



KPN CORP
PLANTATION DIVISION



TOWARDS NDPE POLICY COMPLIANCE

January – December 2021

4th
Progress
Report



FOREWORD

The year 2021 gave challenges and hopes at the same time related to our company group's sustainability journey. COVID 19 caused delays in some of the plans we have made. The flood in West Kalimantan also affected the delay in achieving the work plans that we have made in several of our companies in Kalimantan. However, we remain firm with our commitment to implementing our NDPE Policy.

In this fourth progress report, we provide a report on the continuation of the activities that have been reported in the previous progress report. We are going to publish our first Sustainability Report in Q4 2022. The digitization process is one of the achievements that we have started implementing in 2021.

We are gradually improving our monitoring and reporting system technology so that we can present more accurate and efficient information to company management and our valued stakeholders.



KPN's Vision and Mission



Vision

To be one of Indonesia's most prominent Agribusiness companies with the best management practices that provide high returns.



Mission

Improving the company's growth with high standards, while being environmentally friendly, sustainable, and increasing added value for all stakeholders.

KPN's Core Values

KPN Plantation believes that living by strong values is the key to a successful business. Our core values, S I G A P, stay at the heart of every decision the company makes. In Bahasa Indonesia, SIGAP means Vigorous, Ready, and Agile. Each letter of these core values represents the following commitment:



Achievement

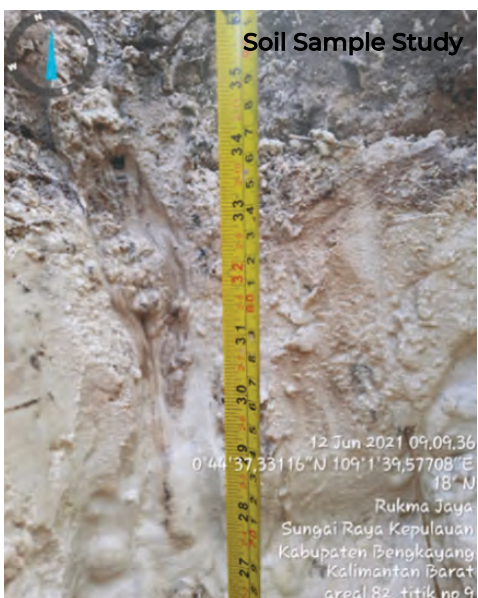
	Re-Entry Requirement	Progress
1.	Stop Work Order	SWO continues to apply at the group level. No new land development.
2.	NDPE Policy	Published in 2018. Updated in 2019. Regular policy socialization to all of our staff.
3.	SOP's amended	<ul style="list-style-type: none"> • FPIC SOPs were developed in Q2 2020. • FPIC implementation training has been held in December 2021. • SOP-Cultivation of Oil Palm is replaced with SOP Water Management.
4.	Concession maps	The concession map is available for public upon request.
5.	HCV-HCS studies	FPIC as a prerequisite of HCV-HCS assessment was held at PT Agriprima Cipta Persada (ACP) and PT Agrinusa Persada Mulia (APM) on 15 December 2021, and at PT Graha Agro Nusantara in 2022.
6.	Recovery plan	The recovery plan Implementation continues in the priority landscape areas.
7.	Time-bound plan	Slight change on the target implementation date due to COVID 19.
8.	Reporting	The First Sustainability Report for the period of 2018-2021 is in the development process.

1.

Issue Stop Work Order

Earthqualizer through its bi-weekly monitoring identified an allegedly land clearing on peatland for 13 hectares within PT Patiware concession, West Kalimantan from April to May 2021. However, after Earthqualizer conducted a field investigation and soil study of the land clearing area, it was discovered that the land clearing was carried out by Cooperative Plasma of Rukmajaya Village. The location of the land clearing is not within HGU of PT Patiware and is not identified as an HCV-HCS area or peatland.

Therefore, no non-compliances were detected in the KPN supply chain in 2021. KPN has been keeping its commitment to comply with its NDPE policy by not conducting any new land clearings on the forest, peat, and peat forest.



Karunia Prima Nastari (KPN Plantation) – PT Patiware (Bengkayang, West Kalimantan)



Information and analysis :

	2016 – 2020 (ha)	Jan – Apr 2021 (ha)	1 – 15 May 2021 (ha)
	50	0	0
	0	0	0
	0	10	3
	Inside the concession, there were fires over 432 hectares in 2019 (source: Aidenvironment).		
	Orangutan	Not available	Not available
	KPN	Sentinel2	High
	Processors/traders: AAK, ADM, Bunge, COFCO International, Fuji Oil, HSA Group/Pacific Inter-Link, Itochu Corporation, KLK, Louis Dreyfus, Lipidos Santiga, Mewah, Neste Oil, Nisshin Oil, Oileon NV, Pertamina, Sime Darby, Wilmar. Consumer goods companies: Avon, Colgate-Palmolive, Danone, Friesland Campina, General Mills, Grupo Bimbo, Johnson&Johnson, Kellogg's, L'Oréal, Mars, Mondelez, Nestlé, P&G, PepsiCo, PZ Cussons, Reckitt Benckiser, Hershey, Unilever, Upfield, Vandemoortele.		
	<ul style="list-style-type: none"> KPN Plantation has 22 mills located in Sumatera, Sulawesi, Kalimantan, and Papua. 		
	<ul style="list-style-type: none"> KPN part of the grievance list of some trader, yet not specifically this case. 		



2.

