

## **Initial Project Summary**

Project Location: Medan, Indonesia

Name of Applicant: Pacific Harbor Group

Name of the Project: PT. Domas Agroi Prima (DAP) Oleochemical Project

Project Description: The Project is located on a land area of approximately 114 ha in the industrial estate of Kuala Tanjung, approximately 120 km southeast of the city of Medan in North Sumatra, Indonesia.

The Project involves the restart of operations of DAP's oleochemical plant, which is currently mothballed, and the expansion of its facilities and production capacity. Oleochemicals are acids, alcohols and glycerin produced from vegetable or animal sources. The Project facilities will utilize crude palm oil, palm kernels and palm kernel oil as raw material feedstocks for their oleochemical production processes. The plant will include two lines for fatty acid and fatty alcohol processing (Lines 1 and 2), a kernel crushing plant and a refinery. The total annual combined capacity will be approximately 200,000 metric tons of fatty acid and fatty alcohol. The plan has kernel crushing capabilities of approximately 160,000 metric tons per annum and refining capacity of approximately 500,000 metric tons per annum. Supporting facilities will include a 2.7 km jetty, which is partially built, and a 22 MW natural gas-fired power station that will supply electricity for the Project operation.

Environmental and Social Categorization and Rationale: The Project is screened as Category A because the Project may have impacts that are significant and irreversible. The Project site is located very near residents in the community; therefore community health and safety concerns, including air quality and noise impacts, increased traffic from the Project, and safety of local fishermen once the jetty is operational, may be significant. In addition, palm oil projects are particularly sensitive from a social and biodiversity perspective in the absence of robust supply chain management. Other environmental and social issues include occupational health and safety, fire safety and emergency response, wastewater quality and solid waste disposal, handling and storage of fuel, oils and hazardous materials, and community engagement.

Environmental and Social Standards: The International Finance Corporation's (IFC) Performance Standards (January 2012) 1 (Assessment and Management of Environmental and Social Risks and Impacts), 2 (Labor and Working Conditions), 3 (Resource Efficiency and Pollution Prevention), 4 (Community Health, Safety and Security), 5 (Land Acquisition and Involuntary Resettlement) and 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), are applicable. Based on the information currently available, no indigenous people living nearby the project have been identified. The Project is located in an existing industrial facility and its surroundings are industrial, residential and agricultural; impacts to cultural heritage are not anticipated. Therefore, Performance Standards 7 and 8 are not triggered at this time.

The IFC's General Environmental, Health, and Safety (EHS) Guidelines (April 2007), IFC's EHS Guidelines for Perennial Crop Production (March 30, 2016), and IFC's EHS Guidelines for Oleochemicals Manufacturing (February 12, 2015) are also applicable to the project.

Location of Local Access to Project Information: The Company developed environmental impact assessments for the Jetty (ANDAL) and for the industrial estate (DEHL) in 2006 and 2010 respectively. The Company met with the local environmental authorities regarding the 2006 Jetty ANDAL and confirms that the 2010 DELH report was communicated with the heads of the villages that are near the Project at the time the report was developed.

The Company will make available in the local language, a copy of the Supplemental Environmental and Social Impact Assessment by mid-November 2017 at the following locations:

1. Desa Kuala Indah

a. Kantor Kepala Desa Kuala Indah

Jalan Datuk Panglima Tenggara No 03 dusun 2 Desa Kuala Indah Kecamatan Sei Suka.  
Kabupaten Batubara kode pos 21257.

b. Mushollah ( Mesjid ) Al Munawaroh.

Jalan Datuk Panglima Tenggara Dusun 2 Desa Kuala Indah Kecamatan Sei Suka  
Kabupaten Batubara Kode Pos 21257.

c. SMP Negeri 4 Sei Suka.

Jalan Datuk Panglima Tenggara dusu 2 Desa Kuala Indah Kecamatan Sei Suka  
Kabupaten Batubara. Kode Pos 21257.

2. Desa Kuala Tanjung.

a. Kantor Kepala Desa Kuala Tanjung.

Jalan Pematang Sijago Dusun 1 Desa Kuala Tanjung Kecamatan Sei Suka  
Kabupaten Batubara Koda Pos 21257.

b. Mushollah ( Mesjid ) Al Amin.

Jalan Pematang Sijago Dusun 1 Desa Kuala Tanjung Kecamatan Sei Suka  
Kabupaten Batubara Kode Pos 21257.

c. SD Madrasah Ibtidaiyah.

Jalan Acces Road Inalum km 16 Dusun 3 Alai Desa Kuala Tanjung Kecamatan Sei Suka  
Kabupaten Batubara Kode Pos 21257.

3. Desa Lalang.

a. Kantor Kepala Desa Lalang.

Jalan Acces Road Inalum km 15 Desa lalang Kecamatan Medang Deras  
Kabupaten Batubara Kode Pos 21257.

b. Musollah (Mesjid) Al Hikmah .

Jalan Acces Road Simpang Sono km 15 Desa Lalang Kecamatan Medang Deras  
Kabupaten Batubara Kode Pos 21257.

c. SMP Negeri 2.

Jalan Acces Road km 95 Desa Lalang Kecamatan Medang Deras  
Kabupaten Batubara Kode Pos 21257.