Summary Report of SEIA and HCV Assessment of PT Agrolestari Sentosa

Rungan Sub-District, Gunung Mas District, Central Kalimantan Province

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Executive Summary

PT Agrolestari Sentosa (PT ALS) is located in Rungan Sub-District, Gunung Mas Dstrict, Central Kalimantan Province. Its land permit was granted with the Decree of District Head of Gunung Mas No. 180 of the year 2005, dated 31 August 2005, covering a total of 20,000 ha. This was later extended by the Decree of District Head of Gunung Mas No. 113 of the year 2009, dated 15 June 2009, covering the same land area. On 2013, PT ALS received its land permit extension from the head of Gunung Mas District through the decree number 44/2013 with the total area of 19.752 ha.

A document of Environmental Impact Analysis (EIA) on the development of the plantation and its processing factory with capacity of 90 tons of FFB was made available by the consultancy company CV Environment Technology. PT ALS is acknowledged as environmentally feasible with the issuance of the Decree of the Governor of Central Kalimantan No. 188.44/317/2008 on 8 October 2008.

The plantation also produced its Social Impact Assessment (SIA) report based on activities carried out by an internal team from PT SMART led by Yosaphat Ardhilla Renato, S.Ant., an RSPO-approved High Conservation Value (HCV) Assessor specialist in social impact management. The SIA was carried out through literature review, aiming at collecting basic information regarding the social and environmental impact in the concerned area of study; updating on issues relevant to the sustainable management of oil palm plantations as well as providing a proper understanding of the social and environmental contexts of the area.

The management unit of PT ALS has identifed HCV in the concession area. The concession area covers 19,752 ha of land, based on the Decree of Head of Gunung Mas District No. 44 of the year 2013. The assessment was conducted by Forestry Faculty of Bogor Agriculture University (IPB), from 15 to 22 August 2010. The team members are RSPO-certified (*RSPO Approved HCV Assessor*). Eight HCV were identified: HCV 1 (HCV 1.1, HCV 1.2 and HCV 1.3), HCV 2.3, HCV 4 (HCV 4.1 and HCV 4.2), HCV 5 and HCV 6, covering a total of 521.87 ha.

Scope of SEIA and HCV Assessment

- Company name : PT Agrolestari Sentosa
- location : Villages of Tangki Dahuyan, Tumbang Talaken, Tumbang Sepan and Bereng Belawan in Manuhing Sub-District and villages of Rabambang, Jalemu Raya, Jalemu Masulan, Tajahan Antang, Hujung Pata, Tumbang Kajuei and Luwuk Langkuas in Rungan subdistrict, Gunung Mas district, Central Kalimantan province
- Geographical location : 01 14’40,32” LS – 01 20’48,46” LS and 01 16’18,00” LS – 01 19’58,62” LS, 113 27’ 20,51” BT – 113 32’ 53,88” BT and 113 24’ 18,15” BT – 113 27’ 34,13” BT 113 27’ 20,51” BT
- Adjacent areas

a. North : Forest

b. East : Rungan river

c. West : PT Kalimantan Hamparan Sawit

d. South : Forest

- Permits

1. Land Permit: Decree of District Head of Gunung Mas Number 180 Year 2005, dated 31 August 2005: total area of 20,000 ha.

2. Land Permit extension: Decree of District Head of Gunung Number 113 Year 2009, dated 15 June 2009: total area of 20,000 ha

3. Plantation Business permit : Decree of District Head of Gunung Number 112 Year 2010, dated 23 April 2010: total area of 20,000 ha

