Summary Report of SEIA and HCV Assessments on PT Bumi Sawit Permai Rambang Kuang District of Ogan Ilir Regency and Lubai District of Muara Enim Regency, South Sumatera Province

Executive Summary

PT Bumi Sawit Permai (hereinafter referred to as "PT BSP") is located in Rambang Kuang District of Ogan Ilir Regency and Lubai District of Muara Enim Regency, South Sumatra and has obtained the Right of Cultivation ("HGU") Certificate No. 16/HGU/1990 covering an area of 7,579.90 hectares and the HGU Certificate No. 05 dated 13 November 2009 covering an area of 1,244 hectares.

PT BSP's Environmental Impact Assessment ("EIA") was carried out in association with Environmental Studies Research Centre of Universitas Sriwijaya Research Institute, having its address at Jl. Palembang-Prabumulih Km 32, Indralaya, Ogan Ilir, South Sumatera. The EIA document was prepared in 2007. PT BSP has obtained environmental assessment authorisation to its plantation development and oil palm processing mill by virtue of South Sumatera Governor Decree No. 479/KPTS/BAPEDALDA/2007 dated 25 July 2007.

In addition to EIA, PT BSP already has Social Impact Assessment ("SIA") document and social impact management plan which was prepared by PT SMART, Tbk.'s internal team (CSR Department). Necessary data were collected using indirect collecting system method. This was carried out by means of desktop review on particular documents such as EIA, HCV Assessment Report, and additional government data available on local government's website.

High Conservation Value ("**HCV**") assessment was carried out in June 2010 over PT BSP's Bumi Sawit Estates (BSWE) Unit pursuant to the with area of 10,079.90 hectares according to the location permit using HCV Area Assessment Toolkit Version 2008. The HCV assessment was run by PT SMART, Tbk.'s Environmental Department staffs consisting of specialists in habitat ecology and environmental service, as well as social, economic and cultural aspects. The team members consisted of RSPO Approved HCV Assessors. As part of the whole process, peer review on the HCV assessment was

performed by independent consultant in December 2010. The assessment findings indicate that no primary forest found within PT BSP's concession. The HCVs identified are HCV 1.1, 1.2 and 4.1 with a total area of 325.58 hectares.

Scope of Social and Environmental Impact Assessment (SEIA) and HCV Assessment

• Company name : PT Bumi Sawit Permai

• Location : Suka Merindu, Gunung Raja and Jiwa Baru Villages of Lubai

District, Muara Enim Regency, South Sumatera

• Geographic site : (104°18'53.4293" - 104°26'39.1679" E) and (3°29'58.5523"

- 3°37'18.7674 S)

• Bordering areas

a. North : Plantation Area with HGU Certificate No. 01 GS No.

03/OKI/1990

b. East : Unregistered land area

c. West : Unregistered land area

d. South : Unregistered land area

• Permit/Concession:

 HGU Certificate No. 16/HGU/1990 on Granting of HGU to PT BSP in Rambang Kuang District, Ogan Ilir Regency, covering an area of 7,579.90 hectares, issued by National Land Agency Head.

2. HGU Certificate No. 5 for an area of 1,244 hectares issued by Regency/City Land Office of Muara Enim, dated 13 November 2009.

• Location Map : Figure 1

PETA LOKASI DAN TITIK KOORDINAI

Figure 1. Map of PT BSP's Location in Muara Enim Regency

Note: Maps with higher resolution have been attached in appendix 1.

Assessment Process and Procedures

a. Social and Environmental Impact Assessment (SEIA)

PT BSP's EIA was carried out in cooperation with Environmental Studies Research Centre of Universitas Sriwijaya Research Institute, having its address at Jl. Palembang-Prabumulih Km 32, Indralaya, Ogan Ilir, South Sumatera. The EIA document was prepared in 2007. PT BSP has obtained environmental assessment

authorisation to its plantation development and oil palm processing mill by virtue of South Sumatera Governor Decree No. 479/KPTS/BAPEDALDA/2007 dated 25 July 2007.

