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Examination Report on Objection to
Central Java Coal-fired Power Plant Project, Central Java, Indonesia

Koji SHIMADA & Hiroshi KOBAYASHI
Examiner for Environmental Guidelines
Japan Bank for International Cooperation (JBIC)

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Section 1. Purpose of this Report

JBIC's Examiners for Environmental Guidelines (hereinafter "the Examiners") issue this report on the basis of Paragraph 1, V. 5 of the "Summary of Procedures to Submit Objections concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations" (hereinafter "the Summary"), which JBIC introduced in accordance with Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations (April 2012). This report describes the results of the investigation on whether the environmental and social considerations over the Central Java Coal-fired Power Plant Project, Central Java, Indonesia (hereinafter "the Project"), were made in accordance with Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations (hereinafter "JBIC Environmental Guidelines"), along with the progress of a dialogue between parties concerned.

Section 2. Project Overview

In this Project, which is subject to the objection process, PT Bhimasena Power Indonesia (hereinafter "Project Proponent"), an Indonesian company invested in by Electric Power Development Co., Ltd. (34%), ITOCHU Corporation (32%), and PT Adaro Energy, an Indonesian company (34%), constructs, owns, and operates an ultra-supercritical coal-fired power generation plant with generation capacity of 2,000MW (1,000MW x 2) in Batang Regency in Central Java Province, Indonesia. Project Proponent plans to commence operation in 2020, and sell the generated electricity to PT Perusahaan Listrik Negara (Persero) (hereinafter "PLN"), a national power company, for 25 years. The Project is the first power generation project under PPP (Public Private Partnership) which aims to accelerate the infrastructure development in the country.

JBIC agreed in June 2016 to provide a loan amounting to USD2,052,917 thousand, as well as guarantee for the co-financing private financial institutions (amount guaranteed by JBIC: USD1,368,612).

The main facilities to be installed at the power plant include power generation facility, maintenance building, substation facility, coal unloader, coal storage, ash disposal site, water intake facility, and drainage facility. Also, as part of the Project, overhead power transmission lines (hereinafter "power lines") which connect to existing power transmission system (500kV), as well as substation and switch station (hereinafter "substation") will be constructed.

The Project site will occupy an area of 2.26 km² for the power plant, 0.76 km² for the power lines (steel towers and power lines), and 0.19 km² for the substation. In respect to the previous land use of the planned site of the power plant: the flat land on the east side was used for agriculture, such as paddy fields and jasmine farms; the hilly area on the west side was a mix of unused land and forest land. There is no residential house in the planned site for the power plant (i.e., there will be no relocation of residents). The nearest residential area is a village in Ujung Negoro Village, about 0.3 km² south of the planned

power plant site. The previous land use of the planned site for power lines and substation were mainly agriculture, such as paddy fields and plantations.

The Project site was selected from 10 candidate locations, taking into account the land use at the time, by following factors: (i) area which was designated as strategic commercial and industrial area in the Batang Regency spatial planning in 2011-2013; (ii) area which would enable links to existing power lines; (iii) area where residents' physical relocation would not be required and economic relocation would be limited; and (iv) area where the impact of land modification, such as by public works and landfill, could be minimized.

The Project plans to use coals produced in Indonesia as fuels. It plans to use about 7.3 million tons per year, which is estimated by Project Proponent to annually emit greenhouse gas of 12,578,000 tons (CO₂ equivalent) per year, taking into account the coal properties (47% carbon content).

Section 3. Background and Outline of Objection

(1) Background of Objection

On December 5, 2016, local residents among others visited JBIC's Representative Office in Jakarta and submitted a letter of objection addressed to the Examiners concerning the Project (dated the same date as the date of receipt). As a result of doubts raised over the content of the objection, the Examiners sent a letter stating their questions to the Requesters on December 27 of the same year. On February 26, 2017, the Examiners received from the Requesters a response dated February 4 of the same year. After examining the response, the Examiners decided to proceed with the objection against the Project on March 27.

Following the decision to begin the procedures, the Examiners conducted investigations, including individual interview with each party concerned, and promoted dialogues between parties concerned at the project site from May 2 to 3, 2017.

(2) Outline of Objection

The outline of the objection is as follows:

- (i) Name of country: Republic of Indonesia
- (ii) Project site: Batang Regency, Central Java Province
- (iii) Name of project: The Central Java Coal-fired Power Plant Project in Central Java Province
- (iv) Reported damage: broadly divided into five categories, which are A) non-transparency of the procedures based on local legal system; B) insufficient information disclosure to local communities; C) loss of livelihood; D) violation of human rights of local residents; and E) future impact on the environment by the power plant.
- (v) Reported non-compliance to JBIC Environmental Guidelines: allegations made by the Requesters apply to 19 Paragraphs of the following 11 Provisions of JBIC

Environmental Guidelines. The allegations of the Requesters are not disclosed one by one in this Report, but the relationships between the categories of objected issues and JBIC Environmental Guidelines are indicated in Annex.

- 1) Part 1, 3. (2) Confirmation of Environmental and Social Considerations by JBIC
- 2) Part 1, 3. (4) Standards for Confirmation of Appropriateness of Environmental and Social Considerations
- 3) Part 1, 4. (3) Environmental Reviews for Each Category
- 4) Part 1, 5. (1) Basic Principles
- 5) Part 1, 6. Decision-making and Loan Agreements
- 6) Part 2, 1. Environmental and Social Considerations Required for Funded Projects (Underlying Principles)
- 7) Part 2, 1. Environmental and Social Considerations Required for Funded Projects (Examination of Measures)
- 8) Part 2, 1. Environmental and Social Considerations Required for Funded Projects (Scope of Impact to be Examined)
- 9) Part 2, 1. Environmental and Social Considerations Required for Funded Projects (Compliance with Laws, Standards and Plans)
- 10) Part 2, 1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts)
- 11) Part 2, 1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement)

Section 4. Results of Preliminary Investigation (see Attachment for results under review)

Attachment shows the results of the preliminary investigation stipulated in V.2 of the Summary. Following the results of the preliminary investigation, the Examiners made a decision to begin the objection procedures. However, the Examiners sent a notice in writing to the Requesters, stating that they will dismiss some parts of the objection should the Examiners deem that the raised issues are substantially identical to those in dispute resolution proceedings including litigation which have been settled in the project host country, as stipulated in Paragraph 3 of V.3 of the Summary.

Section 5. Results of Fact-finding Investigation and Dialogue Promotion

(1) Record of Interviews with JBIC's Operational Departments for Investigating Compliance with JBIC Environmental Guidelines

- (i) Date of interview: April 10 and 17, 2017
- (ii) Detail of interview: summarizing of claims by the Requesters on non-compliance with JBIC Environmental Guidelines and JBIC's counter-assertions, and confirmation of content of the environmental and social considerations conducted by JBIC for the Project, as well as of JBIC Environmental Guidelines and the provisions of the Summary.

During the above interviews, the Examiners confirmed the update of on-site inspections and interviews with NGOs by JBIC's Operational Departments, shown as below:

Date	Place	Inspection/interview	Detail
July 23-26, 2013	Jakarta, Semarang, Batang	On-site inspection	Inspection of planned project site; meetings with Project Proponent, Environmental Agency of Central Java, Chairman of Environmental Impact Analysis (AMDAL) Commission, which is involved in this Project
November 22, 2013	Tokyo	Interview with NGO	Q&A with FOE Japan (agent for Requester) and other Japanese NGO; confirmation of Project's environmental impact mitigation measures, loan policy for all coal-fired power projects, etc.
February 3, 2014	Tokyo	Interview with NGO	Q&A with FOE Japan and other Japanese and U.S. NGOs; confirmation of request for suspension of loan consideration for Project, loan policy for all coal-fired power projects, etc.
September 10, 2014	Tokyo	Interview with NGO	Q&A with members of Parliament, local residents, local lawyers, local NGO, FOE Japan, other Japanese NGO, and Ministry of Finance; confirmation of land acquisition process, transparency of AMDAL process, JBIC's view on violation of human rights, etc.
November 28, 2014	Tokyo	Interview with NGO	Q&A with FOE Japan and other Japanese NGO; confirmation of update on Livelihood Restoration Plan, JBIC's view on applicability of land expropriation law, etc.
March 20, 2015	Tokyo	Interview with NGO	Q&A with FOE Japan and other Japanese NGO; confirmation of JBIC's view on applicability of land expropriation law and expected schedule; confirmation of local inspection policy, loan policy for all coal-fired power projects, etc.
May 18-20, 2015	Jakarta, Semarang, Batang	On-site inspection	Inspection of planned project site; meetings with Project Proponent, leader of local residents (village chief), Indonesian Ministry of Environment and Forestry, Environmental Agency of Central Java, Governor and Environmental Agency of Batang Regency, and PLN