Adopt NDPE Policy

KPN Plantation's NDPE Policy was launched on 18 September 2018. The policy was updated once on 22 October 2019 for management reorganization from GAMA Plantation to KPN Plantation. We are still using the 22 October 2019 NDPE policy ever since and are open to any new improvements on our NDPE policy to align with new market demands and sustainability requirements. The NDPE policy is an important foundation for our company that is embedded in our operations for the benefit of people, the environment, and the economy. We conduct regular NDPE policy socialization to our staff and workers in all of our operations to put this into practice. We also put up NDPE signboards across our estate offices, palm oil mill offices, and other identified places which contain information on NDPE requirements that must be met and their relationship to the company's sustainability goals.



3.

Amend SOPs

1. SOP FPIC Development and Training

Continuing the development and amendment of Standard Operating Procedures (SOPs) that we have started in 2019, KPN has developed a draft of Free Prior Informed Consent (FPIC) SOP in Q2 2020. The field implementation of this SOP was delayed due to the increasing number of COVID 19 cases in Indonesia. This SOP is important as a guide for our company in carrying out its operations to ensure that our operations run according to the agreement and positively impact the affected communities. Starting in December 2021, together with a third-party service provider, Ekologika Consulting, we conducted SOP FPIC Training for our staff at PT Agriprima Cipta Persada (ACP) and PT Agrinusa Persada Mulia (APM) from 12 -14 December 2021.

There was a total of 37 staff involved in the FPIC training season. We expect after having this training, our staff will have a better understanding of FPIC and can implement it into the company's operations. FPIC training will be conducted at PT GAN in Q2 2022.

DAFTAR HADIR

Minggu, 13 Desember 2021
Pukul 08.00 WIB
Pangkalan FPIC C. Padiatapa

NO	Nama	Jabatan	Alamat	Tanda Tangan
1	M. H. H.	Manajemen		
2	M. H. H.	Manajemen		
3	M. H. H.	Manajemen		
4	M. H. H.	Manajemen		
5	M. H. H.	Manajemen		
6	M. H. H.	Manajemen		
7	M. H. H.	Manajemen		
8	M. H. H.	Manajemen		
9	M. H. H.	Manajemen		
10	M. H. H.	Manajemen		
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32	M. H. H.	Manajemen		
33	M. H. H.	Manajemen		
34	M. H. H.	Manajemen		
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37	M. H. H.	Manajemen		
38	M. H. H.	Manajemen		



2. SOP Water Management and Training

Previously, we had SOP of Cultivation of Oil Palm on Peat as our guidance to cultivate our oil palms that are planted in peatland areas. However, after we have developed an NDPE policy in which there is a commitment not to clear or plant oil palm in peatlands, we then replace the SOP with the Water Management SOP. To ensure that the new SOP can be implemented properly, the company conducted in-house and field training on the understanding and implementation of Water Management SOP in our subsidiaries that have peatlands in the concessions, such as PT GAN, PT AAN-NJP, PT BAS-PLD, PT PTW, PT SAM, PT PANP in West Kalimantan and PT THIP, PT JJP in Riau.

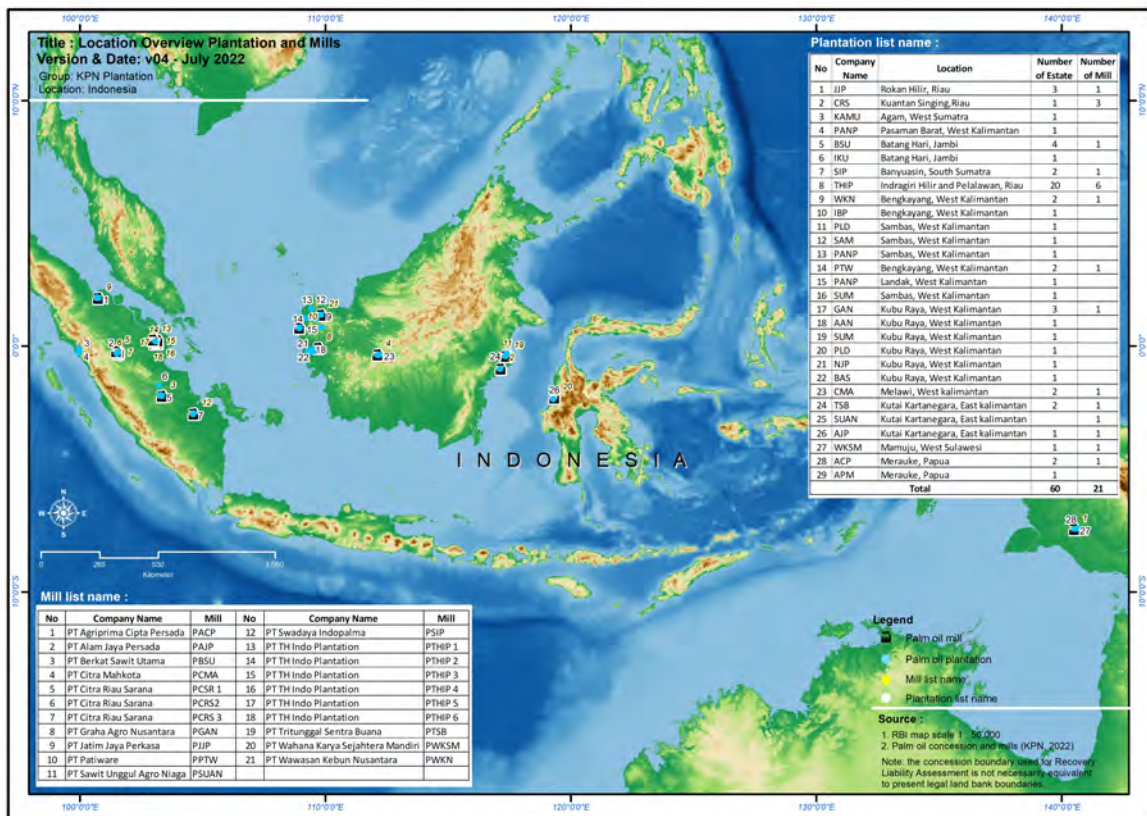
The training was conducted for a total of four days in which two days in West Kalimantan on 28 – 29 September 2021 and two days in Riau on 12 – 13 October 2021. This training was attended by 25 staff consisting of water management assistants, estate managers, HCV assistants, and HSE assistants.