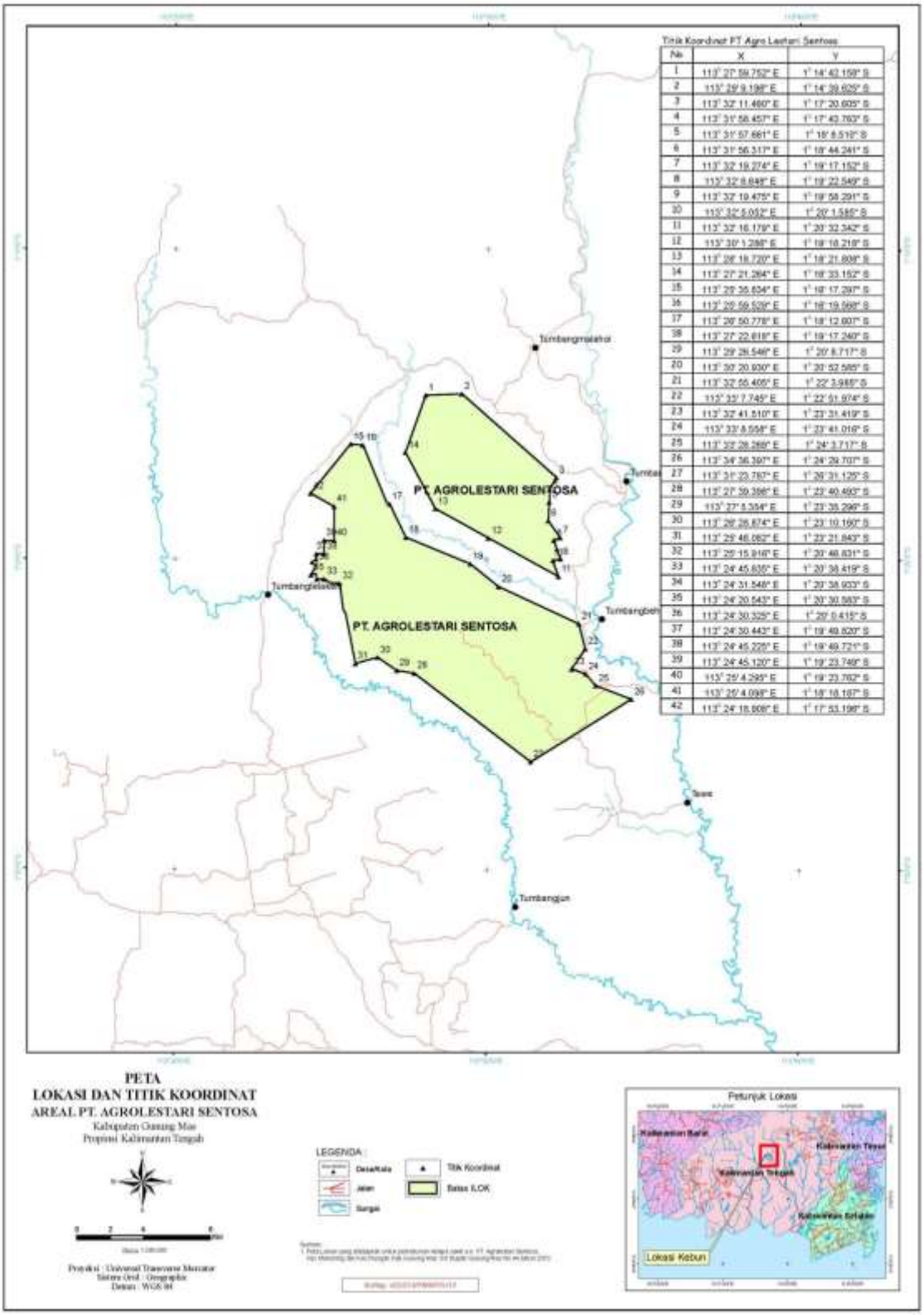
4. Land Permit extension: Decree of District Head of Gunung Number 44 Year 2013, dated 20 February 2013; total area of 19,752 ha.