May 28, 2015	Tokyo	Interview with NGO	Q&A with FOE Japan and other Japanese NGO; confirmation of update on ground leveling (update on maintenance of irrigation canals, etc.), results of local inspections carried out on May 18-20, 2015, etc.
July 29, 2015	Tokyo	Submission of opinion statement (with attendance of NGO)	Receipt of objection letter from local residents based on JBIC Environmental Guidelines and OECD Guidelines for Multinational Enterprises (received as an “opinion statement” as it is outside the scope of official objection procedures, since JBIC’s objection procedures will only be applicable to projects whose loan agreements have been signed) with attendance of members of Parliament, secretary, local NGO, FOE Japan, and other Japanese NGO. Examiners at the time transferred the opinion statement to operational departments.
September 28-30, 2015	Jakarta, Semarang, Batang	On-site inspection	Inspection of planned project site, surrounding areas, planned substitute farmland, and livelihood support site; meetings with Project Proponent, leader of local residents (village chief), Indonesian Ministry of Environment and Forestry, Environmental Agency and land authority of Central Java, Deputy Governor, assistant official, prosecutor, police, and Environmental Agency of Batang Regency, Requesters, residents other than Requesters (fishermen, farmers, etc.), National Commission on Human Rights (Komnas HAM), and PLN
November 12, 2015	Tokyo	Interview with NGO	Q&A with FOE Japan and other Japanese NGO; confirmation of JBIC’s view on advice from Komnas HAM and opinion statement, update on ground leveling (update on maintenance of irrigation canals, etc.), results of local inspections carried out on September 28-30, 2015, etc.
December 14, 2015	Jakarta	On-site inspection (interview only)	Meeting with Komnas HAM
March 1-3,	Jakarta,	On-site inspection	Inspection of project site, its surrounding

2016	Semarang, Batang		area, planned substitute farmland, and livelihood support site; meetings with Project Proponent, Coordinating Ministry for Economic Affairs of Indonesia, leader of local residents (village chief), Deputy Governor and assistant official of Batang Regency, and Requesters
May 23, 2016	Tokyo	Interview with NGO	Q&A with FOE Japan and other Japanese NGO: confirmation of JBIC's view on request for suspension of loan consideration for Project, loan period, consideration for loss of livelihood, etc.
June 13, 2016	Tokyo	Interview with NGO	Q&A with FOE Japan, other Japanese NGO, and Ministry of Finance; confirmation of results of confirmation of environmental and social considerations, monitoring policy, etc.
July 12, 2016	Tokyo	Interview with NGO	Q&A with FOE Japan, other Japanese NGO, and Ministry of Finance; confirmation of monitoring system, consultant appointment process, monitoring process, etc.
November 24, 2016	Tokyo	Interview with NGO	Q&A with FOE Japan, other Japanese NGO, and Ministry of Finance; confirmation of monitoring schedule and discussions with residents; prior notice from local residents of submission of objection letter
December 5, 2016	Jakarta	Submission of Objection letter (with attendance of NGO)	Submission of objection letter by local NGO, FOE Japan, and local residents (received through JBIC's Representative office in Jakarta)
December 13-15, 2016	Jakarta, Semarang, Batang	On-site inspection (monitoring after loan approval)	Inspection of planned project site, surrounding areas, planned substitute farmland, and livelihood support site; meetings with Project Proponent, leader of local residents (village chief), Indonesian Coordinating Ministry for Economic Affairs and Ministry of Environment and Forestry, Deputy Governor and assistant official of Batang Regency, Requesters, residents other than Requesters (fishermen, farmers, etc.), and Komnas HAM

(2) Results of Investigation on Compliance with JBIC Environmental Guidelines

(i) Description of substantial damages incurred and those likely to be incurred in the future

The Examiners organized the issues raised by the objection into the following five categories as they cover a wide range of items, as indicated in 3. (2), and also overlap: A) non-transparency of the procedures based on local legal system; B) insufficient information disclosure to local communities; C) loss of livelihood; D) violation of human rights of local residents; and E) future impact on the environment by the power plant. The links between the objection items categorized and provisions of JBIC Environmental Guidelines are indicated in Annex.

(ii) Compliance with JBIC Environmental Guidelines

The Examiners investigated whether the confirmation of environmental and social considerations conducted by JBIC is compliant with the Guidelines. Its results are shown below (see Annex for further details on the results).

A) Non-transparency of the procedures based on local legal system

- a) Regarding the claim that the spatial planning and location approval are non-compliant with JBIC Environmental Guidelines (see Annex p.2 A) (4)): Administrative lawsuits (an action for the Revocation of Administrative Disposition) were filed in relation to the Central Java provincial bylaw No.6/2010 on spatial planning and to the approval for power plant construction site. However, JBIC has confirmed that the Supreme Court dismissed the former in August 2013, and, for the latter, the Surabaya High Administrative Court gave a final decision in October 2013 that the approval was lawful. Therefore, claims related to this case are dismissed as stipulated in V.3 of the Summary.
- b) Regarding the claim that Environmental Impact Analysis (AMDAL) is non-compliant with JBIC Environmental Guidelines (see Annex p.1-4 A)(2), B)(1)): JBIC has confirmed that the content of the AMDAL Report is relevant, and verified with the Indonesian Ministry of Environment and Forestry, which has jurisdiction over the system, that the procedures based on the AMDAL system have been appropriately carried out (the core approving party of the AMDAL report is the Environmental Agency of Central Java). There was also a lawsuit filed against the illegality of the AMDAL process and environmental approval (for there was no information disclosed nor discussions held with land owners and affected communities). However, JBIC has confirmed that this case was dismissed by the Semarang administrative court in June 2014. Therefore, claims related to this case are dismissed as stipulated in V.3 of the Summary.
- c) Regarding the claim that a marine protected area under Government Regulation (Law No.26/2008) adjacent to the power plant site is non-compliant with JBIC Environmental Guidelines (see Annex p.2 A)(3)): A lawsuit was filed by opposing residents against the inappropriateness of the decree of Minister of Marine Affairs and Fisheries (No. KEP.29/MEN/2012) and the Regent of Batang Decree

(No.523/194/2012). However, JBIC has confirmed that the case was dismissed by the Surabaya High Administrative Court in June 2013. Therefore, claims related to this case are dismissed as stipulated in V.3 of the Summary.

- d) Regarding the claim that the land acquisition for power plant construction is non-compliant with JBIC Environmental Guidelines (see Annex p.2 A)(5)): A lawsuit was filed against the illegality of the application of Law No.2/2012 on Land Acquisition in August 2015. However, JBIC has confirmed that the case was dismissed by the Supreme Court in February 2016, and that legality of the application of the Law was rendered. Therefore, claims related to this case are dismissed as stipulated in V.3 of the Summary.

B) Insufficient information disclosure to local communities

- a) Regarding the claim that prior notice and information disclosure to local communities are non-compliant with JBIC Environmental Guidelines (see Annex p.3-4 B)): JBIC has confirmed that the Project Proponent has been holding briefing sessions for all affected residents in line with the AMDAL system. JBIC has also verified with the Indonesian Ministry of Environment and Forestry that the Project Proponent has promptly presented the project overview and the measures for the environmental and social considerations to the affected residents since the signing of the Power Purchase Agreement (PPA) in October 2011. Therefore, JBIC's non-compliance with the Guidelines in this case has not been acknowledged.
- b) Regarding the claim that the land acquisition process and related information disclosure to local residents are non-compliant with JBIC Environmental Guidelines (see Annex p.4-6 C)(1)(2)): JBIC has verified with the leader of the local residents that the ground leveling and land acquisition have been carried out gradually since the AMDAL approval was given, and the Project Proponent has given prior notice to the leader of the local residents and provided information in a timely and appropriate manner by posting the relevant information on the town hall notice board. Therefore, JBIC's non-compliance with the Guidelines in this case has not been acknowledged.

C) Loss of livelihood

- a) Regarding the claim that the land acquisition of farmlands which are local residents' livelihoods is non-compliant with JBIC Environmental Guidelines (see Annex p.4-6 C)(1)(2)): JBIC has verified with the Project Proponent, Batang Regency, and the Central Java Province that the Project Proponent has negotiated and reached agreements by setting the land acquisition price (uniform unit price), taking into account the income compensation until land reacquisition and expenses required for the reacquisition, in addition to the land value based on reacquisition value, so that the land sales will not cause economical loss to landowners of the power plant site. Therefore, JBIC's non-compliance with the Guidelines in this case has not been acknowledged.

- b) Regarding the claim that the livelihood restoration measures for farmers and fishermen are non-compliant with JBIC Environmental Guidelines (see Annex p.6-7 C) (3)): JBIC has confirmed through the Livelihood Restoration Plan made by the Project Proponent that the Project Proponent has set the livelihood restoration policy for tenant farmers and fishermen after closely examining each impact on livelihoods of such affected residents. JBIC has also confirmed that these livelihood restoration measures have been disclosed through discussions with affected local residents and the government of the Batang Regency, and thus the transparency is fully ensured. Moreover, JBIC has confirmed with the Indonesian Ministry of Environment and Forestry that these livelihood restoration measures are more adequate compared with existing projects in Indonesia. Therefore, JBIC's non-compliance with the Guidelines in this case has not been acknowledged.
- c) JBIC has confirmed that the above response meet the IFC Performance Standard which must be applied to the Project.

