Disclosure of Management Approach

Preventing and Resolving Conflicts with Local Communities

2022
1. Introduction

Conflict between oil palm growers and local communities is widespread in palm oil producing nations and causes considerable suffering and economic damage for both the indigenous and rural communities and the company involved.

Conflicts commonly arise from complaints relating to:
- Lack of consultation and obtaining control of land without community consent
- Land boundary disputes
- Compensation payments
- Pollution and environmental impacts
- Unrealized promises by companies, particularly over plasma.

If issues are not addressed timely or adequately, the concerned indigenous and rural communities may resort to demonstrations, land occupations or blockades, attacks on property, crop thefts, petitioning and support from media. Both the local communities and the company suffer and so finding ways to prevent and resolve such conflicts is vital.

Conflict management is an important part of the Group's sustainability commitments, and the resolution of social conflicts is required to achieve certification of compliance with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO) certification.

Here we describe the key measures that Goodhope adopts as the Group works towards improving conflict management:
- Implementation of policies and guidelines
- Community engagement and participation
- Group grievance approach
- Channels of conflict resolution


2. Policies and Guidelines

Goodhope's Human Rights Policy and Community Relations Policy define commitments that are important for avoiding, minimizing and managing conflicts with local communities. Through these policies, the Group commits to respect internationally recognized human rights wherever it operates and aims to create a positive mutually beneficial relationship with local communities in and around its areas of operations.

Table 1. Goodhope Policies Supporting Conflict Management

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<tr>
<th>Fundamental Rights and Freedoms</th>
<th>• Respect all rights and freedoms as expressed in the Universal Declaration of Human Rights (UDHR) including the rights to privacy, association, social security and culture; freedom of expression; freedom from interference; and equal rights to work, health and education.</th>
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</table>
| Community Rights and Rights of Indigenous Peoples | • Respect the human rights, values, and interests of local communities and indigenous peoples where its plantations are located.  
• Uphold the inherent rights of indigenous peoples and their fundamental freedoms as expressed in the Articles of the UN Declaration on the Rights of Indigenous Peoples.  
• Consult and cooperate in good faith with indigenous peoples that may be impacted by company operations and understands that indigenous peoples have the right to maintain, control, protect, practise develop and revitalize their cultural traditions and customs. |
| Land Tenure Rights | • Recognize and respect all legal, communal and customary rights to land ownership and the rights to use, manage and control land.  
• Act with due diligence to avoid infringing on the legitimate tenure rights of others and identify, prevent and address adverse impacts on legitimate tenure rights in accordance with the UN Food and Agriculture Organization (FAO) Voluntary Guidelines on the Responsible Governance of Tenure. |
| Free, Prior and Informed Consent | • Uphold the right of indigenous peoples, landowners and land-users to free, prior, and informed consent (FPIC) in relation to project proposals that will impact their land or resources.  
• Allow stakeholders to make objective decisions regarding proposed conservation and land-use plans, recognizing that any group or individual with landowner or land-user rights has the right to reject plans for development or conservation.  
• Provide potentially affected landowners and land-users with sufficient information and seek consent for the proposed plans through consultative and participative processes without the use of coercion, intimidation or manipulation before commencing actions that may affect the land or resource rights of landowners or land-users. |
| Respect of local laws and cultures | • Operate in a manner that respects the human rights, values, and interests of local communities and indigenous peoples, as well as the applicable laws and regulations of the provinces where the plantations are located. |
Communication of information

- Provide local communities with accurate and factual information on the impacts and benefits of proposed projects before any corporate actions that affect land and resource rights.
- Communicate in a culturally appropriate, transparent and gender-sensitive manner with local stakeholders and collaborate in good faith to understand and resolve any differences.

Negotiation and consent

- Negotiate mutually agreeable conditions prior to adopting and implementing corporate actions that may affect the land or resource rights of landowners or land-users.
- Seek consent through consultative and participative processes without the use of coercion, intimidation or manipulation.