5. Land Use Title (HGU): in process

- Site map : Figure 1

Figure 1 : Site map of PT Agrolestasi Sentosa in Gunung Mas District

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



Titik Koordinat PT Agro Lestari Sentosa

No	X	Y
1	113° 27' 59.752" E	1° 14' 43.159" S
2	113° 28' 9.198" E	1° 14' 39.625" S
3	113° 32' 11.460" E	1° 17' 20.935" S
4	113° 31' 58.457" E	1° 17' 43.763" S
5	113° 31' 57.661" E	1° 18' 8.516" S
6	113° 31' 56.317" E	1° 18' 44.241" S
7	113° 32' 19.274" E	1° 19' 17.152" S
8	113° 32' 8.648" E	1° 19' 22.549" S
9	113° 32' 19.475" E	1° 19' 58.291" S
10	113° 32' 5.052" E	1° 20' 1.585" S
11	113° 32' 16.179" E	1° 20' 32.342" S
12	113° 30' 1.288" E	1° 19' 16.218" S
13	113° 28' 18.720" E	1° 18' 21.808" S
14	113° 27' 21.284" E	1° 18' 33.152" S
15	113° 29' 35.634" E	1° 18' 17.297" S
16	113° 29' 59.529" E	1° 18' 19.998" S
17	113° 26' 50.778" E	1° 18' 12.607" S
18	113° 27' 22.618" E	1° 19' 17.240" S
19	113° 29' 26.546" E	1° 20' 8.717" S
20	113° 30' 20.930" E	1° 20' 52.595" S
21	113° 32' 55.405" E	1° 22' 3.985" S
22	113° 33' 7.745" E	1° 22' 51.974" S
23	113° 32' 41.510" E	1° 23' 31.419" S
24	113° 33' 8.558" E	1° 23' 41.016" S
25	113° 33' 28.268" E	1° 24' 3.717" S
26	113° 34' 36.397" E	1° 24' 29.707" S
27	113° 31' 23.782" E	1° 26' 31.125" S
28	113° 27' 59.396" E	1° 23' 40.493" S
29	113° 27' 5.354" E	1° 23' 35.299" S
30	113° 26' 26.674" E	1° 23' 10.190" S
31	113° 25' 46.082" E	1° 23' 21.843" S
32	113° 25' 15.916" E	1° 20' 46.631" S
33	113° 24' 45.635" E	1° 20' 38.419" S
34	113° 24' 31.546" E	1° 20' 38.933" S
35	113° 24' 20.543" E	1° 20' 30.593" S
36	113° 24' 30.325" E	1° 20' 0.415" S
37	113° 24' 30.443" E	1° 19' 49.820" S
38	113° 24' 45.225" E	1° 19' 49.721" S
39	113° 24' 45.120" E	1° 19' 23.746" S
40	113° 25' 4.295" E	1° 19' 23.702" S
41	113° 25' 4.098" E	1° 18' 16.187" S
42	113° 24' 18.808" E	1° 17' 53.196" S

PETA
LOKASI DAN TITIK KOORDINAT
AREAL PT. AGROLESTARI SENTOSA
Kabupaten Gunung Mas
Provinsi Kalimantan Tengah

LEGENDA :
Desa/Kota
Jalan
Sungai
Titik Koordinat
Batas IUOK

Proyeksi : Universal Transverse Mercator
Sistem Grid : Geographic
Datum : WGS 84

Assessment Process and Procedures

a. SEI Assessment

The EIA on the development of the plantation and its 90 tons FFB/hour processing plant was made available by the consultancy company CV Environment Technology. PT ALS was acknowledged as environmentally feasible with the issuance of Decree of the Governor of Central Kalimantan No. 188.44/317/2008 on 8 October 2008.

The company also produced its SIA report through the internal team from PT SMART led by Yosaphat Ardhilla Renato, S.Ant. (an RSPO-approved HCV Assessor specialist in social impact management). The SIA team comprised:

SIA Team Leader:

Yosaphat Ardhilla Renato S. Ant.

Yosaphat Ardhilla Renato S. Ant.
Currently working in PT SMART as a Corporate Social Responsibility (CSR) Officer specialising in social and cultural anthropology, he received a bachelor's degree in Anthropology from the Anthropology Study Programme of the University of Gadjah Mada (UGM) in 2010. He is also a member of the HCV Resources Network and an RSPO-approved specialist in participatory rural assessment, socioeconomic or cultural studies, participatory mapping and conflict resolution.

Team Member:
Laurentius Vita Baskara S. Sos.
A CSR staff specialising in social development and welfare, he obtained a bachelor's degree in Social Studies from the Faculty of Social and Political Studies at UGM in 2010. He has performed several social impact assessments for plantations and mills managed by PT SMART. He is also trained in the fields of Free, Prior, Informed Consent (FPIC) and social mapping.