D) Violation of human rights of local residents

- a) Regarding the claim that there has been violation of local residents' human rights at public consultations, Briefing sessions, and during the land acquisition process, which are non-compliant with JBIC Environmental Guidelines (see Annex p.8-9 D)): JBIC has confirmed with the Project Proponent that, in respect to the accompaniment of the military and police at the briefing sessions and negotiations on land acquisition with the residents, the Central Java Province has informed the National Commission on Human Rights (hereinafter "Komnas HAM") that the involvement of the judicial authorities, national and provincial police, and provincial military was decided by the ordinance of the Coordinating Minister for Economic Affairs of January 2013 in order to ensure security during the land acquisition process for the Project.
- b) JBIC has also confirmed with the public prosecutor's office of the Batang Regency that the police has carried out activities based on the decision by the judicial authorities, and that they have engaged appropriately in the Project without any unjust arrests of local residents.
- c) In respect to the involvement of the military in the ground leveling of the power plant construction site, JBIC has been informed from the local law office that the Project Proponent requested for ground leveling work to the public works cooperative under the military as the "regional government assistance in non-military affairs" under the national military law as a result of a consultation with the governments of the Central Java Province and Batang Regency, and thus the ground leveling work by the cooperative is lawful.
- d) In respect to the violation of human rights, JBIC has confirmed with the Indonesian government (the Coordinating Ministry for Economic Affairs) that they intend to provide sufficient support together with the Project Proponent to ensure there will be no issues.

- e) JBIC has confirmed that Komnas HAM also reached a conclusion to support the Project (March 2016), with a decision made at a discussion with the Indonesian government that measures will be consecutively carried out to respond to concerns of Komnas HAM for the affected residents.

JBIC's non-compliance with the Guidelines in this case has not been acknowledged in this regard in terms of a) to e) above.

However, should there actually be the case claimed by the Requesters (see Annex p.8), it would be a grave situation and would be pointed out as an issue which must be avoided in the future Project's implementation, in connection with "Social Acceptability and Social Impacts" of the Guidelines.

- f) JBIC has confirmed that the incident involving arrests and detentions of some Requesters during the process of hearings and briefing sessions was judged guilty by the Batang District Court on November 12, 2013. Therefore, claims related to this case are dismissed as stipulated in V.3 of the Summary.

E) Future impact on the environment

Regarding the claim that the assessment results of the environmental impact by the power plant are non-compliant with JBIC Environmental Guidelines (see Annex p.9-10 E): JBIC has confirmed that the environmental burdens on the atmosphere and water, which are estimated to occur in relation to the power plant construction, meet the Indonesian and international standards, and also that sufficient environmental considerations are taken into account for the intake and drainage systems of cooling water. Therefore, JBIC's non-compliance with the Guidelines in this case has not been acknowledged.

F) Summary

As shown above, it has been acknowledged that JBIC appropriately conducts the confirmation of environmental and social considerations, with respect to the sovereignty of the Republic of Indonesia, and thus the non-compliance with relevant provisions has not been acknowledged. Furthermore, JBIC has checked the situation every time there were indications from third parties and has informed such indications to the Project Proponent, while also checking the situation with related organizations.

(iii) Causal nexus between JBIC's non-compliance with the Guidelines and damages

Since JBIC's non-compliance with the Guidelines has not been acknowledged, the causal nexus between non-compliance with the Guidelines and damages will not be an issue.

(iv) Final Results

As provided above, JBIC's non-compliance with the Guidelines has not been acknowledged following the results of the investigation. The Examiners have also confirmed that the Project Proponent and government agencies have provided free substitute farmlands to tenant farmers, as well as employment and self-supporting

programs and CSR programs at a high level, in addition to setting reasonable price for acquiring land from landowners, which have been beneficial to many of the residents in the affected area.

On the other hand, it is a fact that a social acceptance on land ownership and fishing environment has not been fully achieved among some residents, which include the Requesters, and the Project Proponent and government agencies. The Examiners expect the discussions and dialogues will continue to be held between parties concerned, with cooperation with the related Indonesian government agencies. In respect to the Requesters' claim on the violation of human rights, there appear to be several injured people during demonstration activities, according to the photos included in the evidence submitted by the Requesters and media footage. Should these incidents have actually occurred, such are not socially desirable, and therefore the Examiners expect sufficient coordination to be continued towards social acceptance with cooperation of related government agencies when the Project Proponent intends to continue with the Project.

Section 6. Status of Agreement on Dialogue Promotion and Record of Dialogue between Parties Concerned

(1) Dialogue between Requesters and Project Proponents

(i) Dialogue between Requesters and Project Proponents

- Date of dialogue: September 2014
- Place of dialogue: Tokyo, Japan
- Detail of dialogue: A meeting which was attempted to be arranged upon the Requesters' visit to Japan with Japanese investors was not set.
- Content of agreement in case the agreement is reached between parties concerned: dialogue failed

(ii) Dialogue between Requesters and Project Proponents

- Date of dialogue: July 2015
- Place of dialogue: Tokyo, Japan
- Detail of dialogue: A meeting was arranged upon the Requesters' visit to Japan with Japanese investors, and matters of concern in the Project were shared.
- Content of agreement in case the agreement is reached between parties concerned: disagreed

(iii) Dialogue between Requesters and PLN

- Date of dialogue: March 2015
- Place of dialogue: Batang Regency, Central Java Province, Indonesia
- Detail of dialogue: Governor of PLN visited home of the Requesters, and requested the sale of land located in the project site.
- Content of agreement in case the agreement is reached between parties concerned: disagreed (Requesters refused to sell the land)

(iv) Meeting for Dialogue Promotion between Requesters and Project Proponent mediated by Examiners

- Date of dialogue: May 3, 2017
- Place of dialogue: Batang Regency, Central Java Province, Indonesia
- Detail of dialogue: The Requesters, with an understanding that the Project is private-sector, made requests for confirmation of ownership of land within the project site, land acquisition by the Project Proponent, ensuring of entry into the site, farming, and harvest, compensation for the damages on fishing boats and nets caused by activities by the Project Proponent. The Project Proponent responded that: the Project is under the governmental PPP and the Project Proponent is leasing the land from the owner (the Indonesian government); the legality of ownership transfer based on the land acquisition law has been finalized by the judgment of the Supreme Court, thus the Project Proponent cannot buy the land (compensations for land acquisition by the Indonesian government have been deposited at the court); the fact on the damages to fish boats and nets will be investigated; and that the Project Proponent intends to actively provide regional support programs such as CSR activities. The Examiners, taking the opportunity of this meeting, facilitated the dialogues between the parties.
- Content of agreement in case the agreement is reached between parties concerned: disagreed

(2) Interview conducted by Examiners with Parties Concerned

(i) Individual interview with Project Proponent

- Date of interview: May 2, 2017
- Place of interview: Batang Regency, Central Java Province, Indonesia
- Detail of interview: The Project Proponent reported that: the construction is in progress mostly as planned; a total of eight CSR staff members visit the surrounding areas every day, carrying out CSR activities for promoting understanding and improving the living conditions; following the judgment by the Supreme Court on the legality of applying the land acquisition law, the Project Proponent began building fences around the project site in March 2016, but delayed the ground leveling until the harvest season (June 2016) of crops grown during the farmers' ownership and provided harvesting service; 21-month monetary compensations were provided to tenant farmers, in addition to substitute farms; an artificial fish reef and a ship equipment maintenance facility were provided to fishermen, in addition to briefing on the construction, and the Project Proponent is putting efforts to promote understanding and to maintain and increase the volume of fish catches; when demonstrations by opposing residents are planned, the organizer sends prior notice to the police, who will then provide security; the appropriate number of security officers is determined by the police and dispatched on the day of the demonstration (also from the military if needed); the Project Proponent may work in cooperation

with the police by dispatching their corporate security guards to the demonstration; and other items.

(ii) Individual interview with Requesters

- Date of interview: May 2, 2017
- Place of interview: Batang Regency, Central Java Province, Indonesia
- Detail of interview: The interview began with the Requesters strongly demanding an investigation of entry into the formerly-owned land within the project site. The Examiners repeatedly explained that it would be difficult for the Project Proponents to carry it out due to safety reasons, but the unconvinced Requesters suddenly left the room, so the interview came to an end without fulfilling the anticipated purpose of hearing opinions of the Requesters. (Taking such situation into account, the Examiners later requested the Project Proponent to reconsider the investigation on the entry into the project site. Although the Project Proponent gave a response accepting the Requesters' entry into the premise under certain conditions, the Requesters did not agree to those conditions and the investigation on the entry was not carried out in the end.)