4.

Provide Concession Maps

KPN Plantation operates 27 subsidiaries with its 60 estates and 21 palm oil mills. Two of the subsidiaries, are not plantations. Subject to NDA, a digital version of our concession map is available at the request of interested parties. The location of our operations is available on our website, as shown in the picture below.





A business license is required to do a business on a location permit. In many cases, before the business license is issued, the land has already been used by the community. This becomes one of the challenges to acquiring the area. Over time, not all business licenses can be utilized. To provide legal certainty for business licenses, since 2018 KPN has gradually made changes to business licenses.

- In 2018 -2020, changes in business licenses have been made to the concession in Kuburaya-West Kalimantan (PT: PLD, SUM, AAN, NJP & BAS, Landak-West Kalimantan (PT. PANP) and Mamuju – Southeast Sulawesi (PT. WKSM).
- In 2021, we focus on preparing land analysis on concessions in Bengkayang & Sambas, including PT: WKN, IBP, PLD, PANP, SUM & SAM.
- Target in 2022: Submission of changes to IUP PT AAN and PT NJP in Kubu Raya District

HCV – HCSA – Include FPIC

As stated in our 2019 - 2020 Progress Report, the completion of the HCV-HCS assessment was delayed due to the outbreak of COVID 19 in Indonesia. This outbreak has made us Change the initial plan of the HCV-HCS assessment to 2021. Our HCV-HCS assessment refers to the HCVRN where participatory mapping and land tenure studies must be carried out before the assessment.

Comp.	Consultant	Status as of December 2020	Follow up Action	Completion Target (subject to pandemic)
ACP & APM	Ekologika 	<ol style="list-style-type: none"> 1. The MOU was signed on 25 May 2019 2. Preliminary assessments were carried out on 17-25 June 2019 3. MOU for activities: FPIC, tenure study, and participatory mapping were carried out on January 30, 2020 4. FPIC socialization as preparation for participatory mapping was carried out on 6 clans in 6 villages on 15 December 2021 	<ol style="list-style-type: none"> 1. FPIC socialization to the other 10 clans in 22 villages around the concession. 2. Land Tenure Review to 16 clans in 28 villages surrounding the concession. 3. Full assessment HCV & HCS Integrated Conservation Land Use Plan 4. Submit assessment reports to HCVRN 	Q2 – 2022 Q4 – 2022 Q4 – 2022 Q3 – 2022
GAN	Kyara 	<ol style="list-style-type: none"> 1. The MOU was signed on 26 August 2019 2. Social Assessment was carried out on 6 – 15 January 2020 3. Reviewed MOU for activities: FPIC, tenure study, and participatory mapping were carried out on December 30, 2020 	<ol style="list-style-type: none"> 1. FPIC, Land Tenure Review & Participatory mapping in 6 villages around the concession. 2. Preliminary assessment 3. Full assessment HCV & HCS Integrated Conservation Land Use Plan 4. Submit assessment reports to HCVRN 	Q3 – 2022 Q3 – 2022 Q4 – 2022 Q4 – 2022

1. FPIC at PT ACP and PT APM

On 15 December 2021, we started to prepare participatory mapping by conducting FPIC socialization activities in six kampongs and six clans who are located around our subsidiaries in Merauke District, Papua at PT ACP, and PT APM.

The socialization was attended by a total of 75 participants. FPIC socialization was conducted to inform impacted stakeholders on conservation and integrated land used planning that is going to be conducted by our subsidiaries which may be impacting their lands.

Related government institutions were also attending the FPIC meeting to witness the FPIC process with local communities.



2. FPIC socialization plan at PT GAN in 2022.

PT GAN had signed an MOU with PT Meganesia Tirta Forestra on 1 November 2021 to conduct FPIC socialization and participatory mapping in Kubu Raya, West Kalimantan. Continuation of FPIC socialization and participatory mapping in other clusters in Papua and West Kalimantan is going to be conducted in 2022.

6.

Commit to Recovery

KPN has published the Recovery Plan booklet in March 2021. This book contains a framework and general information on the recovery plan activities and cooperation plans that we will carry out in implementing the recovery plan in our priority landscapes in Kubu Raya District in West Kalimantan, and Merauke District in Papua. Each of the recovery plans is explained further in the next paragraph. The detailed activity information of the recovery plan will be published in 2023.



1.

Social Aspects

Through our CSR program, we support communities who live around our concession area with Social Forestry and Community Development Program that will focus on our concessions in West Kalimantan and Papua.

We are currently in the pilot stage to develop horticultural crop cultivation and animal husbandry which is directed to become an integrated farming system that will eventually become a sustainable source of income for the local community. In determining a program that is suitable for the community, we pay attention to the following things:

1. Community readiness
2. Readiness of Forest Management Village Institutions (Lembaga Desa Pengelola Hutan - LDPH)
3. Village readiness
4. Criteria for Village Development Index (Index Desa Membangun – IDM)
5. Environment / local natural conditions
6. Mobilization access

A. Social Forestry

Our social forestry program is still ongoing and part of the exsitu recovery program which is located Kalibandung Village, Muara Baru Village, and Sungai Asam Village, West Kalimantan with PT GAN. COVID 19 pandemic had been slowing our progress for this program since it had limited us to meeting with the related government officials and communities. However, we plan to continue this progress once the pandemic status is getting lower.