Veranita Mei Pratiwi S. Ant.
A CSR staff specialising in social and cultural anthropology, she obtained a bachelor's degree in Anthropology from the Cultural Anthropology Study Programme of UGM in 2010. She is involved in several SIAs for PT SMART's plantations and mills.

Suma Nugraha, S.E.
A CSR staff specialising in socio-economics and politics, he earned a bachelor's degree in Economics from IPB in 2008. He previously worked as a supervisor in the World Bank Survey Project and Bravo Media Centre where he was assigned as a special staff for Vice President of Republic Indonesia. He has also worked as a supervisor in media relations and monitoring at PT FOX Indonesia Political and Strategic Consulting. He has been involved in social data collection and social impact management and monitoring at several of PT SMART's plantations and mills.

Widodo C Yuwono
Currently the Social Impact Assessment & Grievance Section Head at PT SMART, he previously pioneered CSR activities as the CSR Section Head. He obtained his bachelor degree from *Institut Keguruan dan Ilmu Pendidikan (IKIP).*

Assessment Methods

a. SIA

Collection of social, economic and cultural data in villages located near the plantation/processing plant of PT ALS was conducted using an indirect collection system, which involved a literature review of relevant documents such as the EIA Report, HCV Identification report, and secondary data obtained from local government websites. Primary data collection conducted through study of literature resulted in items considered necessary and representative. Secondary data was also gathered from local maps and records of CSR programmes implemented by PT ALS. Data analysis was carried out in reference to RSPO principles relating to social sustainability.

b. HCV Assessments

The HCV identification study was conducted by the Forestry Faculty of IPB. The team personnel were as follows:

1. Ir. H. Nyoto Santoso, MS – Team Leader

The Leader of HCV Team from IPB's Forestry Faculty, he obtained his master's degree from the Natural Resources and Environment Management Study Programme of IPB in 1992, He is an expert in biodiversity management and conservation. Since 1987 he has specialised in EIA, mangrove ecosystem management, inventory of flora and fauna of mangrove ecosystems, peat land, tropical rainforest and biodiversity management planning for the plantation industry, and management planning for forest conservation.

2. Ir. Siswoyo, MSi

One of the HCV Team members from the Forestry Faculty of IPB, he obtained his Master of Science from the Forest Management Science Study Programme of IPB in 1999. Since 2000, he has specialised in flora ecology. He teaches conservation of biological resources, conservation of medicinal plants, ethnobiology and ex-situ biodiversity conservation at the IPB Forestry Faculty.

3. Dadan Mulyana, S.Hut, M.Si

A member of the HCV Team from the IPB Forestry Faculty, he specialises in environmental services. He obtained his bachelor's degree from the Forestry Faculty of IPB in 1998, and is now on the teaching staff of IPB's Silviculture Department, teaching on the impact of forests, forest ecology and management of forest nutrients.

4. Iing Nasihin, S.Hut, MSi

A member of the HCV Team from the Forestry Faculty of IPB, she is an expert assistant in the fields of flora and geographical information systems. She obtained her master's degree from the Natural Resources and Environmental Management Study Programme at IPB in 2009. She teaches forestry at Univeristas Kuningan.

5. Febia Arisnegara, S.Hut

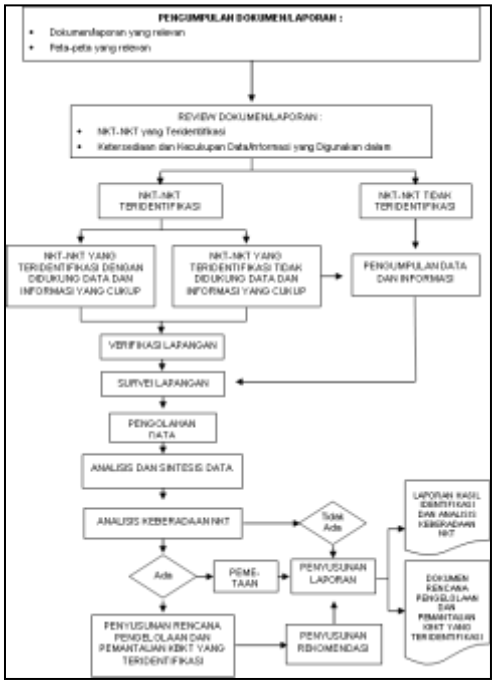
A member of the HCV Team from the IPB Forestry Faculty, he specialises in fauna. He obtained his bachelor's degree from IPB in 2009, with a thesis on *The Use of Reptiles for Medicine and Food in DKI Jakarta*.