Section 7. List of Main Materials that served as Basis for Judgment of Examiners

- ANDAL Pembangunan PLTU Jawa Tengah 2x1000 MW di Kecamatan Kandeman dan Kecamatan Tulis Kabupaten Batang Provinsi Jawa Tengah
- RKL Dan RPL Pembangunan PLTU Jawa Tengah 2x1000 MW di Kecamatan Kandeman dan Kecamatan Tulis Kabupaten Batang Provinsi Jawa Tengah
- Stakeholder Engagement Plan for Central Java Coal-Fired Power Plant (May 20, 2016)
- Livelihood Restoration Plan for Central Java Coal-Fired Power Plant (May 20, 2016)
- Objection Regarding the Central Java Coal-fired Power Plant Project in Indonesia (December 5, 2016)
- Answers to Inquiries with respect to Central Java Coal-fired Power Plant Project in Indonesia (February 4, 2017) (Attached Photocopies of Demonstration Activities and a Copy of Document called a Threatening Letter by the Requesters)
- USB Memory Including Video Files Provided by the Requesters
- Central Java Coal-Fired Power Project Provided by PT Bhimasena Power Indonesia (2017)
- 2017 BHIMASENA POWER Corporate Social Responsibility Program
- Legal Analysis on the Utilization of Indonesia National Armed Forces to Provide Land Clearing Service to PT Bhimasena Power Indonesia for Central Java Coal Fired Steam Power Plant Project (June 24, 2015)
- IFC Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts (January 1, 2012)
- IFC Performance Standard 5 Land Acquisition and Involuntary Resettlement (January 1, 2012)

- IFC Guidance Note 4 Community Health, Safety and Security (January 1, 2012)
- Environmental and Social Impact Assessment, Central Java Coal-fired Power Plant Project (May 2016)
- Written response by JBIC's operational departments to the questions from the Examiners
- Written response by the Project Proponent to the questions from the Examiners (April 27, 2017)
- Statement from the National Commission on Human Rights (Komnas HAM) and statement on the confirmation by JBIC
- Content of Advice from the Indonesian National Commission on Human Rights (Komnas HAM) on the Central Java Coal-fired Power Plant Project, and status of confirmation by JBIC's Environmental Assessment Office (December 8, 2015)
- Business trip report on the confirmation of the environmental and social considerations of the Central Java Coal-fired Power Plant Project, Republic of Indonesia (the fifth local inspection) (December 30, 2016)
- View on the environmental assessment of the loan to the Central Java Coal-fired Power Plant Project, Republic of Indonesia (June 2016)

Results of Examination

1. Formality requirements of the request

All items are written in Japanese, English or the official language of the country in which the Requester resides.	✓
There are items the descriptions of which are insufficient.	

(Items the descriptions of which are insufficient: _____)

2. Requirements to commence the procedures

(1) Requirements regarding the Requester

The request has been submitted by two or more residents in the country in which the project is implemented.	✓
The request does not satisfy the above requirement.	
The fact that the request has been submitted by the Requester cannot be confirmed.	

(2) Project with respect to which the objections are submitted

As a result of identifying the project based on the request, it has been confirmed that it is a project for which JBIC provides funding.	✓
As a result of identifying the project based on the request, it has been confirmed that it is not a project for which JBIC provides funding.	
The project cannot be identified based on the request.	

(3) Period

The request was submitted during the period between the time when a loan agreement was executed and the time when drawdown was completed.	✓
The request was submitted on or before the time when a loan agreement was executed and, therefore, it is appropriate to transfer the request to the Operational Department for examination.	
The request was submitted after the completion of disbursement and JBIC's non-compliance with the Guidelines concerning JBIC's monitoring was pointed out.	
The request was submitted after the completion of disbursement but JBIC's non-compliance with the Guidelines concerning JBIC's monitoring was not pointed out.	

- (4) Substantial damage actually incurred by the Requester or substantial damage likely to be incurred by the Requester in the future as a result of JBIC’s non-compliance with the Guidelines with regard to the project which JBIC provides funding

Substantial damage actually incurred or substantial damage likely to be incurred in the future is described.	✓
Substantial damage actually incurred or substantial damage likely to be incurred in the future is not described.	

- (5) Relevant provisions of the Guidelines considered by the Requester to have been violated by JBIC and the facts constituting JBIC’s non-compliance alleged by the Requester

Provisions not complied with and the facts of non-compliance are fairly and reasonably described.	✓
Provisions not complied with and the facts of non-compliance are not fairly and reasonably described.	

Note: Pursuant to Paragraph 3, V. 3. of the “Summary of Procedures to Submit Objections concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations”, the Examiner will reject some parts of the Request, if a dispute concerning the project has already been adjudicated by judicial or administrative proceedings in Indonesia or other dispute resolution proceedings, and if the Examiner deems that the issue involved in such dispute resolution proceedings and the issue involved in the Procedures are substantially identical.

- (6) Causal nexus between JBIC’s non-compliance with the Guidelines and the substantial damage

Description of causal nexus is fairly reasonable.	✓
Description of causal nexus is not considered to be fairly reasonable.	

- (7) Facts concerning the Requester’s consultation with the Project Proponent

The Requester has endeavored to have dialogues with the Project Proponent.	✓
There is an unavoidable reason for the Requester that prevents the Requester from endeavoring to have dialogues with the Project Proponent.	
As the Requester has not fully endeavored to have dialogues with the Project Proponent, the Requester should first propose to have dialogues.	

- (8) Facts concerning the Requester’s consultation with JBIC

The Requester has had communication with JBIC’s Operational Department.	✓
As the Requester has not fully endeavored to have communication with JBIC’s Operational Department, the Requester should first propose to have dialogues.	

(9) Prevention of abuse

There is no concern that the request was submitted for abusive purposes.	✓
There is a concern that the request was submitted for abusive purposes and, therefore, it is inappropriate to commence the procedures.	
There is a serious false description in the request.	

(Describe the reasons why the request is considered to have been submitted for abusive purposes or the matters that are considered to be false.)

[THE END]

ANNEX – Categories, Corresponding Provisions and Investigation Results for Claims of JBIC’s Non-compliance with JBIC Environmental Guidelines

Categories of claims	Investigation Results (details confirmed by JBIC)	Provisions of Guidelines with which JBIC’s non-compliance is stated on Objection (P.17-32) (Note: page number shows where each can be found)	Details of the provisions of Guidelines (as shown on left column) with which JBIC is stated to be non-compliant
<p>A) Non-transparency of the procedures based on local legal system</p> <p>(1) Selection of project site, arrangement and construction plans</p> <p>(2) Minimizing and mitigation measures of environmental and social impact</p>	<ul style="list-style-type: none"> • The Project site was selected from 10 candidate locations, taking into account the land use at the time, by following factors: (i) area which was designated as strategic commercial and industrial area in the Batang Regency spatial planning in 2011-2013; (ii) area which would enable links to existing power lines; (iii) area where residents’ physical relocation could be prevented and economic relocation be limited; and (iv) area where the impact of land modification, such as by public works and landfill, could be minimized. • JBIC has confirmed with the Project Proponent that, immediately following the signing of the long-term power purchase agreement in October 2011, they promptly began to prepare the Environmental Impact Analysis Report (hereinafter ANDAL) and also examined alternative solutions for the environmental impact (carried out appropriate decision-making on several alternative solutions in the facility layout from the environmental perspective, including the “zero option” of not implementing the Project at all, through dialogues and discussions) and mitigation measures (appropriateness and suitability of introducing environmentally-considerate technologies to minimize the environmental impact) through dialogues with affected residents at the Environmental Impact Analysis Committee (hereinafter “AMDAL Committee”) and hearings, and reflected them on ANDAL and the Project plan. • The Project Proponent is considering ways to mitigate environmental and social impact as follows: <ul style="list-style-type: none"> (i) Avoiding coral reef areas when constructing offshore structures; (ii) Changing the initial plan to locate a stockyard outside the project construction site to inside to prevent the impact of land modification; (iii) Using sediments of a cliff area within the project site to prevent collection of sediments (landscape modification) of the project site’s surrounding areas. • JBIC has confirmed with the Project Proponent that, for minimizing or mitigating those environmental and social impacts for which the above measures would not be fully effective, they have ensured: (i) compliance with local and international environmental standards by minimizing the environmental impact on surrounding areas through introducing advanced environmentally-considerate technologies; (ii) reduction of impact on the ecosystem of coastal areas, such as by tree planting in mangroves; (iii) building of fish reef to minimize impact on the catch volume in the surrounding sea areas; (iv) continued support for agriculture by providing substitute farms to minimize the impact of livelihood loss of farmers; (v) mitigation of impact of livelihood loss by monetary compensation; and (vi) mitigation of impact of livelihood loss through self-supporting programs (e.g., loans by microfinance, skill training programs). • The Project Proponent set a monitoring plan (RPL) and an environmental management plan (RKL) in accordance with the Indonesian legal system, in order to determine whether the above environmental and social consideration measures are appropriate. These plans include a follow-up framework (including cooperative framework with 	<ul style="list-style-type: none"> • Part 1.3.(2) Confirmation of Environmental and Social Considerations by JBIC (P.18) (A) • Part 1.3.(4) Standards for Confirmation of Appropriateness of Environmental and Social Considerations (P.19) (B) • Part 1.6. Taking Environmental Reviews into Account for Decision-making and Loan Agreements (P.22) (C) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Underlying Principles) (P.22) (D) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Examination of Measures) (P.23) (E) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Compliance with Laws, Standards and Plans) (P.24) (F) 	<p>(A) JBIC confirms in its environmental reviews: 1) whether appropriate and sufficient consideration is given to environmental and social issues before the implementation of the project, 2) whether appropriate environmental and social considerations can be expected after JBIC makes decisions on the funding of the project in light of such factors as the state of preparation by the project proponent and host government, their experience, operational capacity, and the state of securing funds, as well as external factors of instability.</p> <p>(B) JBIC ascertains whether a project complies with environmental laws and standards of the host national and local governments concerned, as well as whether it conforms to their environmental policies and plans.</p> <p>(C) Through loan agreements or their attached documents will JBIC make its utmost effort to ensure that the borrower is to endeavor to enter into agreements with project proponents and the host governments (including local governments) as well, when these parties other than the borrower have important roles to play in terms of environmental and social considerations.</p> <p>(D) Environmental impact which may be caused by a project must be assessed and examined from the earliest planning stage possible. Alternative proposals or minimization measures to prevent or reduce adverse impact must be examined and incorporated into the project plan</p> <p>(E) Multiple alternative proposals must be examined to prevent or minimize adverse impact and to choose a better project option in terms of environmental and social</p>