Social impact management

- Work proactively with stakeholders to identify and manage social risks, impacts and obligations, considering the values, needs and concerns of local communities in areas where the company operates.

Community participation

- Seek community input on issues that impact or interest the community and involve local communities in decision-making processes.
- Provide business and employment opportunities among local communities.

Grievance handling

- Provide opportunities for community members to express their concerns and respect any justified claims and entitlements of any group or individual.
- Work with concerned parties to seek solutions and reach a mutually agreed settlement to address any grievances involving local communities.

Policy implementation is supported by criteria and guidelines such as those by the Roundtable on Sustainable Palm Oil (RSPO); High Carbon Stock Approach (HCSA) and High Conservation Value Resource Network (HCVRN).

Table 2. Key Criteria and Guidelines

<table>
<thead>
<tr>
<th>Roundtable on Sustainable Palm Oil (RSPO)</th>
<th>RSPO Principles and Criteria for the production of sustainable palm oil</th>
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<td></td>
<td>RSPO New Planting Procedure (NPP) 2015</td>
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<tr>
<th>High Carbon Stock Approach (HCSA)</th>
<th>HCSA Principles for effective community natural resource management</th>
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<tr>
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<td>HCSA Toolkit 2015</td>
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<td>HCSA Social Requirements Implementation Guide</td>
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<tr>
<th>High Conservation Value Resource Network (HCVRN)</th>
<th>HCVRN HCV Assessment Manual 2014 and supporting documents including:</th>
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<td>- Common Guidance for the identification of High Conservation Values 2013</td>
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<td></td>
<td>- Common Guidance for the Management and Monitoring of High Conservation Values 2014</td>
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3. Community Engagement and Participation

Effective community engagement and voluntary participation is at the core of conflict management. Various methods are utilized (Table 3) to facilitate two-way dialogue between the company and local communities. This is important to learn about the communities (including land tenure information) to share information about proposed company activities, to seek community consent, to encourage community participation, and to build agreements.

Methods of community engagement and participation are a crucial part of FPIC and the assessments that must be carried out prior to company development: land tenure study, social impact assessment HCV and HCSA assessments. Each of these assessments must be carried out by credible and experienced assessors / consultants with the requisite local expertise and cultural sensitivity. Through the processes of community engagement and participation in these assessments, the company is able to gain the information it requires about land tenure and rights issues, potential or actual areas of conflict, community needs, aspirations and practices in relation to livelihoods and conservation. In doing so, the company can avoid conflicts with local communities by adopting land use management practices that fully consider such issues and that are compatible with the interests and rights of the local communities.

Table 3. Methods of Community Engagement and Participation

<table>
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<tr>
<th>Method</th>
<th>Description</th>
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<tr>
<td>Focus Group Discussion (FGD)</td>
<td>A qualitative research method and data collection technique in which a selected group of people discusses a given topic or issue in-depth, facilitated by a professional, external moderator.</td>
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<tr>
<td>Participatory Mapping</td>
<td>The collection of spatial social data in a participatory and inclusive manner with affected communities and other local stakeholders to record and represent the perceptions of local stakeholders. It helps to explore and assess the situation prior to development.</td>
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<td>Participatory Rural Appraisal (PRA)</td>
<td>Method to study the conditions and rural life of, with, and by the local communities. It allows village people to share their knowledge of village conditions and life, so that the company can analyze make plans, take action and drive improvements. It is used to assess social impacts in a participatory manner with local communities.</td>
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<td>Individual Interviews</td>
<td>May be conducted face-to-face, or by telephone / online when direct access is not possible.</td>
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<tr>
<td>Consultation</td>
<td>Stakeholder consultations are conducted as a means to verify information gathered, collect new information, assess the validity or credibility of claims, seek opportunities to reduce conflicts from management decision making and gather inputs from various stakeholders for management and monitoring. Effective community consultation is a participatory process that enables communities to articulate their own concerns, and identify the appropriate responses and solutions to problems that affect them.</td>
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### Preventing and Resolving Conflicts with Local Communities

