RSPO Secretariat as part of the land use change analysis disclosure. However, Goodhope is prepared to have the HCS reassessed in Nabire by another independent organization acceptable by the complainants and ready to adopt the RSPO set carbon threshold. The company is currently in discussion with a few of such HCS assessment specialist and plans to appoint the selected organization during the 1st quarter of 2017.

Goodhope has adopted "no planting on peat land" as a policy since 2010. Hence the allegation of planting on peat land by PT Nabire Baru need to be further verified. The company develop oil palm plantation based on HCV assessment, moratorium maps and government soil maps. Based on such prior assessments, the company is convinced that no peat land was identified within the concession areas. However, the company admits that a detailed soil survey has not been performed prior to the plantation development in the Nabire project. Therefore, in order to assess the soil types in the plantation and address the issues related to peat, Goodhope intends to commission a

detailed soil survey for Nabire concession by a reputed soil expert and award the assignment by 31st December 2016.

The Company wishes to place on record that PT Nabire Baru's concession areas have been heavily logged over for a more than 30 years as five forest extraction companies have operated in these areas since late 1980s. Rampant illegal loggings both by local communities and migrants are still observed in the areas even as of now. Thus this adds to the Company's conviction that the area is viable for plantation development. Further the company would like to highlight, as this concession lies along the coast, access to loggers had been much easier than inland properties. To reiterate this point, there is a very large disused timber factory adjacent to the boundary of the concession which has been abandoned as they could not operate economically due to the scarcity of timber from the vicinity.

2. Irregularities in Permit and License including the land development without an Environmental Impact Assessment.

The only permit irregularity referred to herein is the issuance of IUP (Plantation operation permit) prior to the AMDAL approval, and the prolonged approval process of the AMDAL. PT Nabire Baru commissioned AMDAL studies as a prerequisite for the issuance of IUP by the Governor of Papua in 2010/11. When the assessment was ongoing, the government informed the company and consultant that the AMDAL approval authority has been transferred to the provincial environmental agency in Jayapura, the capital of Papua. Subsequently, the company learned that the process of AMDAL approval was progressing at a very slow pace in Jayapura and finally it took more than two years for the Company to receive the AMDAL approval. The main cause of this delay in the AMDAL approval was due to a personal issue by the authorized official in the agency.

However, both the government of the Papua province and the Bupati of Nabire were impatient as they were pressurized by local community and clan elders, so the Governor exercised his discretion to issue the plantation operation permit (IUP) requesting PT Nabire Baru to commence its operations pending AMDAL approval. Bupati of Nabire also exercised his authority to issue land clearing permits due to the same reason and then instructed PT Nabire Baru to expedite the development of the oil palm plantation as this was the only means for social development in the area due to the lack of any other viable socio-economic development potentials for the people of Nabire. Therefore the

Company had no option but to commence its operations at minimum levels to satisfy and manage the demands from the government and community, while trying to expedite the AMDAL approval.

Realizing the implications of the AMDAL approval complexity of PT Nabire Baru, the Ministry of Environment, represented by the 1st Deputy of the Environmental Ministry, Environmental Office of Papua Province and Bupati of Nabire convened a meeting with the relevant Papuan government agencies on 12th December 2012 where it was decreed that any development activities that had been done in the area prior to the AMDAL approval will be considered and identified as baseline environmental feature (Rona Awal) in the AMDAL document. Nonetheless, this irregularity issue has legally been cleared up with the issuance of environmental permit for PT. Nabire Baru on the 26th August 2014 from the Papua Governor which clearly justified the commencement of initial activities prior to AMDAL approval.

The government agencies of Nabire and Papua province are mutually in agreement that commencement of limited oil palm plantation development prior to AMDAL approval was not in line with the legal requirements in Indonesia. However, it was deemed as not violating the law as the government exercised its discretion and authority to issue all necessary permits, particularly IUP and land clearing licenses which were the main requirements for land development.

3. Flooding in Sima village located within PT Nabire Baru's concession area

During the joint visit undertaken together with representatives of RSPO to the Nabire plantation location on 28th September 2016, the team learned from documented facts and other information, and also confirmation from local authority that the flooding in March 2016 occurred extensively in various locations in Nabire, especially those located in low lying areas, such as Sima village. The government confirmed that the flood occurred due to unprecedented rainfall in March 2016 reaching more than 800 mm that month. From many media reports it was very clear that many parts of Nabire were affected including severe damages to many government roads and bridges during this month and this was a general weather event for the region.

Additionally, secondary checks on internet via YouTube documentaries reveal that there has been incidences of flooding in Sima village as far back as 11 August 2010. Hence it is clear that the flooding during the month of March 2016 was caused by unusually heavy rains that affected many

parts of Nabire, and not just this village alone. Therefore, the assertion that the land clearing by the company caused or contributed to the floods of Sima village is baseless .

4. Failure to follow a proper FPIC process

Yayasan PUSAKA in its complaints also alleged that the Company failed to follow FPIC process as prescribed by the RSPO. During the field verification conducted together with the RSPO team and the official meeting held in the presence of FPP and Yayasan PUSAKA, the company demonstrated evidence that community consent had been obtained as shown in the land compensation processes and documents. These include;

- a series of meetings with representatives of clan elders, community leaders and other representatives to get community consent
- followed by displaying the lists of eligible landowners entitled to receive compensation, for public review.
- The listed landowners were subject to scrutiny and examination by all community members.
- Payments for land compensation to all the eligible indigenous people groups and individuals were well documented.
- All payment processes were witnessed by relevant stakeholders, such as local authorities and community.