<p>(3) Marine protected area</p>	<p>related government offices), implementing method, and reported details, and were approved by the Environmental Agency of Central Java in August 2013.</p> <ul style="list-style-type: none"> The Ujung Negro-Roban coastal area near the project site is designated as a marine protected area. JBIC has confirmed with the Environmental Agency of Central Java, Batang Regency, and the Project Proponent that the Project will not modify the land nor build facilities in the marine protected area. Furthermore, the Project Proponent is planning mitigation measures (employing dredging method which would not increase the turbidity depending on the configuration of the seafloor and depth, minimizing of impact on ecosystem by proliferation of warm drainage) which would prevent or minimize the impact on the above protected area during the Project's construction and implementation, and JBIC has confirmed the suitability of these mitigation measures with Indonesia's Ministry of Environment and Forestry. The offshore structures and constructions in the Project will not be located in the marine protected area. A lawsuit was filed in the Semarang Administrative Court claiming that the designation process for the above protected area is inappropriate, but the court dismissed the case and the plaintiff filed an intermediate appeal. Subsequently, in June 2013, the Surabaya High Administrative Court supported the decision by the Semarang Administrative Court, finalizing the judgment, and the coastal marine protected area designated by the Regent of Batang Decree was rendered as legitimate. 	<ul style="list-style-type: none"> Part 2.1. Environmental and Social Considerations Required for Funded Projects (Compliance with Laws, Standards and Plans) (P.26) (G) Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.26) (H) Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.27) (I) 	<p>considerations. In examination of measures, priority is to be given to the prevention of environmental impact, and when this is not possible, minimization and reduction of impact must be considered next.</p> <p>(F) Projects must comply with laws, ordinances and standards relating to environmental and social considerations established by the governments that have jurisdiction over the project site (including both national and local governments). They are also to conform to environmental and social consideration policies and plans of the governments that have jurisdiction over the project site</p> <p>(G) Projects must, in principle, be undertaken outside protected areas that are specifically designated by laws or ordinances of the government for the conservation of nature or cultural heritage (excluding projects whose primary objectives are to promote the protection or restoration of such designated areas). Projects are also not to impose significant adverse impact on designated conservation areas.</p> <p>(H) Projects must be adequately coordinated so that they are accepted in a manner that is socially appropriate to the country and locality in which the project is planned.</p> <p>(I) For projects with a potentially large environmental impact, sufficient consultations with stakeholders, such as local residents, must be conducted via disclosure of information from an early stage where alternative proposals for the project plans may be examined. The outcome of such consultations must be incorporated into the contents of the project plan.</p>
<p>(4) Spatial planning and location approval</p>	<ul style="list-style-type: none"> A lawsuit was filed in the Semarang Administrative Court claiming that the location approval given by the Regent of Batang violates the Batang Regency Spatial Plan. The court's decision in May 2013 judged the approval to be appropriate and dismissed the plaintiff's claim, but the plaintiff filed an intermediate appeal. Subsequently, in October 2013, the Surabaya High Administrative Court supported the decision by the Semarang Administrative Court, finalizing the judgment. As above, the legality of the location approval issued by the Regent of Batang has been rendered, and thus the point of the non-compliance with the law claimed in the Objection cannot be supported. 		
<p>(5) Land expropriation</p>	<ul style="list-style-type: none"> One of the signees of the Objection filed a lawsuit for the background and grounds of the decision to apply the land expropriation law, but the Supreme Court dismissed the plaintiff's plea, finalizing the judgment, in February 2016. As mentioned above, the legality of the application of land expropriation law has been rendered, and thus the point of the non-compliance with the law claimed in the Objection cannot be supported. 		
<p>(6) Construction in marine area</p>	<ul style="list-style-type: none"> The Project Proponent has already obtained approvals required by the Indonesian law for the marine area construction. 		
<p>(7) Governance</p>	<ul style="list-style-type: none"> Indonesia has established environmental and social standards and regulatory framework by law, and has also ratified various international treaties on environmental pollution management. In some of the treaties (e.g. United Nations Framework Convention on Climate Change), peer reviews on the system structure and execution system are conducted between ratifying countries, and thus the claim that systematic and competently appropriate measures for environmental and social considerations are not executed cannot be supported. 		

<p>B) Insufficient information disclosure to local communities</p> <p>(1) AMDAL process, hearing, briefing, information disclosure, interview, etc.</p>	<ul style="list-style-type: none"> • The Environmental Agency of Central Java formed the AMDAL Committee which reviews AMDAL of the Project, as stipulated by the Indonesian legal system¹. The Committee consists of the authorities, affected residents, experts, and local NGO, among others. Some of the signees of the Objection are believed to be invited to the Committee by a request from members of the Committee. • The Project Proponent announced the Project plan and executed the public comment process in October 2012. The announcement was made in major local newspapers. The Project Proponent drafted the ANDAL preliminary document (hereinafter KA-ANDAL) as an execution plan including the scope to be considered in ANDAL and analysis methods on the basis of opinions collected from the public comment. • The Project Proponent disclosed the draft for KA-ANDAL in October 2012, and, from November to December of the same year, conducted hearings at all five venues for 13 villages² which may be directly or indirectly affected by the Project. KA-ANDAL was submitted to the authorities and the AMDAL Committee in February 2013 and approved in March. • The Project Proponent drafted the ANDAL in accordance with the KA-ANDAL procedures, disclosed the ANDAL draft to the authorities and village office in June 2013, and conducted hearing of opinions through the public comment process. • The Project Proponent held a briefing on the ANDAL draft for the AMDAL Committee in July 2013. • ANDAL was revised by the Project Proponent to be consistent with the opinions heard at the public comment, and approved by the Central Java Province on August 21, 2013, after a review by the AMDAL Committee. As such, the information disclosure of AMDAL and participation of affected residents were appropriately executed for the Project. • JBIC has confirmed that hearings have been held dozens of times in the past, and that also after the approval of AMDAL in August 2013, there have been appropriate information disclosures through postings at village offices and community forums (a total of about 60 hearings between January 2012 and December 2016). • JBIC has confirmed with the Regency Office of Batang that briefings have been held for Roban village at a nearby Kenconorejo village and that information has been publicized. • JBIC has confirmed with the Project Proponent that they have planned a policy for involvement with stakeholders, and have paid special considerations to the socially vulnerable in the information disclosure and agreement process (e.g. briefings held exclusively for women). • The Project Proponent has placed a suggestion box at village offices and established a complaint filing system to collect various opinions, including opposing ones. • The Indonesian central government conducted a hearing in September 2015 in respect to the above hearing with the Ministry of Environment and Forestry, who is in charge of AMDAL, and received a comment from the ministry that the AMDAL processes for the Project are all appropriate and suitable. • AMDAL points to the obstruction of the sea traffic by the construction of coal pier, as a possibility of impact on fishermen. However, the monitoring plan (RPL) and environmental management plan (RKL), which are part of required documents for AMDAL, state that alternative compensation measures will be implemented to be paid for 	<ul style="list-style-type: none"> • Part 1.5.(1)Basic Principles (P.21) (A) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.26) (B) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.27) (C) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.28) (D) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.29) (E) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.31) (F), (G) 	<ul style="list-style-type: none"> (A) JBIC welcomes information provided by concerned organizations and stakeholders, so that it may consider a diverse range of opinions and information in its environmental reviews. JBIC may also, when necessary, seek the opinions of concerned organizations and stakeholders. (B) Projects must be adequately coordinated so that they are accepted in a manner that is socially appropriate to the country and locality in which the project is planned. (C) For projects with a potentially large environmental impact, sufficient consultations with stakeholders, such as local residents, must be conducted via disclosure of information from an early stage where alternative proposals for the project plans may be examined. The outcome of such consultations must be incorporated into the contents of the project plan. (D) Appropriate consideration must be given to vulnerable social groups, such as women, children, the elderly, the poor, and ethnic minorities, all of whom are susceptible to environmental and social impact and who may have little access to the decision-making process within society. (E) Involuntary resettlement and loss of means of livelihood are to be avoided where feasible, exploring all viable alternatives. When, after such examination, it is proved unfeasible, effective measures to minimize impact and to compensate for losses must be agreed upon with the people who will be affected. (F) Appropriate participation by the people affected and their communities must be promoted in planning, implementation and monitoring of involuntary resettlement plans and measures against the loss of their means of livelihood. (G) In preparing a resettlement plan, consultations must be made with the affected people and their communities based on sufficient information made available to them
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¹ Environmental Protection and Management (Law No. 32/2009)