In addition to EIA, PT BSP already has SIA document and social impact management plan which was prepared by PT SMART, Tbk.'s internal team (CSR Department). The data were collected using indirect collecting system method. This was carried out by means of desktop review on particular documents such as EIA, HCV Assessment Report, and additional government data available on local government's website. The assessment findings and social impact management plan have been consulted with relevant stakeholders on 17 April 2013 at BMSE's Meeting Room in Rambang Kuang District of Ogan Ilir Regency and Lubai District of Muara Enim Regency, South Sumatera. Public consultation was attended by, among others, village heads and secretary, public figures, government office section heads, district secretary, district military commander and local police staffs.

SIA Team Leader:

Yosaphat Ardhilla Renato, S.Ant.

Born in Yogyakarta on 5 February 1987, he is a Corporate Social Responsibility ("CSR") Officer to PT SMART, Tbk. Being an expert in social and cultural anthropology, he graduated bachelor of anthropology from Anthropology Department, Universitas Gadjah Mada ("UGM") in 2010. He also joined HCV Resources Network and registered as a Social Discipline Specialist (participatory rural assessment; socio-economic or cultural studies; participatory mapping; conflict resolution) to RSPO Approved HCV Assessors.

SIA Team Members:

Laurentius Vita Baskara, S.Sos.

Born in Yogyakarta on 29 April 1987, he is a staff to CSR Department with expertise on social development and welfare. He graduated bachelor of social from Social and Politics Faculty in 2010. His experience in surveying and assessing

social impact includes his works in a number of PT SMART, Tbk.'s plantations and mills, such as social impact survey and analysis in North Sumatera, Jambi, Belitung, etc. In addition, he has also been trained on Free, Prior and Informed Consent ("FPIC") and Social Mapping.

Veranita Mei Pratiwi, S.Ant.

Born in Magelang on 16 May 1987, she is a staff to CSR Department with expertise on socio-cultural anthropology. Graduated bachelor of anthropology from Cultural Anthropology of UGM in 2010, she has been involved in several SIA surveys in a number of PT SMART, Tbk.'s plantation areas and mill.

Suma Nugraha, S.E.

Born in Garut on 7 July 1984, he is a staff to CSR Department with expertise on socio-economy and politics. He graduated bachelor of economy from Economy and Management Faculty of Bogor Agricultural University ("IPB") in 2008, and once worked for World Bank Survey Project as a supervisor. He also worked for Bravo Media Center and held position of special staff to the 2009 elected Vice President. He has experience as supervisor of media relation and monitoring when working for PT FOX Indonesia Politic and Strategic Consulting. He has been involved in activities of social data collection and social impact management in PT SMART, Tbk.'s several plantation areas and mills.

Widodo C. Yuwono

He currently holds position of Social Impact Assessment & Grievance Section Head. Having joined PT SMART, Tbk. since 1995, he graduated from Extra-School Education Major of IKIP-Jakarta State University. His carrier started as a Training Officer under Training & Development Department, tasked with training planning, making training syllabus, delivering training, and evaluation and training. Prior to holding position as Social Impact Assessment & Grievance Section Head, he was tasked with pioneering the company's CSR activities as a CSR Section

Head whose main job was planning and implementing the company's CSR activities.

Assessment Methods

a. SIA

Method employed to obtain social, economic and cultural data over the neighbouring villages is data collecting by inventorying necessary information through indirect collecting system which was performed through desktop review analysing several reading materials such as EIA document, HCV assessment, and governmental data supporting literature such as those at the local government's website. The secondary data collected, in addition to through documents and literatures, are PT KDA's CSR programmes implementation documentation and local map. Against the literature data, these data were analysed based on RSPO principles relevant to sustainable social aspects.

b. HCV Assessment

The HCV assessment activities were carried out by Environment Department, of PT SMART, Tbk. The team is as follow.

1. Norman Faried Mustakim

Born in Madiun on 26 February 1972, he currently is holding position as Section Head of PT SMART, Tbk.'s Environment Department. His expertise is HCV assessment on Habitat Ecology. Graduated bachelor from Universitas Mulawarman, Samarinda in 1997, he has been trained with Environmental Pollution Control (2008) held by Universitas Gadjah Mada PSLH, EIA Preparation Course Type-B EIA (2006) by Universitas Indonesia PSML, Jakarta, and Geo-Information, Atlas, And Mapping for Business by Geospatial Information Agency (BIG). He is already registered under RSPO Approved HCV Assessor.

