



**STATEMENT ON ALLEGED DEFORESTATION BY PT SUMBER ALAM SELARAS, A SUBSIDIARY OF NPC RESOURCES BERHAD**

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KOTA KINABALU, 13 September 2018 – We refer to the grievance list published by our stakeholders that PT Sumber Alam Selaras (“PT SAS”), a subsidiary of NPC Resources Berhad is one of the companies with alleged non-compliance to NDPE requirements.

PT SAS has received a clarification letter from Kementerian Lingkungan Hidup Dan Kehutanan dated 8<sup>th</sup> May 2017 that the Hak Guna Usaha (“SAS HGU”) area of 8,987.56 hectares as per **Attachment A** is within the “Areal Penggunaan Lain (APL) atau di luar Kawasan Hutan” and when it is overlaid with the “Kesatuan Hidrologis Gambut” (KHG) map, the SAS HGU area is located within the “Fungsi Budidaya Ekosistem Gambut” under SK MENLHK No.130, 2017 which can be developed into an oil palm plantation.

From 2015 to March 2018, the management unit of PT SAS had cleared a total land area of 3,006 ha (33.4% of HGU area) and planted 937 ha (10.4% of HGU area). The management unit has ceased all land clearing works since then, as a constructive response to our stakeholders’ concern.

In addition, we had engaged PT Gagas Dinamiga Aksenta (“Aksenta”) to conduct the relevant assessment in the SAS HGU area relating to NDPE compliance and to provide us with a comprehensive Integrated Conservation Land Use Plan “ICLUP”.

Based on the ICLUP conducted by Aksenta, more than half of the SAS HGU area of (5,016 ha, 55.8% of HGU area) is classified as Conservation Area which includes HCV area, HCS area, riparian and peat land. We have worked closely with Aksenta for recommendation and consultation to implement a conservation management system within the area. In addition, Standard Operating Procedures (“SOPs”) are also put in place to assist in handling human-wildlife conflicts.

The Group acknowledges the importance of HCV/HCS including peat land areas and has taken a pragmatic approach in moving towards better management and protection of HCV/HCS including peat land areas in any future development. In addition, the Group has adopted industry Best Management Practices on the existing cultivation on peatlands. This includes implementing effective drainage and water management systems.

As part of continuous improvement, the integrated HCV/HCS assessment and no peat planting will be part of the new management approach prior to any new plantings in the future, in addition to the commitment for Free, Prior and Informed Consent (FPIC)



**NPC RESOURCES BERHAD**  
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We will continue our efforts in engaging our stakeholders on the implementation of a conservation management system at PT SAS as well as at our other operating units/subsidiaries in both Kalimantan Timur, Indonesia and Sabah, Malaysia, if any, and we shall provide an update on any material developments regarding this statement accordingly.

- END OF STATEMENT -



**STATEMENT ON ALLEGED DEFORESTATION BY PT SUMBER ALAM SELARAS, A SUBSIDIARY OF NPC RESOURCES BERHAD**

**Attachment A**