² 13 villages were designated as those likely to be affected directly or indirectly by the Project when KA-ANDAL was created. However, as a result of designation process conducted mainly by members of AMDAL Committee, a total of 9 villages, which are 3 in the project site and 6 in the power line construction area, have been designated as subject to direct or indirect impact in ANDAL. Kedung Segok Village was not designated as subject to impact in ANDAL, but is included in the above 13 villages. The Project Proponent provides support to the villages as eligible for livelihood compensation, acknowledging the likelihood of impact on fishery (disrupted sea traffic) by offshore structures constructed for the Project.

<p>(2) Others</p>	<p>the impact after discussions with residents. Specifically, (i) support in providing fishing tools through CSR activities; (ii) small-lot loans for businesses; and (iii) installment of fish reef to recover the fishing areas are being considered. Such support has been provided through the fishermen's cooperative of Roban village, which has commented that "some fishermen are receiving the support."</p> <ul style="list-style-type: none"> Regarding the claim that the number of affected residents stated in AMDAL does not match the actual number, it can be said that AMDAL itself is prepared for the purpose of understanding the scale and overview of impact. Meanwhile, the Project Proponent conducts a new inspection immediately before developing a support plan (e.g. compensation) for affected residents. Even if the number is different from the actual number, it would not impair the eligibility in the selection of affected residents eligible for compensations. The selection process of persons eligible for compensations go through (i) reinvestigation of those eligible for payment, (ii) dialogues with affected residents, (iii) discussions with Batang Regency, (iv) decision on the persons eligible for compensations and the amount of compensation being made by the Regent of Batang Decree. Taking such process into account, JBIC has confirmed that it is a suitable and transparent process for the livelihood restoration plan. Regarding the claim that some of the residents were forbidden from participating in the above hearings, JBIC has confirmed with the offices of the Central Java Province and Batang Regency that it would not have been possible for them to be forbidden to participate. JBIC has confirmed in the interview with opposing residents in September 2015 that there are some residents who refuse to participate on their own will. JBIC has confirmed that a group of fishermen, who had initially been opposing the Project with the Requesters, has begun to discuss with the Project Proponent on compensations and support since November 2016. 		<p>in advance. When consultations are held, explanations must be given in a form, manner, and language that are understandable to the affected people.</p>
<p>C) Loss of livelihood (1) Concerning land acquisition</p>	<ul style="list-style-type: none"> There is absolutely no residential area, but only farms in the project site, so there will be no involuntary relocation by residents as a result of the land expropriation. The following are confirmed items for the loss of livelihood in relation to farms. <p><u>Compensation for landowners with whom the land purchase has been agreed</u></p> <ul style="list-style-type: none"> JBIC has confirmed with the Batang Regency and Project Proponent that the Project Proponent, in order to prevent involuntary relocation of residents, has been negotiating to promote voluntary land sales by explaining to the landowners during the negotiations the project detail and process of land acquisition, as well as the fact that the land purchase compensation price is land reacquisition cost which includes relocation costs and the future livelihood compensations. JBIC has confirmed with the Project Proponent that the above purchase compensation price provided to the landowners is added with reacquisition cost, process costs, and farm production profit, based on the results of a social-economic baseline survey. JBIC has confirmed with the Project Proponent that, for future briefing to local residents and consensus formation, they are planning to disclose documents to residents during the Project construction, test operation, and full-fledged operation (monitoring report, CSR activity plan, employment information, etc.) and hold discussions with them in line with the policy for involvement with stakeholders. The Project Proponent, as the complaint handling mechanism for the Project, prepares a complaint handling 	<ul style="list-style-type: none"> Part 1.4.(3) Environmental Review for Each Category (P.20) (A) Part 2.1. Environmental and Social Considerations Required for Funded Projects (Examination of Measures) (P.23) (B) Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.28) (C) Part 2.1. Environmental and Social Considerations Required for Funded 	<ul style="list-style-type: none"> (A) For projects that will result in large-scale involuntary resettlement, resettlement plans must be submitted for JBIC's environmental reviews. (B) Multiple alternative proposals must be examined to prevent or minimize adverse impact and to choose a better project option in terms of environmental and social considerations. In examination of measures, priority is to be given to the prevention of environmental impact, and when this is not possible, minimization and reduction of impact must be considered next. (C) Appropriate consideration must be given to vulnerable social groups, such as women, children, the elderly, the poor, and ethnic minorities, all of whom are susceptible to environmental and social impact and who may have little access to the decision-making process within society. (D) Involuntary resettlement and loss of means of livelihood