| Community communication forums | Community communication forums aim to create a healthy relationship between stakeholders through regular dialogue. They are a place where:  
- The company can inform local stakeholders about company development plans, CSR implementation, and any other matter that directly or indirectly concerns the local stakeholders  
- Local stakeholders can express themselves, share concerns or grievances  
Feedback received by the local stakeholders can be used for long-term company sustainability and CSR strategies and to resolve any ongoing issue related to Goodhope’s operations. |
| Community requests | Verbal and written requests from local communities are recorded in a book of communications and are addressed in a timely manner. In instances where a complaint is made, the case is addressed by the company grievance mechanism. |
| Negotiation | The process of negotiation includes: 1) setting the stage; 2) providing space for stakeholder statements; 3) finding common ground; 4) expanding options; and 5) assessing options and building consensus. A mediator may be used to help build trust among stakeholders throughout all stages of the process and to prepare people for the negotiations, familiarize the stakeholders with negotiation procedures, help participants to have realistic expectations clarify interests. Agreements are built on common goals and shared interests rather than individual interests. Successful negotiations lead to agreements among the various stakeholders. |
4. Group Grievance Approach

Goodhope has a systematic grievance approach that supports the company in handling complaints, grievances and conflict resolution. It enables stakeholders to raise grievances related to Goodhope’s operations and to handle those grievances in systematic and transparent manner aiming for fair outcomes.

The Grievance Approach is aligned with the UN Guiding Principles on Business & Human Rights for the development and implementation of effective grievance procedures (Table 4). The Accountability Framework Initiative (AFI) also embraces these principles (Guideline 9.1).

Table 4. Criteria of company grievance approach

<table>
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<tr>
<th>Criteria</th>
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<tr>
<td>Legitimate</td>
<td>Enabling trust from the stakeholder groups for whose use they are intended and being accountable for the fair conduct of grievance processes.</td>
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<tr>
<td>Accessible</td>
<td>Being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access.</td>
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<tr>
<td>Predictable</td>
<td>Providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation</td>
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<td>Equitable</td>
<td>Seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms.</td>
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<td>Transparent</td>
<td>Keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanisms performance to build confidence in its effectiveness and meet any public interest at stake.</td>
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<tr>
<td>Rights-compatible</td>
<td>Ensuring that outcomes and remedies accord with international recognized human rights.</td>
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<tr>
<td>A source of continuous learning</td>
<td>Drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.</td>
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<tr>
<td>Based on engagement and dialogue</td>
<td>Consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.</td>
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</table>
Complaints from local communities can be received through the following channels:

- Formal complaint systems: via phone call, email, letter or RSPO complaints system
- Direct engagement with stakeholders
- International or national media and publicly available reports

All complaints will be addressed fairly within an appropriate timeframe according to our standardized Grievance Approach (Figure x). We aim to ensure fairness and transparency throughout the grievance handling process and pledge to:

- Ensure that the stakeholders can adequately access the sources of information, advice and expertise necessary to engage in a grievance process to be in a fair, fully informed and mutually respectful position.
- Investigate each complaint independently and involve stakeholders in decision-making processes.
- Ensure the anonymity of the grievance raiser where requested.
- Invite candidates to serve as independent actors for any grievance-related investigations when necessary and appoint independent third parties as recommended according to stakeholder decisions.
- Follow agreed resolution processes and maintain adequate documentary evidence of the settlement process and decisions.
- Ensure that requests for information, company responses, stakeholder engagement activities, negotiation and resolution processes are all effectively monitored and recorded.
- Provide adequate information about the progress of complaint resolution, investigations and findings.
- Inform relevant stakeholders if time schedule adjustments are required, this will be communicated to the relevant stakeholders.
- Allow grievance raisers to lodge an appeal by providing information about problems they deem not adequately addressed.
Figure 1. Key Steps of the grievance procedure
5. Channels of Conflict Resolution

There are four main routes for resolving any conflicts that arise between local communities and plantation companies:
1. Direct negotiation
2. RSPO Complaints System
3. Mediation by local government
4. Court process

Ideally, any conflict can be resolved by negotiation between the company and community, resulting in a win-win solution by open communication, maintaining positive relationships with communities.

