

1 February 2017

Wilmar International Limited

56 Neil Road, Singapore 088830

Attention: Simon Siburat, General Manager Group Sustainability

Subject: Re: Complaint Case lodged by Forest People Programme and Community of Nagari Kapa against PT Permata Hijau Pasaman I

Dear Sir,

We wish to advise that the independent consultant, Dr. Helmi has concluded his assessment and has made the following points:

1. The transfer of community (*ulayat*) land from the community of Nagari Kapa to PT PHP I in 1997 should have involved the National Land Agency (BPN) and Land Deed Official (PPAT), instead of involving the District Government only. This procedure stated in the Decree of State Minister for Agrarian Affairs No. 21/1994 on Procedures of Land Acquisition for Company in the Framework of Investment.
2. Since the abovementioned transfer does not comply with the formal and substantial law, PT PHP1 firstly must obtain consent from the community of Nagari Kapa as one of the requirements to apply for the right to cultivation (HGU).
3. PT PHP has since 1998 been planting oil palm in the community (*ulayat*) land which belongs to the Nagari Kapa after obtaining the Principle Permit (*Ijin Prinsip*) in 1992. The right to cultivation (HGU) only acquired in 2014.
4. The management of PT PHP I is not consistent and has yet to fully comply with the transparency and precautionary principles in managing the plantation, leading to a lawsuit (No.15/Pdt.G/2005/PN/LBS) by Cooperative Kapa in 2005. The Court decided there was an infringement of the agreement signed in 1998 committed by PT PHP I and the company shall pay a waiting fee (*uang tunggu*) to the community.

Based on the above recommendations, the Complaints Panel has made the following decisions:

1. The disputed land shall be measured through participatory mapping, with the participation of the community of Nagari Kapa and surrounding settlements (*nagari*), as well as the complainants and local authority. PT PHP I shall assign an independent expert to conduct participatory mapping, for which expert will be discussed with the complainants. The cost will be borne by the company and RSPO. The assignment of the independent
2. The result of the participatory mapping shall be brought by the involved parties to the National Land Agency (BPN).
3. The involved parties can renegotiate the partnership, e.g. by land leasing or shareholding, based on the results of participatory mapping, decisions or recommendations from the National Land Agency (BPN) with respect to the regulation on

customary lands such as Local Regulation of West Sumatra No. 16/2008 on the *Ulayat* Land and its Utilisation.

The former independent consultant, Dr. Helmi shall be involved to monitor the above-mentioned activities. The participatory mapping shall be completed no later than 2 months from the issuance of this letter.

Thank you for your cooperation.

Sincerely,



Tiur Rumondang
Indonesia Director