Corn Horticulture Development – Trial of Land Utilization Without Burning (Community Partnership Zone), Kalibandung Village.

We are piloting a development of corn cultivation to generate fast income for the community (1st cycle of harvesting after 3 months of planting). This corn farming will still be in the demo plot scale until the 4th cycle. In the 2nd year, the corn farm will be insert-planted with fruit forest plants (petai, jengkol, durian, or pinang). Before the fruit forest plants bear fruit, the horticulture corn farm will be combined with livestock farms. The combination of the corn farm, fruit forest plants, and animal farm will create integrated farming.

Date	Activities
3-10 October 2021	Land preparation assistance
15 October 2021	Delivery of Phase I seed assistance (R7 hybrid corn)
27 October 2021	Corn Horticulture Cultivation Training
	Submission of Phase II seed assistance
7 November 2021	Submission and Training of Phase I fertilizer application (Urea, TSP & Kaptan Kebomas)
16 November 2021	Assistance in planting corn seeds

Progress in the corn farming is depicted in the images below:



26 November 2021



3 December 2021



17 December 2021

Kalibandung Village - Village Forest Protection

- To make a clear boundary and to protect the village forest for the Social Forestry program in Kalibandung, PT GAN supported Forest Management Village institution (LDPH) to install 98 out of 112 pre-determined boundary markers that were started from 16 to 20 December 2021. The next 14 boundary markers are going to be installed in the second phase.



B. Community Development

1. PT GAN, West Kalimantan

Throughout 2020 and Q4 2021 we have carried out three community development programs in Teluk Bakung (Re'es Hamlet) and Muara Baru Village (Buntu Limbung Hamlet), West Kalimantan.

Our community development programs are as follows:

- Chicken farm at Re'es Hamlet
- Honey cattle
- Citronella farm

Unfortunately, our community development programs could not be carried out as expected due to the flood. We are still in a process to find a program that is suitable for the condition of the environment and characteristics of Teluk Bakung and Muara Baru Village. As an alternative to a chicken farm, we are trying out to build a duck farm in Re'es Hamlet.

2. PT ACP & PT APM, Papua

- We have been collaborating with Merauke Livestock Services in developing an integrated cattle farming and oil palm plantation since 2019. At the beginning stage of the development, we started with 14 cows. We managed to breed additional seven more cows from 2019 to 2021.
- We started a collaboration with the Department of Agriculture and Food Crops Papua Province to develop an integrated pig farming and oil palm plantation which also involved a clan cooperative at PT ACP in 2021. At the beginning stage, the Department of Agriculture and Food Crops Papua donated 25 pigs for the farm. We had been able to raise a total of 53 pigs in December 2021.



2.

Environment

Our focus on insitu recovery is on peat protection through a rewetting program and restoration of degraded land in our concession in West Kalimantan and Papua.

A. Peatland Rewetting

1. PT GAN, West Kalimantan

- 572 of 642 planned peat dams had been completed in December 2021
- 72 peat dams were planned to be used for firebreaks. Therefore, to ensure that these firebreaks function properly, we further analyze the design before we build it.
- PT GAN obtained the blue PROPER criteria for peat ecosystem damage control aspects from the Ministry of Environment and Forestry (MoEF) in 2019 and still maintained the PROPER level until the time this report was made.

B. Restoration/Reforestation

1. PT Agriprima Cipta Persada (ACP), Merauke-Papua
Restoration riparian has been carried out at PT ACP since Stop Work Order (SWO) in June 2018 and is still ongoing. The enrichment is ongoing by planting local tree species, for example *Areca sp.*, *Mangifera sp.*, *Astromyrtus sp.*, *Melaluca sp.*

Progress of the riparian restoration is presented on the images below:



28 July 2018



18 August 2020



7 May 2021

2. PT GAN, West Kalimantan

In PT GAN, we have 3 phases of restoration of degraded land.

Phase I :

Natural Regeneration conducted the Stop Work Order (June 2018) and is still ongoing:

- a. Ex- Roads & Canals (Total area: 92 Ha)
- b. Buffer zone (Total area: 20 Ha)
- c. Forest Regeneration – ex land clearing (Total area: 370 Ha)

Phase II :

Revegetation of the open areas was carried out in the first to the fifth year. Nurseries were developed in November 2019 and planting of local tree species and agroforestry was done in March 2020. The nursery and planting of local species are ongoing. Degraded forest area restoration (Phase II) progress as of December 2020:

- a. Ex- Roads & Canals ($\pm 2,8$ Ha)
- b. Riparian buffer zone (± 1 Ha)

Phase II 2021 :

Continuation of revegetation of degraded areas that are used to be roads and canals.

- a. Ex – Roads & canals (± 24 Ha)



3.

Landscape initiative

1. Delta Kapuas Landscape - Kuburaya , West Kalimantan:

Co-Management Fire Prevention

- PT GAN conducted an emergency response training for land and plantation fire prevention together with the community and the Head of Muara Baru Village, Kali Bandung Village, and Pasak Tiang Village, which was also attended by related institutions, such as Sub District Head, Sector Police, Military Rayon Command, Manggala Agni, District Plantation Office, and Kubu Raya Regency Environmental Office, on April 10, 2021. [Source](#)

Co-Management Borneo Orangutan Habitat and Forest Protection

- Following up on an MOU with Muara Baru Village that was attended by several regional government institutions including the West Kalimantan Natural Resources Conservation Agency (BKSDA) that was signed on 18 November 2020, PT GAN conducted agroforestry in the forest area of Muara Baru village on 25 November 2021, which was attended by various local communities and government agencies.

