

Dear Mr. Cassidy,

Thank you for providing us the opportunity to comment on the statements in the letter addressed to the Harita Group in regards with its timber logging operations of PT. Rodamas Tbr Kalimantan (RTK) and PT. Kemakmuran Berkah Timber (KBT). Kindly note that the oil palm operations of Bumitama Agri Ltd. (BAL) are managed separately from the rest of the Harita Group, with its own team of professional managers. BAL also fully adheres to the HCS approach and commits to respect the rights of indigenous people and other local communities to give or withhold their free, prior and informed consent (FPIC) to development of land which they hold legal, communal or customary rights, as per its 2015 Sustainability policy.

In your letter it is stated that Harita Group, through its timber logging concessions, failed to respect the rights of the Long Isun community including its FPIC in development on their customary lands, which is contradicting the below case evidence:

- The companies conducted stakeholder consultations in identifying areas in the field important for the local communities and participative village boundary assessment to ensure village boundaries are clear before commencement of activities.
- The companies carried out its logging activities based on the applicable regulations and permits obtained from the relevant government institutions, in areas confirmed to be outside of Long Isun by the community itself.
- The companies have taken out the Long Isun areas from its work plan and moved its activities away from the areas disputed by the two villages, despite the village zoning previously acknowledged by all parties and confirmed by the relevant government decision documents.
- The companies have conducted numerous efforts to facilitate the discussions in the process of identifying the best solution for all parties involved. A settlement which aims for official recognition of their lands as customary forest was reached by all parties.
- In the process of settlement of the community claims, the companies engaged all relevant stakeholders, using its own grievance procedure while also subscribing to the FSC grievance resolution procedure.

Harita and all of its timber companies have always been mindful of the rights of the local communities including the right to say no to new development. The said case of Long Isun arose due to a territorial village boundary dispute between two communities. Aware of the complex tenorial situation on the ground, Harita conducted numerous rounds of consultations with wide stakeholders audience, working with contracted indigenous community experts, to ensure that all local concerns are identified and addressed before any development is done.

In 2009 PT KBT and PT. RMTK initiated the process of participatory deliniation of village boundaries between the communities and the Long Pahangai sub-district and Kutai Barat district government, facilitated by The Nature Conservacy (TNC). Phase 1 concluded in January 2011 with 6 out of 9 villages agreeing to their boundaries through an MOU, while

further discussions continued among the villages of Long Isun and Naha Aruq until 4th August 2011 when the leaders of Long Isun sent a letter addressed to the Kutai Barat district, handing over the process of determination of the village boundaries to the government and pledged to obey and comply with the decision. On 4th November 2011, the Kutai Barat district issued a decree on the boundaries of the Long Pahangai sub-district No.136.146.3/K.917/2011. The boundaries were subsequently communicated to the relevant traditional and administrative village leaders in April 2012, including official boundary maps and other documentation.

After conducting necessary preparatory activities, PT KBT began its operations in 2014 in the administrative area of the Naha Aruq Village, as per its Business Work Plan for the Utilization of Timber Forest Products in Natural Forests (RKUPHHK-HA) for the 2010-2019 period issued by the Ministry of Environment and Forestry-RI Decree No.SK.159/VI-BPHA/2010, the annual work plan for plan for 2014 in accordance with the SK RKT No.053/KBT-Kpts/RKT-SA/XII/2013, as well as the approval letter from the Head of Kampung Naha Aruq dated 27 February 2014. However, shortly after the work began a team of delegates from Long Isun Village visited the location and forcibly stopped the activities in the field, under the pretext that PT KBT was operating in the Long Isun Village area, despite PT KBT complying with the village boundaries agreed and set by abovementioned Sub-district decision.

Since the incident, the villages of Naha Aruq and Kampung Long Isun began to dispute, involving many parties including the Local and district government, central government through the Ministry of Environment and Forestry, NGOs and many other entities. This being a village boundary issue, the matter was to be resolved between the two villages. Regardless of the result, Harita always respected the choice of the Long Isun village to say no to development and stayed away from its areas, changing its RKUPHHK work plans (2010-2019 & 2019-2028) and removing any of the Long Isun community areas from it. Upon the conflict arose, PT KBT also moved its work location from Naha Aruq completely to another village area.

Over the past few years, through its companies, Harita participated in various settlement processes to help resolve the matter with the community. PT KBT has actively took part in the discussions, including a meeting facilitated by the Ministry of Environment and Forestry at the Aston Samarinda Hotel in February 2018. Building on its commitment to observe the rights of the indigenous communities, PT KBT along with the other parties agreed to no further development in the disputed areas and backed the motion of the community of Long Isun to apply for their traditional lands to be recognised as customary forest. Harita also consents with the decision of some of the local leaders that do not want any company activities on their land, including in form of CSR support for the local community. The companies will limit their activities to the approved *Pembinaan Masyarakat Desa Hutan* (PMDH) programme and continue to protect the area from the threats of illegal logging, fires and development to fulfil its responsibilities of the permit holder as stipulated in the RKUPHHK-HA issued by the Indonesian Ministry of Forestry and Environment.