As conflict escalates, it becomes more difficult to secure a win-win solution by direct negotiation, and resolution approaches involving third parties are sought. Third parties include mediators or the RSPO, with the last resort being litigation. Besides increased cost, any other conflict resolution stage beyond negotiation also consumes time, increases risks and results in hostility.
6. **Case Description: Resolution of conflict between Yerisiam Gua Indigenous community and PT Nabire Baru / PT Sariwana Adi Perkasa**

6.1 Conflict resolution concerning social and environmental impacts related to corporate land development for oil palm

In April 2016, the indigenous Yerisiam community lodged a formal complaint against the operations of PT NB. They did so through the NGO Yayasan Pusaka as facilitator. Yayasan Pusaka reported issues to the RSPO including: development without a collective decision-making process or consent given by local communities; destruction of Sago groves; and deforestation implicated with flooding.

Continued efforts have been made to address environmental concerns, establish mutual understandings and repair relations between the company and local communities.

The process of conflict resolution included:

i. **Initial evaluation of allegations** (May – October 2016), including field visit to PT Nabire Baru by Yayasan Psaka with RSPO as observer.

ii. **Review of Free Prior and Informed Consent (FPIC)**. Goodhope appointed a third party consultant, LINKS to review the implementation of FPIC processes. The integrated assessment considered compliance against both RSPO FPIC Guidelines (2008) and IFC's Peformance Standards related to FPIC. The analysis included field visit and comprised document review, in-depth interviews, and participatory focus group discussions to assess compliance with FPIC processes and to develop recommendations for improvement. The review found that both PT NB and PT SAP had been implementing processes in line with the FPIC Guidelines 2008 applicable at the time. A number of recommendations were provided to improve the implementation and documentation of FPIC.

iii. **Grievance resolution steps set by the RSPO Dispute Settlement Facility (DSF)**. The RSPO Dispute Settlement Facility (DSF) was used to help resolve matters through mutually agreed terms. Parties to the complaint mutually agreed on an independent mediator from the Conflict Resolution Unit (CRU) to facilitate negotiations. As part of the process, a stakeholder-selected assessor team completed a ground assessment with the aim to understand the nature of the conflicts and to identify opportunities for dispute resolution. The assessor team conducted ground assessment in November 2017, gathering information from stakeholder interviews, field observations and Focus Group Discussions. The results of assessments were presented by the CRU assessment team in Nabire on 20th November 2017 feedback was sought from the community regarding approaches for dispute resolution.

iv. **Abiding with a moratorium on new development**. Goodhope halted all land development in November 2016 and Stop Work Order was subsequently issued upon the lodging of a complaint by the RSPO Secretariat in April 2017. The complaint was made in response to poor quality HCV assessment and the decision to adopt a precautionary approach was taken to prevent further social and environmental impacts due to land development. PT NB and PT
SAP committed to no new development for oil palm until new assessments had been carried out and new planting plan approved by RSPO in compliance with RSPO New Planting Procedures (NPP 2015).

v. Implementing a strong ‘No Deforestation, No Peatland Development, No Exploitation’ (NDPE) Policy. NDPE Policy was adopted in May 2017.

vi. Remediation to address the loss of Sago groves. Through a consultation process, PT NB and PT SAP established an agreement with the Sima community to remedy for the loss of 7 ha mixed forest and sago area that was cleared within the plasma area of (sub) suku Akaba. 10 ha of land in the PT NB concession has been designated for sago planting for use by the community. Sago planting commenced on 8th December 2016. Should the sago plantation growth be unsatisfactory, Goodhope has committed to replace it with an alternative agricultural program.