The agroforestry will not only benefit surrounding communities, but also provide a buffer zone to protect wildlife in the forest, including orangutans from extinction. [Source](#)



2. Batanghari Landscape – Jambi, Sumatera:

The Batanghari landscape initiation started in 2019 by developing research programs and human resource improvement, Sustainable Landscape Development for Conservation of Key Species, and lowland forest protection programs. The implementation of this program is carried out in collaboration with several agencies working in the same landscape.

1) Sustainable Plantation Management Program

PT Berkas Sawit Utama (BSU) is part of Collaborative Research Center (CRC) 990 : Ecological and Socio-economic Functions of Tropical Lowland Rainforest Transformation System (EFForTS) Indonesia. EFForTS is a Collaborative Research Center 990 funded by the Deutsche Forschungsgemeinschaft (DFG, German research Foundation that investigates the ecological and socio-economic effects of such transformation based on research carried out in the Bukit Duabelas and Hutan Harapan area in Jambi province focusing on smallholder systems. An MOU that was signed by PT BSU and CRC 990:EfforTS Indonesia on 7 January 2020 was scoping on 1) ecological and socio-economic research; 2) education and capacity building of human resources were followed up by following research activities in 2021 :

No.	Date	Activities
1.	11 - 12 May 2021	<ul style="list-style-type: none">• Presentation of the CRC 990 Efforts – Jambi University program, IPB, Tadukalo, and Göttingen University Of Germany;• Making stable plots• Leaf litter decomposition
2.	05 Jun 2021	Maintenance and re-measurement of plot coordinates using revo tool (emild)
3.	10 - 12 Jul 2021	<ul style="list-style-type: none">• Climate Data (Installing a mini climate station or mini meteo station) for 3 days and then releasing it;• Measuring water infiltration;• Stamens/pollen (only install a trap, after 6 months later, the stamen trap/reservoir will be collected and analyzed for pollen diversity);• Sample roots for species identification validation

4.	15 - 18 Sept 2021	<ul style="list-style-type: none"> • Sound Recording • Dummy Caterpillar • Mosquito (Biji BG trap)
5.	11 - 13 Oct 2021	<ul style="list-style-type: none"> • Fogging to record insects • Winkler sampling • Collection of fresh leaves and dead leaves
6.	15 Oct 2021	<ul style="list-style-type: none"> • Tracking distance of plot boundary O 22 • Ground Surface Temperature Measurement
7.	15-Nov-2021	A sampling of oil palm leaf litter and forest leaves
8.	15-Nov-2021	Scan Lidar using the Zeb Horizon tool
9.	15-Nov-2021	<ul style="list-style-type: none"> • Light spectrum data retrieval • Photo data capture using a thermal camera • Hydro thermometer measurement



2) PT Restorasi Ekosistem Indonesia (REKI):

Following up on the MOU signed on 14 August 2020 between PT Restorasi Ekosistem Indonesia (PT REKI) and PT Berkas Sawit Utama regarding HCV Protection Area, Concession Protection Area, Business Development, and Sustainable Landscape Development for Key Species Conservation, there were three main activities we conducted together with PT REKI in 2021:

- i. The study of Biodiversity & Non-Timber Forest Products inside the PT BSU conservation area was carried out in May-June 2021. The results of the study include:

Bird

41 species.

Two species are also included in the IUCN red list, namely Blue-winged Cica-leaf (*Chloropsis cochinchinensis*) with Endangered (ER) status and Buffalo crust (*Acridotheres cinereus*) with Vulnerable (VU) status.

Mammal

7 species.

Three species are included in the IUCN red list, namely: Sun bear (*Helarctos malayanus*) with Vulnerable (VU) status, Ajag (*Cuon alpinus*) with Endangered (ER) status, and Sambar Deer (*Cervus Unicolor*) with Vulnerable status (*Cervus Unicolor*).

Reptile

7 species.

Amphibian

7 species.

Fish

9 species.