<p>(2) Concerning ground leveling</p>	<p>manual and ensure complaint handling process, response and records. JBIC has confirmed with the Project Proponent that for each complaint they receive, they record the date of receipt, information on the person filing the complaint, type (complaint or suggestion), department in charge, level of importance and urgency, status of resolution, follow-up plan, and date of resolution.</p> <p><u>Land expropriation in line with the Indonesian domestic law</u></p> <ul style="list-style-type: none"> • The Project will not cause any physical relocation requiring residential relocation and is subject to economic relocation requiring land purchase and compensations for the privately-owned farms, but an agreement with 61 landowners (owning a total of about 0.13 km²) could not be reached by June 2015. • For such unsold land, the Central Java Province made a decision to apply Law No.2/2012 for the unsold land in June 2015, taking into account the Project's public benefit. After the application of the law, the Project Proponent's negotiation for voluntary land sales to the landowners of unsold land will not be allowed, and the national land expropriation process will be put into effect in line with provisions of the process stipulated by the law. • Since July 2015, in line with the procedures of Law No.2/2012, the Central Java Province and the national land authority have held hearings, land valuation process by a third party, decision of expropriation price, and briefings (three briefings by September 6, 2015) for persons subject to land expropriation, and set an period for objections (September 6-25, 2015). JBIC has confirmed with the national land authority that there were no objections from the persons subject to land expropriation during the period. • JBIC has confirmed with PLN that the national land authority informed PLN that the landownership had been transferred from previous owners to the national land authority on November 27, 2015 when a series of procedures were completed, and that the authority conducted a process to transfer the ownership to PLN on December 8. • JBIC has confirmed that, regarding the involvement of the national military in the ground leveling, it is positioned as part of the regional government's support in non-military work, as per the national military law, and that the military's work in ground leveling for the Project was decided at the meeting among the Central Java Province, Batang Regency, and the Project Proponent in February 2015. • JBIC has confirmed that the ground leveling work was solely public work, employing heavy machinery and no machine guns. Taking the above into account, JBIC has confirmed that there are no issues violating the local law or regulations. • The Project Proponent, even after setting fences around the project site and began to occupy the land, allowed temporary entry to previous landowners by making a few entry points along the fences (temporarily allowing them to harvest). The Project Proponent also harvested on their behalf the crops which the previous landowners and sharecroppers had planned to harvest. JBIC has confirmed that the Project Proponent handed all of the produce to the previous landowners (part of whom are Requesters) by the end of June 2016. As such, the Project Proponent has paid sufficient consideration in terms of time until the land handover for the owners, and also paid considerations to mitigate impact as much as possible. • JBIC has confirmed with the Project Proponent that they have secured water canals using excavators when needed, while having dialogues with the landowners concerning the taking in of water canals to non-acquired land, and also confirmed that the water canals were made by excavators, not by hand, from the depth of the canals and several marks of excavators left at the canals. 	<p>Projects (Involuntary Resettlement) (P.29) (D)</p> <ul style="list-style-type: none"> • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.30) (E) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.30) (F) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.32) (G) 	<p>are to be avoided where feasible, exploring all viable alternatives. When, after such examination, it is proved unfeasible, effective measures to minimize impact and to compensate for losses must be agreed upon with the people who will be affected.</p> <p>(E) People to be resettled involuntarily and people whose means of livelihood will be hindered or lost must be sufficiently compensated and supported by the project proponents, etc. in a timely manner. Prior compensation, at full replacement cost, must be provided as much as possible.</p> <p>(F) The project proponents, etc. must make efforts to enable the people affected by the project, to improve their standard of living, income opportunities and production levels, or at least to restore them to pre-project levels. Measures to achieve this may include: providing land and monetary compensation for losses (to cover land and property losses), supporting the means for an alternative sustainable livelihood, and providing the expenses necessary for relocation and the re-establishment of a community at relocation sites.</p> <p>(G) For projects that will result in large-scale involuntary resettlement, resettlement plans must be prepared and made available to the public.</p>
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<p>(3) Concerning livelihood restoration</p> <ul style="list-style-type: none"> Farming 	<ul style="list-style-type: none"> JBIC has confirmed the record the Project Proponent has made of such dialogues with landowners and that one of the Requesters made a direct request to the ground leveling worker to take in an individual water canal and that response to the request has been completed. The Project Proponent conducted a baseline survey (consensus survey and samples of survey per household) for livelihood status of affected residents with cooperation of a research institute. The Project Proponent developed a livelihood restoration plan based on investigation results, and has offered various compensations to affected residents. They also plan to conduct monitoring to ensure corrective action as needed. The essential features of the livelihood restoration plan are: (i) monetary compensations, (ii) provision of substitute farms, and (iii) employment support. The Project Proponent has explained in advance details of each plan to related agencies of the Province and Regency, as well as to affected residents, and has conducted the livelihood restoration measures while gaining agreements of stakeholders. (i) Monetary compensation is a program providing cash in short term to sharecroppers and tenant farmers who have been selected as the eligible for the compensations by the Regent of Batang Decree from a group of affected residents, until they secure the next livelihood. (ii) Substitute farms are planned to be provided to sharecroppers whose livelihoods are affected, and the right to use the land will be free of charge. The allotted area is decided based on a standard ensuring actual income to exceed the income before the use of the substitute farm, on the basis of prior income survey of the sharecroppers and the average farm rental cost paid previously. (iii) Employment support is provided for the affected residents by the Project Proponent in the form of small-lot financing program and training programs aimed at their business independence. The support programs are carried out in three villages in the power plant construction site (Ujung Negoro, Karanggeneng, and Ponowareng), where they set up small-lot financing cooperative together with local residents and provide finance and accounting trainings to the residents working at the cooperative. In the training programs aimed at independent business, the Project Proponent provides support on technical knowledge which correspond to their aspired business for residents who have no experience in business, as well as education programs on sales, collection, and accounting. Through such support, they plan to promote women's self-reliance and employment of the poor. IFC Performance Standard requires Project Proponents to provide "opportunities to improve or at least restore their income-earning capacity, production levels, and standards of living," and also to "play an active role during resettlement planning, implementation and monitoring." The livelihood restoration measures and monitoring conducted by the Project Proponent are in line with the requirements of the IFC Performance Standard. JBIC has visited the actual site and confirmed that many women participate in the employment support, in which business programs such as batik sewing classes are held, and heard a comment from a woman participating in the business program that she has been given an opportunity to gain income in her spare time after finishing daily housework. The supervisor at the program is a woman, and many of the workers are also women. As such, JBIC has confirmed that the Project Proponent pays certain amount of considerations to program participation by women and other socially vulnerable people, as specified in the IFC Performance Standard. 		
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<ul style="list-style-type: none">• Fishery	<ul style="list-style-type: none">• In AMDAL, which was approved in August 2013, the number of residents who engage in fishery in the project site area is stated as 1,413 according to the number recorded in 2012 and 2013 in the county (administrative unit of area which unifies several villages), and, of this number, Ujung Negoro, Karanggeneng, Ponowareng, and Roban villages near the project site are stated to have about 950 fishermen._• Fishermen in Roban and Ujung Negoro villages fish from boats, generally in the fishing ground a few km off the coast. When JBIC visited surrounding fishing villages (a fishing port Ujung Negoro which is the nearest to the project site, whose west side is located in Ujung Negoro) in September 2015 and March 2016 and interviewed the fishermen, JBIC heard comments that the construction of bridges is not expected to obstruct access to the fishing ground.• JBIC has confirmed that the fishermen receive support from the Project Proponent in the form of fishing tools and boat maintenance facilities (welding machine, small generator, warehouse, etc.), and that they have begun to build fishing reefs voluntarily with the received support.• JBIC has confirmed that the fishermen acknowledge the impact of future construction (at the time of interview), operation, and offshore structures through regular communications with the Project Proponent.• JBIC has confirmed with the Project Proponent that the livelihood conditions have improved through various training programs (accounting training: management of income and expense; training and income support for side jobs during the off-season for fishing: skills for making wooden furniture and finding customers for the products through the Project Proponent).• JBIC has confirmed with the Project Proponent that prior information on offshore construction has been provided to Roban village, which is included in the objection, and that the village's fishermen are employed as workers for the construction.• JBIC has confirmed with the Project Proponent that, in June 2016, when fishermen of Roban village marched to the site of the seabed survey and demanded for employment in the construction, they employed several of them in the construction work to meet their employment request.• The Project Proponent has already obtained all approvals for the offshore constructions, and also designated certain marine areas around the construction site under their management and is calling on surrounding ships for safe sails, as appropriate measures to prevent accidents, such as ship collisions and damages to fishing nets.• As above, the Project Proponent implements maximum measures to prevent impact on fishing tools and ships, but should there be incidents in which a causal nexus to the Project is proved, the Project Proponent will provide compensations in line with the Indonesian law. JBIC has confirmed that the Project Proponent will handle, in the above manner, damages to fishing boats and nets caused by construction companies outsourced by them, which was pointed out to the Examiners through NGOs during the on-site inspection.• The Project Proponent will ensure safe navigation of coal carriers during the plant operation, and plans to share timely information to surrounding fishermen.		
<ul style="list-style-type: none">• Others	<ul style="list-style-type: none">• JBIC has confirmed with the Project Proponent that it has a policy to provide trainings and employ local residents who have the motivation also for technical works such as maintenance staff, in order to maximize local employment. As of the end of March 2017, JBIC has confirmed that about 40% of the workforce is comprised of those from Batang Regency.		