2. Yosaphat A. Renato

Born in Yogyakarta on 5 February 1987, he is a staff of PT SMART, Tbk.'s Environment Department. He graduated bachelor of anthropology from UGM Faculty of Culture in 2010. His part in the HCV assessment is community socio-cultural field. Having been experienced in SIA activities in several companies, he was trained with FPIC and Social Need Assessment (SNA) by LINKS, and Ecology and Cultural Training by State Ministry of Environment.

3. Agus Budianto

Born in Klaten, 22 August 1980, he is a staff of PT SMART, Tbk. Environment Department. He is experienced on HCV identification on Flora Ecology. He obtained Diploma from UGM Faculty of Forestry in 1999 and obtained his Bachelor of Forestry degree from Agriculture Faculty of Universitas Kapuas Sintang in 2006. He was trained with HCV Forest (HCVF) Management Training Program by WWF Pontianak in 2007. He was involved in HCV assessment under cooperation with Fauna Flora International (FFI), The Nature Conservancy (TNC) and PT Sari Bumi Kusuma (Alas Kusuma Group), Central Kalimantan in 2008.

4. Nugroho Wahyu Widian

Born in Bogor on 12 April 1985, he is a staff of PT SMART Tbk.'s Environment Department. His expertise is on Environmental Service HCV Assessment. Graduated Bachelor of Forestry from UGM in 2008, he was trained with Wildlife Species Inventorying by UGM in 2004. He has been involved in HCV Forest (HCVF) assessment in PT SMART, Tbk.'s concession, which was under cooperation with IPB LPPM, PT Mitrakarya Agroindo and PT Buana Adhitama, Central Kalimantan in 2010. He was a member of HCVF assessment team under cooperation of IPB Faculty of Forestry and PT Bangun Nusa Mandiri, West Kalimantan in 2010.

5. Bambang Setyaji

Born in Blitar on 6 December 1982, he is a staff of PT SMART, Tbk.'s Environment Department. His expertise is on Fauna Ecology HCV Assessment. He obtained Diploma from UGM Faculty of Forestry in 2001 and graduated Bachelor of Forestry from Universitas Kapuas Sintang in 2006. He has been trained with HCV Forest (HCVF) Management Training and Sustainable Forest Management held by The Nature Conservancy (TNC) in 2008, and has been involved in HCV assessment under cooperation with Fauna Flora International (FFI), TNC and PT Sari Bumi Kusuma (Alas Kusuma Group).

Assessment Methods (Data sources, data collection, dates, programme and visited places)

This HCV assessment and analysis was performed in PT BSP's concession in Rambang Kuang District of Ogan Ilir Regency and Lubai District of Muara Enim Regency, South Sumatera. Villages neighbouring the concession are Tange, Gunung Raja, Tamabangan, Sosokan and Jiwa Baru.

Data Collection Method

HCV 1, 2 and 3 Data Collecting process

Field data recorded are general condition of ecosystem and documentation of vegetation and wildlife species which were emphasised at several observation locations/spots in which HCV presence was indicated, using Rapid Assessment method based on Landsat 7 ETM 543 Image Map, Semi-Detailed Soil Survey Map and Final Mapping. The wildlife species were recorded based on both direct observation (i.e. physical appearance of the wildlife individuals) and indirect observation (based on the wildlife species' signs of presence in their habitat, such as footprint, faeces, sound, scratches on trees, arboreal species corridor tracks through trees and interview with local community members and estate workers/staffs. The observation detection was not directly based on each of the wildlife species' ecological and sociological life.

Vegetation and wildlife species recorded/documented were then determined by referring to were recorded and then determined by referring to species naming guidebooks in 'binomial nomenclature' manner to discover the species names. Their conservation statuses were determined by referring to lists of protected species based on IUCN and CITES rules as well as Indonesian Government Regulation No. 7/1999 and other laws and regulations.