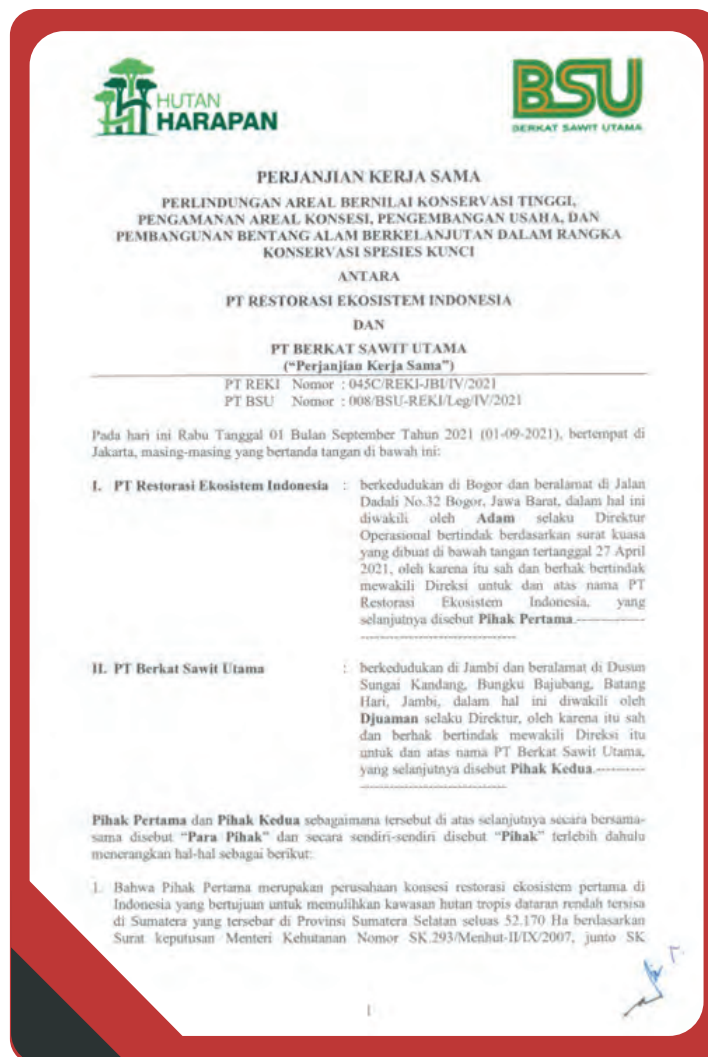
Plant

101 species.



ii.

The signing of the cooperation agreement between PT BSU and PT REKI on 1 September 2021.



The signing of this commitment is a continuation of a survey of biodiversity (flora fauna) and non-timber forest products (NTFPs) conducted in collaboration with PT Restorasi Ekosistem Indonesia (REKI).

This commitment covers restoration activities, such as:

- Restoration of degraded conservation areas including riverbanks,
- Area Security Patrol,
- Monitoring of endemic leaf flora includes the installation of camera traps to monitor key species, Installation of area protection warnings and,
- Long-term plan for community empowerment through non-timber forest product utilization (NTFP) and integrated agriculture.

- iii. Joint planting and signing of commitments with the surrounding communities and government agencies.
[Source](#)

3) Lowland Forest Landscape Protection Program.

Meranti Harapan landscape was initiated by WARSI & Partnership For Forest.

Meranti Harahapan, is a lowland forest landscape protection program, PT BSU has an interest to be involved in a lowland forest protection program together with 5 other companies, namely:

- a. Restorasi Ekosistem Indonesia (REKI)
- b. PT Agronusa Alam Sejahtera (AAS)
- c. PT Alam Lestari Nusantara (ALN)
- d. PT Bumi Persada Permai (BPP)
- e. PT Sentosa Bahagia Bersama (SBB)

The activities that have been carried out by PT BSU in this program are as follows:

1. On 7 May 2021, Discussion with Partnership for Forest for program initiation
2. On 07 Dec 2021, Discussion with WARSI and Partnership for Forest, Introduction of activity framework.

Next step: This program involving 6 companies will form a forum that is strengthened by the signing of a joint MOU planned for Q1 2022.

3. Sungai Guntung Landscape - Indragiri Hilir, Riau

- a. Continuing the mangrove conservation program that had been initiated by PT THIP in 2020, a collaboration with third parties was started by the signing of a Joint Commitment and the inaugural Mangrove Planting with: the Natural Resource Conservation Agency (BKSDA), Plantation Service of Indragiri Hilir, Environmental Services of Indragiri Hilir, Sub-District, and Gembaran village. [Source](#)

4. Merauke – Papua

- a. As a manifestation of the company's commitment, the designated corridor area for the Bupul Nature Reserve and the Bian Lake Wildlife Sanctuary is taken from an area that is previously intended for the company's cultivation area of 2,705 hectares (inside the concession) and \pm 4,206 hectares (outside the concession). Therefore, the total corridor area is approximately \pm 6,911 hectares.
- b. On 15 December 2021, FPIC was started at PT ACP and PT APM as a preparation for participatory mapping that is needed to implement the integrated Conservation and Land Use Planning (CLUP).



KPN Plantation has a social responsibility to the surrounding community who live in the vicinity of the company's operational locations. We try our best to ensure that they have a positive impact on the company's presence and their rights are fulfilled.

We have carried out several programs to realize our social commitment to the surrounding community during 2021 namely:

A. Smallholder Program

1) PT. Karya Agung Megah Utama (KAMU),

Our activities at PT KAMU in 2021 are as follows:

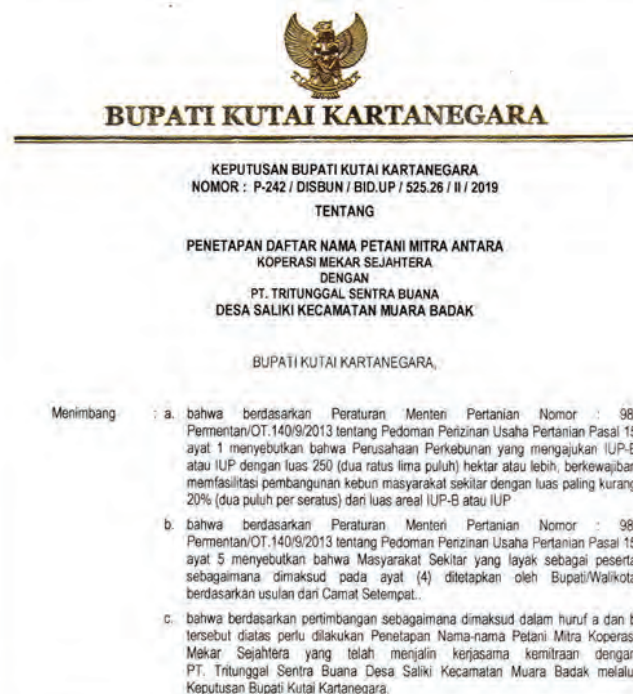
1. Mapping of potential plasma smallholders' land in the context of managing plasma smallholder applicants (*Calon Peserta Calon Lahan* - CPCL) by the National Land Agency (*Badan Pertanahan Nasional* - BPN) Regional Office of West Sumatra Province, dated on April 22-24, 2021.
2. The Provincial Forestry Service of West Sumatra had verified the land status of the potential plasma smallholder. The plasma smallholders' area was located outside the forestland and outside the Indicative Map of Termination of Business Licensing (*Peta Indikatif Penghentian Perizinan Berusaha* - PIPPIB) Map and Peatland (Land Clarification Letter No. 522.1/999/PPH/KPHL-AR/2021, dated on 28 December 2021)