<p>D) Violation of human rights of local residents (threat by military and police)</p> <p>(1) Results of confirmation with police, prosecutor, and Project Proponent on claimed cases</p>	<ul style="list-style-type: none"> • JBIC has confirmed, regarding the false arrests stated in the objection, a comment from the police and prosecutor that the arrests and detention were given based on legitimate reasons, when JBIC interviewed them in September 2015 to confirm the facts stated in the objection. • JBIC has confirmed with the Project Proponent that the Project Proponent provides maintenance of gates of the sacred tomb, washstand, toilets, and access roads near the project site as part of the CSR activities, and also continues to hold dialogues with the communities. • JBIC has confirmed a comment from the police that they have acted appropriately at the judicial decisions in the security at hearings and other events, when JBIC interviewed the police and prosecutor in September 2015. • JBIC has confirmed with the Project Proponent that the attendance of the police was not only for the security reasons but also for the traffic control and safety for the large crowd of residents visiting the venues. • JBIC has confirmed that, regarding the fact that this police involvement has been perceived by some residents as a threat, the Project Proponent has appropriately established and implemented a grievance mechanism to meet requirement in relation to security personnel set by the IFC Performance Standard: “the client will provide a grievance mechanism for Affected Communities to express concerns about the security arrangements and acts of security personnel,” and that they have so far not received any complaint in regard to the military and police involvement by the mechanism. • JBIC confirmed a comment in an interview with the residents in September 2015 that the attendance of the military and police was required from the security perspective. • JBIC confirmed a comment in a meeting with the village chief and residents in September 2015 that there has not been any forced negotiations for land acquisition or any threat, and that they understand that the police and military attendance was needed from the security perspective. • JBIC has confirmed that, regarding this police and military attendance, a governmental task force was established by the Coordinating Ministry for Economic Affairs of Indonesia in January 2013 which has decided to have the involvement of justice department, national police, provincial police and provincial military to ensure safe and smooth land acquisition. • Requesters are making claims in relation to violation of human rights, including that some of them have been assaulted and injured by the project security, military personnel, and policemen during the demonstrations and that they have been threatened by thugs (A member of National Commission on Human Rights (hereinafter “Komnas HAM”) has also pointed out the violation of human rights). To investigate the cases, the Examiners sent questions on the date, place, and detail of the assaults and threats to the NGO, which is acting as an agent for the Requesters, through JBIC’s Office of Examiner for Environmental Guidelines prior to the on-site inspection. However, the Examiners could not confirm the details at individual hearings during the on-site inspection. Meanwhile, the Examiners confirmed at individual hearings with the Project Proponent that there have not been any assaults on opposing residents by security staff employed by the Project Proponent. Letters which are claimed to be letters of threat do not have senders and date specified, thus cannot be acknowledged to be made by the Project Proponent. Furthermore, regarding the claim that there were assaults by local military and police officers during the demonstrations (Evidences submitted by the Requesters contain photographs of two residents who were injured and hospitalized in May 2014.), the Examiners do not consider themselves in a position to intervene and judge the legality and appropriateness of actions of Indonesian government agencies from a standpoint of 	<ul style="list-style-type: none"> • Part 1.3.(2) Confirmation of Environmental and Social Considerations by JBIC (P.18) (A) • Part 1.3.(4) Standards for Confirmation of Appropriateness of Environmental and Social Considerations (P.19) (B) • Part1.6. Taking Environmental Reviews into Account for Decision-making and Loan Agreements (P.22) (C) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Scope of Impact to be Examined) (P.23) (D), (E) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Compliance with Laws, Standards and Plans) (P.24) (F) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.26) (G) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social 	<p>(A) JBIC confirms in its environmental reviews: 1) whether appropriate and sufficient consideration is given to environmental and social issues before the implementation of the project, 2) whether appropriate environmental and social considerations can be expected after JBIC makes decisions on the funding of the project in light of such factors as the state of preparation by the project proponent and host government, their experience, operational capacity, and the state of securing funds, as well as external factors of instability.</p> <p>(B) JBIC ascertains whether a project complies with environmental laws and standards of the host national and local governments concerned, as well as whether it conforms to their environmental policies and plans.</p> <p>(C) Through loan agreements or their attached documents will JBIC make its utmost effort to ensure that the borrower is to endeavor to enter into agreements with project proponents and the host governments (including local governments) as well, when these parties other than the borrower have important roles to play in terms of environmental and social considerations.</p> <p>(D) Environmental impact to be investigated and examined includes factors that impact human health and safety</p> <p>(E) (Environmental Checklists) Appropriate measures being taken to ensure that security guards involved in the project do not violate safety of other individuals involved, or local residents?</p> <p>(F) Projects must comply with laws, ordinances and standards relating to environmental and social considerations established by the governments that have jurisdiction over the project site (including both national and local governments). They are also to conform to environmental and social consideration policies and plans of the governments that have jurisdiction over the project site.</p> <p>(G) Projects must be adequately coordinated so that they are accepted in a manner that is socially appropriate to the country and locality in which the project is planned.</p>
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<p>(2) Letter from Komnas HAM</p>	<p>respecting the country's own rights (see Guidelines Part 1.1(2)).</p> <ul style="list-style-type: none"> Regarding a claim by NGO that there was a low-flying patrol by two helicopters, believed to be owned by the military, at East Roban village during the on-site inspection by the Examiners, the Examiners has confirmed that it was not requested to the military by the Project Proponent. As a response to a letter from Komnas HAM dated August 1, 2013, the Regent of Batang and the Indonesian national power company (PLN) held a meeting with Komnas HAM on August 3, where they explained the situation and that the police and military attendance has the purpose of protecting the residents and providing security to the Project Proponent (security was increased after an incident involving a detained staff of a Japanese corporation in September 2012), and that it is expected for the police and military to act on the law. JBIC has confirmed that there was no counterargument by Komnas HAM on this claim. Some members of Komnas HAM issued on May 11, 2016 a letter based on complaints from NGO and opposing residents to PLN and the Project Proponent. It has been confirmed among parties concerned on the Indonesia side through a discussion between Indonesian government, related agencies, PLN, and the Project Proponent that the letter lacks accuracy and appropriateness, including a part which points to the pendency of a lawsuit, on which a final decision has already been made by the Supreme Court in February 2016. JBIC has confirmed that Komnas HAM reached a conclusion (March 2016) to support the implementation of the Project at a discussion with the Indonesian government, provided that measures will be consecutively carried out to respond to concerns of Komnas HAM for the affected residents. 	<p>Impacts) (P.27) (H)</p> <ul style="list-style-type: none"> Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.29) (I) Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.31) (J), (K) 	<p>(H) For projects with a potentially large environmental impact, sufficient consultations with stakeholders, such as local residents, must be conducted via disclosure of information from an early stage where alternative proposals for the project plans may be examined. The outcome of such consultations must be incorporated into the contents of the project plan.</p> <p>(I) Involuntary resettlement and loss of means of livelihood are to be avoided where feasible, exploring all viable alternatives. When, after such examination, it is proved unfeasible, effective measures to minimize impact and to compensate for losses must be agreed upon with the people who will be affected.</p> <p>(J) Appropriate participation by the people affected and their communities must be promoted in planning, implementation and monitoring of involuntary resettlement plans and measures against the loss of their means of livelihood.</p> <p>(K) In preparing a resettlement plan, consultations must be made with the affected people and their communities based on sufficient information made available to them in advance. When consultations are held, explanations must be given in a form, manner, and language that are understandable to the affected people.</p>
<p>E) Future impact on the environment by the power plant</p>	<ul style="list-style-type: none"> Regarding impact on atmosphere and water, the Project's plan meets the local and international standards by installation of appropriate management facilities. All of the data recorded on AMDAL have been decided based on Indonesian laws, and, in respect to particulate matter (PM), estimates of TSP (Total Suspended Particles), which have larger coverage than PM10 and PM2.5, are made. The Project Proponent makes individual estimates of PM10 and PM2.5, separate from AMDAL and result of each has been confirmed to be below the WHO standard. The amount of mercury has been under the detection limit (amount which is not detected when analyzing emitted gas or water), but the Project Proponent declares to comply with the law in regard to the emission concentration of all pollutants. The Project is a 2,000MW power plant with a substantial amount of generated steam (quantity of heat), so the air-cooling condenser, which is seen at small power plants (under 150MW), would not be enough for condensation and cannot be used in this power plant. When taking in the seawater for the cooling system (313,000 m³/hour), the intake pipe will be buried at the depth of 6.5m and 1.2km off the coast and take in the water horizontally at a low speed (43.4 m³/s), to prevent and reduce 	<ul style="list-style-type: none"> Part 1.3.(2) Confirmation of Environmental and Social Considerations by JBIC (P.18) (A) Part 1.3.(4) Standards for Confirmation of Appropriateness of Environmental and Social Considerations (P.19) (B) Part 1.4.(3) Environmental Review for Each Category (P.20) (C) Part 2.1. Environmental and Social Considerations 	<p>(A) JBIC confirms in its environmental reviews: 1) whether appropriate and sufficient consideration is given to environmental and social issues before the implementation of the project, 2) whether appropriate environmental and social considerations can be expected after JBIC makes decisions on the funding of the project in light of such factors as the state of preparation by the project proponent and host government, their experience, operational capacity, and the state of securing funds, as well as external factors of instability.</p> <p>(B) JBIC ascertains whether a project complies with environmental laws and standards of the host national and local governments concerned, as well as whether it</p>

	<p>the swallowing of aquatic organisms (plankton, fish eggs and larvae, benthic microorganisms, etc.).</p> <ul style="list-style-type: none"> • To minimize the impact of warm drainage produced by the cooling system on the surrounding ecosystem (plankton, nekton, benthic plankton, benthic organisms, coral reefs, and impact on the environment needed by such organisms for spawning and egg-laying), a multiport diffuser nozzle system will be installed and used to rapidly mix the water with surrounding seawater. • The environmental monitoring data can be obtained by contacting the Environmental Agency of Central Java. 	<p>Required for Funded Projects (Examination of Measures) (P.23) (D)</p> <ul style="list-style-type: none"> • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Compliance with Laws, Standards and Plans) (P.24) (E) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Compliance with Laws, Standards and Plans) (P.26) (F) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.27) (G) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Social Acceptability and Social Impacts) (P.28) (H) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary Resettlement) (P.30) (I) • Part 2.1. Environmental and Social Considerations Required for Funded Projects (Involuntary 	<p>conforms to their environmental policies and plans.</p> <p>(C) For projects that will result in large-scale involuntary resettlement, resettlement plans must be submitted for JBIC's environmental reviews.</p> <p>(D) Multiple alternative proposals must be examined to prevent or minimize adverse impact and to choose a better project option in terms of environmental and social considerations. In examination of measures, priority is to be given to the prevention of environmental impact, and when this is not possible, minimization and reduction of impact must be considered next.</p> <p>(E) Projects must comply with laws, ordinances and standards relating to environmental and social considerations established by the governments that have jurisdiction over the project site (including both national and local governments). They are also to conform to environmental and social consideration policies and plans of the governments that have jurisdiction over the project site.</p> <p>(F) Projects must, in principle, be undertaken outside protected areas that are specifically designated by laws or ordinances of the government for the conservation of nature or cultural heritage (excluding projects whose primary objectives are to promote the protection or restoration of such designated areas). Projects are also not to impose significant adverse impact on designated conservation areas.</p> <p>(G) For projects with a potentially large environmental impact, sufficient consultations with stakeholders, such as local residents, must be conducted via disclosure of information from an early stage where alternative proposals for the project plans may be examined. The outcome of such consultations must be incorporated into the contents of the project plan.</p> <p>(H) Appropriate consideration must be given to vulnerable social groups, such as women, children, the elderly, the poor, and ethnic minorities, all of whom are susceptible to environmental and social impact and who may have little access to the decision-making process within</p>
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