HCV 4 data collecting process

HCV 4 assessment ran by combining several methods. Field survey was performed at areas estimated to have HCV potentials, as well as at particular locations onsite such as basin, lake basin, spring areas, riparian ecosystems, wetland ecosystems, and other types of land having high erosion hazard level, areas in which fire had occurred, land clearing locations, nursery area, and location of clean water resources supplying the community and staffs' needs. To obtain relevant data, interviews were done with several respondents from the company staff and community member.

HCV 5 data collection process

Various methods have been employed to assess HCV 5 areas. Interview was conducted by visiting a number of respondents from the neighbouring sub-village/village community in search for relevant data.

Focus Group Discussion (FGD) was carried out to obtain more detailed information, followed by groundchecking the areas estimated containing HCV 5 based on the FGD output. This groundcheck was carried out with help from several community representatives and the Management Unit as the guide to locations generated based on the FGD output. Social, economic and cultural information was employed as secondary information, cited from the villages' profiles, aside from the EIA report. And eventually, information interrelating between the field fact and the secondary information were overlaid. The

location was identified by using Geographic Information System (GIS) software application.

An area is deemed important if that area is utilised by one or more its community members to meet their subsistent needs where no other alternatives are available or cannot be replaced by substitution goods. Important category threshold was set 50% or above of total number of one or more basic needs which can be met by forest or other natural resources utilisation. Accessibility is an important factor to take into account, aside from the substitution goods' availability, availability period, and price affordability factors. In case of any doubt, precautionary principles apply by assuming that the community has no any alternative resources for need fulfilment. In certain cases, the assessment team consults expert ecologists to determine this interaction.

HCV 6 data collection process

Information on areas having functions or values important to the community's traditional culture was obtained from the secondary data and preliminary data analysis. Based on the preliminary information, HCV 6 potentials were identified at landscape, ecosystem, and its components level important to typical culture identification. Data source of this HCV 6 assessment are subjects from the local community, i.e. the local community figures and the community itself, as well as information from the research result, historical documents and other documents available. In-depth information exploration for this HCV 6 area identification also went through FGD.

Indicators used to indicate distribution of customary lands or forest resources related to collective and individual behaviours in the local community in meeting its cultural needs are, among other, zonation made based on certain customary rules, archaeological sites distribution, the local community's ritual activities distribution, and distribution of bio-natural resources to meet cultural needs.

This assessment was conducted by involving the Management Unit's management, along with offsite experts, and consulted with local community leaders/customary leaders. In addition, the primary data collection aimed at

obtaining preliminary data on whether any areas recognised as customary area was still present according to the indicators which had been set up. Aside from an indicator presence, information was also explored on size or scale of the indicators, e.g. with three scales (low-medium-high). What were also inquired to the local community figures are how important meaning of the indicators to the local community's life.

The HCV Assessment Phases

By applying six HCV values from the "HCV Area Assessment Toolkit Indonesia" and RSPO Principles and Criteria (RSPO P&C), the HCV assessment process and methodology which have been used are adjusted with each of the HCV values as elaborated in the Table 1 below.

Table 1. HCV Assessment Process, Methodology and Data Collection

Assessment	Methodology	Data Collection
Process		
Mapping and	Field data collection to verify	Mapping and analysis of all
Landscape	the secondary data and	data and information findings
	information such as	and
	protected/conservation areas,	
	road and river network, area	
	boundaries, soil types, area	
	topography, and general	
	overviewing of the	
	assessment area.	
Fauna Aspects	Field quantitative observation	1. Habitat qualitative
	(rapid assessment). Direct	condition, names and
	field observation, interview	distribution of wildlife
	and discussion with	species under threatened,
	stakeholders: local	critically endangered and
	community members,	protected and protected

Assessment	t Methodology Data Collection	
Process		
	company staffs, and other relevant stakeholders.	categories of IUCN and laws and regulations. 2. Qualitative condition of wildlife species population.
		3. Wildlife species encounter spots.
		4. Wildlife species suffering from poaching/hunting activities.
		5. Benefit from and disruption to wildlife species presence.
		6. Level of wildlife species' threaten and viability level.
Flora Aspects	Interview and direct field survey, preliminary mapping	Data of flora with special statuses.
	of ecosystem distribution, observation of forest structure, species density or species domination over each ecosystem type.	2. Species protected by the Government of Indonesia or put under IUCN Red List's Endangered classification.
		3. Threats to and opportunities of area preservation.
Social,	Interview and site visit,	1. Areas customarily