2) PT Tritunggal Sentra Buana (TSB)

We have submitted the names of plasma smallholder applicants (CPCL) of Cooperative Mekar Sejahtera to the National Land Agency (BPN) for obtaining SHM-land ownership certificates dated on 1 February 2019. The submission was registered on two letters of Decision of Kutai Kartanegara Regency Number: P-242/DISBUN/BID.UP/525.26/II/2019 and Number: P-244/DISBUN/BID.UP/525.26/II/2019.

At the moment this report is published, we are still waiting for the land measurement schedule from BPN.



3) PT ACP and PT APM

KPN Plantation developed an independent smallholder program in Merauke, Papua. The main focus of this program is the empowerment of unproductive transmigrant independent smallholders' land that already has an SHM land ownership certificate. Activities of the program are as follows:

1. Program socialization
2. Requests from the community to become partners as independent smallholders
3. Land measurement and verification of land cover and status.
4. Signing the statement letter to become a fostered farmer
5. Handover of ready to plant – oil palm seed

The total land area of the assisted independent smallholders until Dec 2021 is 116.61 Ha, with a total of 115 farmers.



Fire Prevention

1) KPN through PT THIP (Riau), PT. SAM& PANP – Sambas, GAN & NJP (West Kalimantan), assisted with fire handling facilities and infrastructure to related agencies, which were located around the concession. The assistance is as follows:

1. THIP, assistance to the Pelalawan Police Headquarters, in the form of 1 unit of fire extinguisher, 1 Pcs Nozzle, 10 Rollers of Shooting Hose, 1 set of Suction Hose & Filter.
2. PANP&SAM Sambas, assistance to the Sambas Police in the form of 3 Robin Engine Units, 5 Fire Hose Rollers, 1 Robin Engine Unit, 3 Spiral Hoses, 1 Suction Valve, 1 Pc Y Branch
3. NJP, assistance to Village Volunteers / community Concerned with Fire (Madu Sari, Bengkarek, Pasak, and Ambangah Jaya Villages) through the Plantation Service of Kuburaya in the form of 15 packages of uniforms and safety helmets.
4. GAN, assistance to Village Volunteers/community Caring for Fire (Muara Baru Village, Pasak Piang, and Kuala Bakun) through the Plantation Service of Kuburaya in the form of 20 packages of clothes and safety helmets.





- 2) To prevent land fires, KPN initiated an Emergency Response Preparedness Appeal involving relevant stakeholders. This activity was attended by surrounding communities, companies, and related government agencies, such as Plantation Service, Environmental Agency (BPN), Regional Disaster Management Agency (BPBD), and Manggala Agni (Fire Prevention Agency).

The Emergency Response Preparedness Appeal was conducted in the following companies during 2021:

1. PT Berkas Sawit Utama (Batanghari-Jambi), on 24 March 2021. This activity is part of the Landscape Initiative in collaboration with PT Restorasi Ekosistem Indonesia (PT REKI) [Source](#)

2. PT Nusa Jaya Perkasa & Bumi Alam Sentosa (Kuburaya-West Kalimantan), on 30 March 2021. [Source](#)

3. PT Graha Agro Nusantara (Kuburaya-West Kalimantan), on 10 April 2021. This activity is one of the activities of the Kapuas Delta Landscape Initiative. [Source](#)

4. PT Perekebunan Anak Negeri Pasaman & Sentosa Asih Makmur (Sambas-West Kalimantan), on 17 June 2021. [Source](#)

5. PT Patiware (Bengkayang-West Kalimantan), on 26 August 2021. [Source](#)

6. PT Citra Mahkota (Melawi-West Kalimantan) on 14 October 2021. [Source](#)

7. PT Tritunggal Sentra Buana (Kukar-East Kalimantan), on 28 October 2021. [Source](#)

8. TH Indo Plantations (Inhil – Riau), on 23 December 2021. [Source](#)



9.

Traceability

KPN has been developing procedures related to traceability since 2017. Every 6 months, the external FFB purchasing team updates supplier data. Verified supplier data, including:

- Palm oil dealer
- Name of smallholder farmer
- Address of smallholder farmer
- Size of land area
- GPS coordinate point
- Land ownership status.

We evaluate each coordinate point of the farmer's plantation to ensure compliance with the Regional Spatial Plans (*Rencana Tata Ruang Wilayah* - RTRW) regulated by the government.

We have been able to identify 100% Traceability to Plantation on all of our Palm Oil Mills.



1) Subsidiary Priority Scale Report

Supported by Earthqualizer, KPN Plantation has successfully developed the Subsidiary Priority Scale report in July 2021. This document aims to detect environmental risks such as deforestation, loss of biodiversity, peat conversion, and other issues, as well as social risks in all production lines and supply chains of KPN Plantation which are viewed from spatial and non-spatial aspects.

This risk assessment has been carried out on 25 subsidiaries and 21 palm oil mills of KPN Plantation operating in Sumatra, Kalimantan, Sulawesi, and Papua. This assessment procedure was carried out from November 2019 to September 2020.