Yayasan PUSAKA appreciated the above clarifications presented during the meeting but commented that the company should have presented its land acquisition process to the community in a more open and transparent manner. The Company acknowledged that there was a lack of engagement of one segment of the local community in matters that may affect them. Further, Mr. Marcus Colchester from FPP noted that there is no disagreement on the events, but only on the cause of events. He suggested that these matters had escalated to a complaint due to inadequate grievance process and for not allowing the communities to select their representatives and, as Yayasan PUSAKA also noted, due to the lack of recognition of collective rights and the need for inclusive processes of decision-making.

However the Company very clearly explained that this issue has been around a money motivated matter by one specific family and all evidence in this regard has been provided to the teams. As a result of that certain genuine grievances by this section of the community has not been addressed and that was accepted as an oversight by the management of PT Nabire Baru. The Company has

already taken steps to engage with this section of the community facilitated by the local government as the complainant NGO is not available to assist the company at the pace preferred due to their prior engagement with other matters. However we were informed that Yayasan Pusaka will make another visit to Nabire Baru during the first quarter of 2017. The company will, whilst doing the coordination meetings with the local government will also endeavor to utilize Yayasan Pusaka's vast experience in managing similar grievances by local communities in the future.

Minutes of the meeting with FFP, Pusaka and Goodhope is attached as attachment 2.

Allegations on land grabbing are neither strong nor supported by adequate evidence. The RSPO team concluded "the company appears to have all the necessary permits/licences and consents from community leaders and representatives, but this is disputed by a section of the community." Hence it is recommended that the company shares all legal compliance documents with the community to satisfactorily conclude this matter.

Report from RSPO secretariat on this matter is attached to this document as attachment 3.

Regarding the implementation of Free, Prior, Inform, Consent (FPIC) in Nabire, Goodhope has proactively engaged with a third party consultant, LINKS led by Dr. Feybe Lumuru to review the FPIC implementation at PT Nabire Baru. The initial findings show that the implementation of FPIC in Nabire has been in line with guidelines of the FPIC 2008 guidelines.

The FPIC assessment report has been finalized and the full report which is in Bahasa and the English translation is attached to this document as attachment 4 and 5.

5. Excessive use of force including use of state security forces, Brimob

During the RSPO joint team visit and meeting with FPP and Yayasan PUSAKA, the company presented evidence of threats from separatist groups (OPM) which forced the company to report such threats to the government and law enforcement bodies, and the police. The police then assigned and deployed Brimob to maintain peace and order in the area. Since, there is no proper barracks and facilities to accommodate the Brimob, the police asked the company to help accommodate the Brimob team within the Company's facilities. Various allegations regarding violence committed by Brimob were all either proven wrong or untrue based on factual verification by the company together with community and local authority which was confirmed with the relevant concerned parties, including the alleged victims and witnesses.

Goodhope has spoken with the government and the police to have their barrack relocated to an area outside the company concession. The move of having the Brimob pulled out from the company's concession was supported and agreed by Yayasan PUSAKA as it is deemed as government apparatus to which the community are reserved. The voluntary relocation of Brimob is expected to be completed next year.

Additionally, some inaccuracies were noted with regards to some names mentioned as victims of Brimob's excessive use of force, i.e., Immanuel Monei, Titus Monei and Yunus Monei. The RSPO team found out different facts and testimonials from Yunus Monei who said that he want to share facts and evidences. He said that he was accused of writing a letter and a report, that he was involved in and his name was dragged into the "violence issue" related to dispute with PT Nabire Baru. He confirmed that the report is not true as he has never written such a letter. The accusation that his brothers, Titus Monei and Immanuel Monei were beaten and threatened by Brimob was misleading, as the Brimob had to act to neutralize and arrest them as they were drunk and attacking Brimob and several company's staff with sharp weapons at the time. The issue has been settled and the customary compensation paid.

The RSPO team concluded that violence and intimidation by Brimob and the company is doubtful, at best.

Therefore in summary the allegations contained in the Greenpeace report has been addressed by the Company as explained above. However the Company acknowledges that there may be gaps in certain terms of its corporate policies, documents and compliance to transparency identified. However, it needs to be emphasized that these are not significant enough to disrupt Goodhope's operations in Papua.

Goodhope is committed to undertake corrective actions and continuously improve the way the company operates, which include:

- Continue to work with Yayasan PUSAKA to address the complaints through direct communication and engagement among local community groups and between community and PT Nabire Baru
- Sharing the report of assessment of FPIC implementation by LINKS
- Undertake the Reassessment of High Carbon Stock (HCS) for PT Nabire Baru
- Undertaking detailed soil survey for PT Nabire Baru

- Providing shapefiles of all Goodhope's concessions in Papua to Greenpeace
- Develop framework and timeline for voluntary relocation of Brimob from concession areas

Further in order to improve transparency, the Company intends to enhance the present system adopted including improvement of its websites to allow public access to corporate information with real time updates and documentation of grievances.

Goodhope has agreed to provide all requested documents to Greenpeace, including shapefiles maps, notes of meeting with FPP and the complainant (Yayasan PUSAKA) and other documents. Accordingly all the relevant documents have been submitted on 1st November 2016 to the Greenpeace office in Jakarta. The Company is awaiting the response from Greenpeace in this regard to bring this matter to a close.

A handwritten signature in black ink, consisting of stylized, cursive letters, located on the right side of the page.