Assessment	Methodology	Data Collection
Process		
Economic and	village monograph data	protected.
Cultural Aspects	collection, custom, culture and the community's	2. Level of the community's
rispects		dependence on the area.
	relationship with forest.	3. Environmental services
		relating to the assessed
		areas.

Summary of the Assessment Findings

a. SIA

According to the SIA objectives, the drawn conclusions are described as follow.

- 1. PT BSP's presence has brought about positive impacts to the neighbouring community's social condition.
- 2. The positive conditions are those relating to increase to economy improvement and increase of community members' income. This income increase contributes positive impacts to the community's living standard and generates increasing cash circulation so that it opens significant opportunities to area development.
- 3. Land acquisition and compensation were implemented with prior information to, and then followed by making of mutual agreement with, the community members to whom the compensation payment was made. This compensation process was adjusted to PT BSP's procedure in place.
- 4. The company's policy in relation to Occupational Health and Safety ("OHS") management has been implemented. This increases positive impacts to the company staffs as their occupational safety is secured.
- 5. Negative impacts in PT BSP's SIA findings are the community's stance and perception, social apprehension relating to land clearing activities, plasma plantation construction, land conflict, water resources management, environmental damage, and local workforce demand quota, as well as the

community's deteriorating health quality which frequently is related to water declining quality, diseases caused by air pollution, mill activities, FFB transporting activities, and poor sanitation quality.

List of Social Issues being PT BSP's Social Impacts

No.	Social Impact	Social Issue
1.	The community's perception	Land acquisition activities are often likely to cause conflicts or polemics due to disagreement on the land price and certainty on stands and crops compensation. Support and involvement of the Government, community figures and customary institutions in each activity during the company's development phase. Increase of the community's income compared to before the company's infrastructure development project. Absorption of workforce by the company by prioritising potentials the local community has, based on the prevailing rules/regulations Certainty over well-planned plasma and CSR programmes. Yield harvesting causes social envy between the company and the community, as well as outgrower community and public in general.
2.	The Community's Health Condition	Waste coming out from the company's operation is reused in responsible manner to support its operational activities. Toxic and hazardous waste management is managed by engaging third parties. Poor sanitation in the community due to the post-

		land clearing environment's deteriorating quality
		FFB transporting activities often fly ashes and create pollution to the community and staff settlement.
		The mill activities produce smokes that are very likely to be carried away by wind and its substances fall over the community settlement.
3.	Increase of the	The company sustainably engages certain contractors according to their normally-performed work proportion.
	community's income	Emerge of small kiosks and increase of livelihood resources due to the community's increasing economic activities.

Following are general recommendations based on the SIA.

1. The community's perception

According to the socialisation when PT BSP's investment was about to be developed in the assessment area included by the EIA document, the land acquisition and compensation has gone through FPIC process and method. The socialisation and FPIC process helps the company explain and pave the way to investment of oil palm plantation business operated by PT BSP.

Area determination process in the beginning of land compensation payment by the company under cooperation with the local community is a crucial process which may be useful to anticipate future problems over the land already compensated. This is according to the procedure already applied by PT BSP on land compensation process.

In addition, the company needs to confirm and further explain its plasma programme implementation. This will become an important point when the company is to carry out CSR programme. So long as the CSR programme is in

place, the plasma programme will be useful in reducing civil unrest and minimise conflict potentials.

2. Community's Health

According to the socialisation during investment phase, PT BSP would be built in the assessment area as provided in EIA document. Water body's declining quality will impact on the community's health, concerning that currently local community in the neighbouring villages greatly depends on rivers, as fresh water source or as place for daily bathing, washing, and toilet.