vii. Negotiation of the Dispute Settlement Agreement with the indigenous communities, addressing the concerns that were raised. In July 2018, the Yerisiam Community leaders organized a community meeting to discuss among themselves the possible approaches for the amicable settlements of complaints and the terms of agreement. They agreed at the meeting to directly negotiate with PT NB and had the following requests in reaching a mutual agreement: maintaining openness and transparency and seeking community consent prior to any new development; the delivery of compensation; and obligations to form a mutual agreement for the delivery of CSR programs and community participation in the operation of the company oil palm plantations. The settlement agreement was signed by the Yerisam Gua Community and PT NB at a stakeholder meeting on 7th August 2018 and has been notarized by a public Notary on 9th August 2018.

viii. Memorandum of Understanding (MoU) on community engagement and empowerment. Negotiations resulted in the development of a MoU that focused on community engagement and empowerment. The MoU was signed by representatives from company and community on 17th January 2019.

The complaint raised by the Yerisiam Gua Community was settled (including related compensation) via the Dispute Resolution Agreement mentioned above. RSPO Complaints Panel noted that the allegations were settled in its letter confirming the closure of the case: Decision letter – PT Nabire Baru (31st January 2019). Full details of the complaint can be accessed through this link.

PT NB continues to conduct its activities in compliance with the terms of the Dispute Settlement Agreement. The delivery of CSR programs, community participation and remediation of sago groves are being addressed as part of the company’s RSPO remediation and compensation obligations. The Remediation and Compensation Plan was approved by the RSPO in November 2021.
Figure 2. Signing of the Dispute Resolution Agreement.
6.2 Conflict resolution concerning obligations to provide plasma

In the PT NB and PT SAP concessions, there are four Plasma co-operatives each with a stand-alone HGU license granted by the government (Akaba 839 ha; Sarakwari 951 ha; Waoha 1,546 ha and Wate 872 ha). In total the plasma HGU areas cover 4,207 ha, of which 1,196 ha (28%) has been developed for plantations and related infrastructure.

The companies have been unable to realize the promise to provide the local communities with income from 4,207 ha plasma. This has led to complaints and conflict between cooperative members and the company:
1. In 2017, when fruits from existing plasma were not being processed.
2. In 2022, when promises of new planting for plasma had still not been realized.

Here we provide a brief description of these cases and the steps taken to resolve conflict.

<table>
<thead>
<tr>
<th>Description of the case</th>
<th>Fruits from plasma not being processed. In 2017, fruits on community Plasma land were already reaching mature stage and ready for harvesting, but with no mill for processing these fruits were being discarded. The company was unable to construct a palm oil mill under the conditions of the Stop Work Order (SWO), which was mandated by RSPO in April 2017 in response to issues of non-compliance with RSPO new planting procedures.</th>
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<tbody>
<tr>
<td>Resolution</td>
<td>Goodhope proposed an exception from the SWO to allow for the development of a low-capacity mill. The Yerisiam community affirmed their understanding and agreement of the terms of the proposal by signing a Statement of Support for the construction of a mill and the necessity of the palm oil mill was also verified by RSPO by a field visit. At the end of August 2017, the RSPO Complaints Panel granted exception to the Stop Work Order, to allow Goodhope to proceed with the construction of a mill (capacity 15 MT FFB/h) at PT NB. The exception was granted in view of community support for the construction of a mill at the site, which would enable the local community to begin earning income from crops harvest from their Plasma plantations. Land preparation for the construction of PT NB mill (15 MT FFB/h) began at the end of January 2018. Construction was completed in November 2018. Three out of four cooperatives have since continuously earned a steady revenue from the crops.</td>
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</table>
### Description of the case

**Plasma land allocation not fulfilled.** PT NB and PT SAP have planted only 28% of plasma HGU area. The 1,196 ha of plasma was provided prior to the SWO in April 2017. Since the SWO, there have been no new plantings as PT NB and PT SAP committed to abide by the conditions of the SWO and to wait until endorsement of new planting plans prior to development. One sub-tribe (Akaba) is particularly impacted since they have 0 Ha Plasma. In May 2022, PT NB received multiple threats, putting the operations and employees at risk.