The spatial approach has 6 parameters as a reference, namely:

- Deforestation, to find out whether there is deforestation in and around the concession within a certain radius;
- Peat, to find out whether there is a peat area that has been cultivated
- Key areas of biodiversity, to know the existence of areas important for biodiversity, and important species that have received global attention;
- Legal status of the land, to find out whether there are protected areas or other areas that might increase the risk of the company or palm oil mill (POM);
- Moratorium, to find out whether there is a PIPPBIP area in and around the concession as well as the status of management by the plantation;
- Location of palm oil mill, to find out whether the POM is built in the Other Land Uses (*Areal Penggunaan Lain* - APL) or vice versa.

The non-spatial approach has 7 parameters as a reference, namely:

- Company legal status,
- NDPE status
- Certification status (refer to ISPO),
- Social issues, such as employment, community complaints about the existence or operational system of plantations/mills,
- Various landscape initiatives by the company
- Various landscape initiatives by the mills
- Fire occurrence reports.

Note: Landscape initiatives are only relevant for subsidiaries whose conservation/concession areas have connectivity with the surrounding landscape.

The results of this priority scale are as follows:

- The spatial and non-spatial risks of the 25 subsidiaries of KPN Plantation are low with the main risk coming from NDPE policy issues that have not been socialized in all subsidiaries, land conflicts with communities, and ISPO certification.
- Spatial and non-spatial risks of 21 KPN Plantation palm oil mills are also low. However, the risk tendency increases with the widening of the study radius with peak risk occurring at a radius of 25 - 50 km for all factories.
- Spatially, KPN Plantation's palm oil mill needs to be selective and act as a function control in receiving FFB from third party suppliers (e.g. Cooperatives, Smallholders, plantations individuals, etc.) they or maybe from their owned plantations, take various persuasive approaches and guide suppliers in terms of:
 - a. Practicing NDPE policies, and sustainable plantation management
 - b. Monitor regularly for possible violations of the spatial aspects of the owned plantation and third-party suppliers.
- Non-spatial and spatial risks will generally be anticipated by implementing NDPE policy transparently. [Source](#)

2) NDPE monitoring system

- a. Sustainability Implementation Monitoring System (SIMS)
KPN has developed a system to monitor the implementation of the NDPE Policy in our operations, namely SIMS. This system is not only able to create a report that shows a level of compliance against our NDPE's Principles, Criteria, and Indicators but is also able to monitor the improvement progress of the non-compliances.

SIMS has been developed since 2020 in the form of manual monitoring of NDPE principles, criteria, and indicators that are the basis for the assessment, combined with other sustainability standards (ISPO, RSPO, ISCC, GGL, and ESG). In 2021, we started the digitation process of this system.

Completion progress of SIMS is 90 %.

A trial is planned to be conducted in June and July 2022. Target to be completed in August 2022.

b. Grievance Tracker.

A grievance tracker is a system to monitor the follow-up of stakeholder complaints. The system will automatically give a weekly early warning to follow-up complaints that have not been closed.

Completion progress is 80 %.

A trial is planned to be conducted in June and July 2022. Target to be completed in August 2022.

11.

Covid 19 Assistance

Throughout 2021, the Covid -19 pandemic experienced its second peak in Indonesia. It is also one of KPN's concerns. KPN also supports government programs in the context of the recovery process, through the facilitation of vaccination activities for communities around the company. The vaccination facilitation is as follows:

1. PT CRS, (Kuansing-Riau), 424 dosages
2. PT TSB, (Kukar – Kaltim), 650 dosages
3. PT SUAN, (Kukar -East kalimantan) 116 dosages
4. PT AJP, (Kukar - East Kalimantan) 400 dosages
5. PT. ACP, (Merauke - Papua) 1306 dosages
6. PT APM, (Merauke - Papua) 642 dosages



Assistance for Flood Victims in West Kalimantan

In 2021, a huge flood occurred in various districts in West Kalimantan. KPN through its companies that are located in districts area who was experiencing the flood assisted in the form of:

No.	Company	Flood Area	Assistance Given
1.	IBP	Danti Village (Momong & Bengkayang Hamlet) & Goa Village (Duginang Hamlet)	51 packages of basic needs
2.	PTW	Pulau Lemukutan, Sungai Raya Kepulauan Sub-district, Bengkayang District	2.000 kg of rice and 1.612 packages of instant noodle
3.	PTW	Pulau Kabung, Karimunting Village, Bengkayang District	2.520 packages of instant noodle
4.	GAN	Pasak Piang Village, Ambawang Sub-district, Kubu Raya District	1,000 kg of rice, 2.000 packages of instant noodle, 200 package of sardine)
5.	GAN	Muara Baru Village	700 kg of rice dan 2.000 packages of instant noodle
6.	CMA	Ella Sub-district and Menukung Sub-district	200 packages of basic needs
7.	CMA	Ella Sub-district and Menukung Sub-district	500 packages of basic needs
8.	AAN	Rasau Jaya Satu Village	121 packages of basic needs
9.	WKN	Gresik Village, Seluas Village, Kumba Village	750 kg of rice, 1.800 packages of instant noodle

Time-Bound Plan

We published our time-bound action plan in November 2019. Due to the peak of COVID 19 cases in June 2021, we had to amend our implementation time to later and to adjust some activities to meet with the current conditions. However, we still commit to our implementation plan.



Visiting Address:

GAMA Tower 46th Floor HR Rasuna Said
Kav. C 22, Kuningan Jakarta Selatan 12946
Indonesia



Inquiries:



info@kpnplantation.com

sustainability@kpnplantation.com



phone: +62 21 21889988