PT BSP needs to proactively communicate with its stakeholders in the assessment area, socialisation and strict monitoring over its contractors in order to perform environmental and health control. It needs to socialise and strictly monitor its contractors to control the environment in their operational activities, apply best practice on oil palm residue/waste and hazardous and toxic waste materials (B3), and report social and environmental impact monitoring to relevant institution. These are a series of the PT BSP's endeavours in managing essential negative impacts, namely social apprehension and the community's health problem.

3. Increase of Community's Income

The company has prepared a five-year CSR strategic plan consisting of infrastructural development and empowerment programmes. The objective is to improve education enterprise by embracing achieving students under scholarship programme and supporting customary activities including several traditional ceremonies held in the assessment area. The company's compliance in paying taxes indirectly helps or contributes to the local development. Plasma plantation programme still serves as the primary in increasing the neighbouring community's income.

b. HCV Assessment

Based on the HCV assessment result, there are three HCV types identified in PT BSP's concession, i.e. HCV 1.1, HCV 1.2 and HCV 4.1. Total of the HCV area within the concession is 325.58 hectares, which is elaborated as follow.

- HCV 1.1 (Areas that contain or provide biodiversity support function to protection or conservation areas) in the form of Bunyian (60.88 hectares) and Suban (91.28 hectares) riparian areas.
- 2. HCV 1.2 (Critically endangered species). There are several flora and fauna species with protected and threatened statuses found in the management unit area. They are Nepenthes (Nepenthes sp.), Cattle Egret (Bubulcus ibis), Grey Heron (Ardea cinerea), Black Eagle (Ictinaetus malayensis), White-throated Kingfisher (Halcyon smyrnensis), Fishing cat (Felis viverrinus), and Sumatran surili (Presbytis melalophos).
- 3. HCV 4.1 (Areas or ecosystems important for the provision of water and prevention of floods for downstream communities) is found in the Management Unit's area, in the form of swamp with an area of 173.42 hectares.

Public consultation activity for HCV assessment was held on 17 Aril 2013 in PT BSP's BMSE meeting room in Rambang Kuang District of Ogan Ilir, as well as in Lubai District of Muara Enim Regency, South Sumatera. This activity was attended by approximately 20 participants consisting of PT BSP's management unit representatives (Estate Manager and staffs), and stakeholder representatives (village heads and secretaries, community figure and local governments).

PETA AREA STATEMENT DAN SEBARAN NKT PI, MISH SAWIT PERSIAI Kabapatan Muata Usini

Figure 2. Identification/Assessment of PT BSP's HCV Areas and Project Area

Note: Maps with higher resolution have been attached in appendix 1.