### Resolution

Since the adoption of the SWO in April 2017, PT NB and PT SAP took immediate action to comply with the requests of the RSPO Complaints Panel by appointing reputable consultants to carry out new HCV assessment and land use change analysis (LUCA). The SWO for PT NB and PT SAP was lifted at the end of 2018 in recognition that the conditions defined by the precautionary measure had been satisfactorily met. This allowed the companies to proceed with proposal for new plantings.

Within the existing plasma boundaries, there is insufficient area of plantable land (non-HCV/HCS/peat) to support the development of plasma plantation. Therefore, to make up the plasma deficit, the companies proposed to provide plasma plantations on degraded land that is available for development in the company HGU permit. The proposal for new plantings was submitted to RSPO for public consultation in April 2020. Up to 3,187 Ha of land has been identified for potential new plantings to provide plasma for local communities (2,328 Ha in PT NB and 949 Ha in PT SAP). The proposed new plantings are planned in accordance with the company’s Sustainability Policy and RSPO New Planting Procedures. The proposed development areas are mineral soil, have not been classified as HCV area or HCS forest, and do not directly border protected areas.

Comments on the New Planting Procedures (NPP) by PT NB and PT SAP were received in May 2020. Several rounds of engagement with the commenters resulted in most but not all comments being resolved. In September 2020, outstanding issues were escalated to RSPO Complaint (Complaint number RSPO/2020/17/SW, submitted 18th September 2020). The subject of complaint against PT NB and PT SAP focused on lack of transparency regarding the HCV assessment 2011 and 2nd legal review.

After lengthy deliberation, the RSPO Complaints Panel came to the decision to close the case on the grounds that the issues raised were outside the scope of the NPP: the documents requested by the complainants are not a requirement of the NPP (decision letter dated 25th February 2022).

This decision was met by an appeal by the complainants (Notice of appeal dated 16th May 2022). By this time, the local communities awaiting plasma were losing their patience and PT NB received threats to its operations due to the further delay in providing plasma.

Upon informing RSPO about the situation, it was affirmed that the
CP decision stands while the appeal proceeds and PT NB invited RSPO representatives to join consultative meetings with the local community of Yerisiam Gua, particularly sub-tribe Akaba.

Representatives from RSPO met with tribal leaders, local communities and plasma cooperative members of Yerisiam Gua and Wate on 15th June 2022 and Nabire Planning Board on 16th June 2022. The RSPO team communicated with the local stakeholders to provide clarity on the RSPO decision to allow development of Plasma while awaiting decision of the Appeals Panel.

This engagement helped to address the potential emergence of conflict among sub-tribal groups due to envy and jealousy over plasma earnings, and mitigated threats to disrupt and block the operations PT NB and PT SAP.

Further to the meeting on 15th June 2011, all four Cooperatives and Leaders of Yerisiam Gua submitted official letters to RSPO stating:

1. Full support for development of Plasma in Nabire;
2. Requirement for RSPO and Appeals Panel to consult and discuss with the representatives of Yerisiam Gua tribe and all Cooperatives prior to making any decisions that will affect them;
3. Requirement that any future complaints on behalf of or affecting the livelihoods of the community against the company must first be consulted with the representatives of Yerisiam Gua tribe.

The subject of the appeal was fully considered by an Appeals Panel with the final result to uphold the decision of the CP (decision letter dated 1st September 2022).

The proposed new planting plan depicts the maximum plantable area for the development. The implementation of the development plans will be further confirmed through a consultative process with local community and other concerned stakeholders. Prior to land clearance, the company is continuing FPIC process to ensure each Subtribe group/Suku Besar is clear on the companies plan and the area that has been allocated from Inti HGU. If any subtribe or any individual objects to the development for plasma, we will accept their decision and will not develop. We will only develop plasma plantations for those that agree and company will amend the present plasma management agreements accordingly.