Internal Responsibility

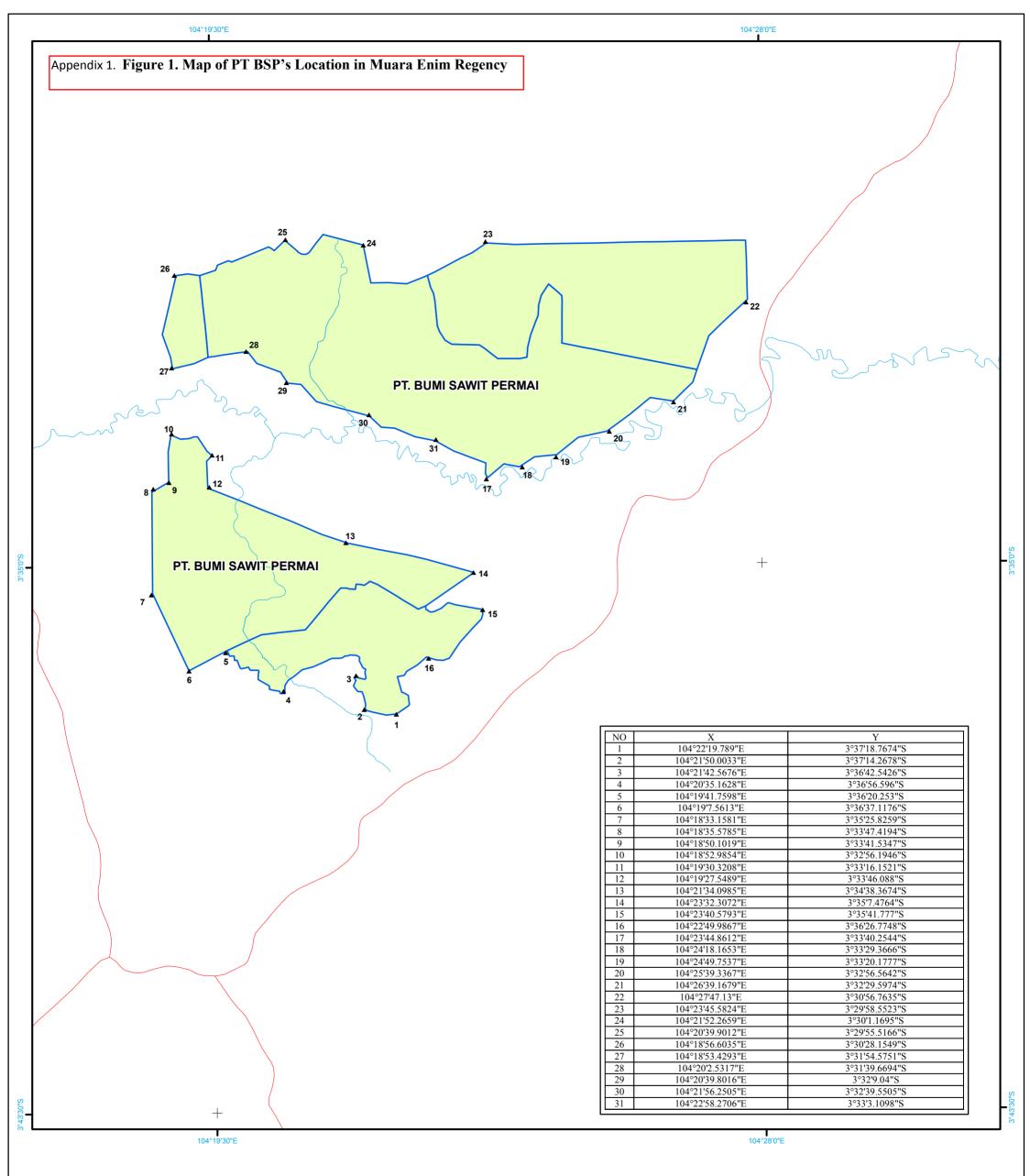
We hereby sign off on the above Summary Report of SEIA and HCV, The above may be amended and clarified for improvement during the development of the plantation but it will remain in accordance with RSPO Standards and Principles.

On behalf of the Management of PT Bumi Sawit Permai,

Dr. Haskarlianus Pasang

Head of Sustainability Division

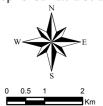
Date: June 4th, 2013



PETA LOKASI DAN TITIK KOORDINAT

PT. BUMI SAWIT PERMAI

Kabupaten Muara Enim Propinsi Sumatera Selatan



Skala 1 : 100.000 Proyeksi : Mercator Sistem Grid : Geographic Datum : WGS 84

LEGENDA:

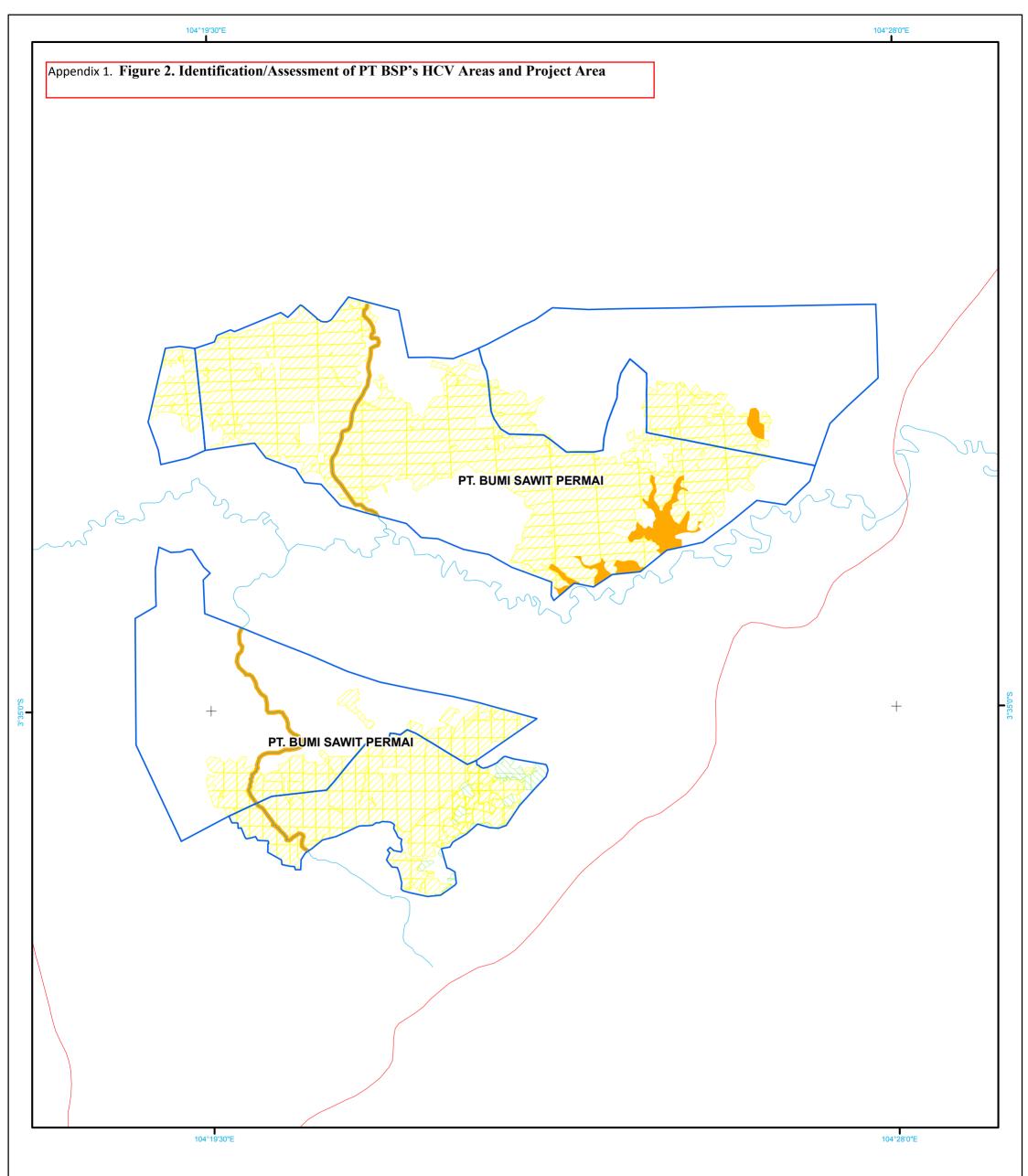
Titik Koordinat
Jalan
Sungai
Batas HGU

Sumber:

 Peta Situasi Kerangka HGU No. 04/OKI/1990 PT. Bumi Sawit Permai, Desa: Tanjung Miring, Kayu Ara, Tambang & Tambang Rambang, Kecamatan: Muara Kuang.



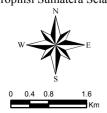
NOREG : 542/214/PMNP/IV/13



PETA AREA STATEMENT DAN **SEBARAN NKT**

PT. BUMI SAWIT PERMAI

Kabupaten Muara Enim Propinsi Sumatera Selatan



Skala 1:80.000 Proyeksi: Mercator

Sistem Grid : Geographic Datum : WGS 84

LEGENDA:



Jalan Sungai Batas HGU



Tahun Tanam < 2010

Tahun Tanam ≥ 2010 Areal NKT

Sumber:

- Final Mapping Bumi Sawit Estate 2010 (Edisi 3), Pengukuran bulan Januari 2006.
 Peta Situasi Kerangka HGU No. 04/OKI/1990 PT. Bumi Sawit Permai, Desa :
- Tanjung Miring, Kayu Ara, Tambang & Tambang Rambang, Kecamatan : Muara Kuang.



NOREG: 544/214/PMNP/IV/13