6. Sulfan Ardiansyah, S.Hut

A member of the HCV Team from IPB's Forestry Faculty, he is an expert assistant in flora ecology. He obtained his bachelor's degree in Forest Resource Conservation and Ecotourism from the Forestry Faculty of IPB in 2008. He has specialised in flora ecology since 2009.

7. Rae Birumbo, S.Pi

A member of the HCV Team from the Forestry Faculty of IPB, he obtained his bachelor's degree from Gajah Mada University, Yogyakarta, in 2002. He started specialising in the socio-cultural field when working with the Economic Empowerment of Coastal Communities programme in 2002-2005. He worked at the Bogor-based LPP Mangrove in 2007-2010. He has conducted HCV surveys in Papua, Kalimantan and Sumatera.



The HCV Assessment Phases

HCV identification started with review of relevant documents. The final output was the HCV Identification document and the HCV management and monitoring plan. The overall process is described in the diagram.

Collection of documents/reports
Relevant documents/reports
Document/Report Review
Identified HCV
Unidentified HCV
HCV identified with adequate supporting data and information
HCV identified without supporting data and information
Data and information collect
Field verification
Field survey
Data processing
Data analysis and synthesis
Analysis of HCV existence
Yes – mapping – report writing
No
Management and monitoring planning for identified HCV areas – formulation of recommendations
Report on Identification and Analysis of existence of HCV
Management and monitoring plan for identified HCV areas.

Summary of Assessment Findings

a. SEIA

Based on the objectives of the SIA, the following conclusions can be drawn:

1. The presence of PT ALS has made a positive social impact on communities living around where the company operates.
2. Positive social impacts generated by PT ALS include: the increase in the local community's income, improved public accessibility, and improved social relations. The increase in income has had a positive impact on the community's daily lives and created substantial opportunities for more development in the region.
3. The process of land acquisition and compensation has been accomplished with prior notification and with agreement between the company and members of the community who received compensation. The compensation process is in line with the existing procedures of PT ALS.
4. PT ALS has implemented policies relating to health and safety, ensuring employees' safety and having a positive impact on them.

5. The negative impact found by the assessment is on community health, which is related to poor water quality, air pollution and poor sanitation.

List of social impacts of PT ALS

No.	Social Impact	Social Issue
1	Improved income of community members	Improved income compared to before the company infrastructure was put in place. Operational activities of the company allow fixed income for community members.
		The company works sustainably with selected contractors in accordance with normal workload.
		Emergence of food stalls and kiosks selling daily necessities as economic activities develop.
		Plasma programme was conducted in partnership between company and community members.
2	Social Anxieties	Proportion of local workers needs to be prioritised, in line with the company's labour requirements.
		Communities lack proper information on investment plan and management of company, which could be overcome by proactive communication.
		Land acquisition could lead to unrest and disputes due to misunderstanding over compensation payment.
		Water quality management and monitoring is needed, as water is a major resource for communities in the study area.
3	Gangguan Kesehatan Masyarakat	Waste resulting from operational activities is reused responsibly to support the company's operations. Highly hazardous substances are managed in collaboration with appropriate third parties.
		Poor sanitation is partly caused by the decline in environmental quality after land clearing.
		Transport of FFB to factories causes dirt and pollution. Efforts are put in place to reduce pollution and prevent upper respiratory tract infection.

General Recommendations from SIA

1. Improved Income

Economic improvement in the community is made possible by providing the local government with detailed information on the company's labour requirements; paying salaries that meet or exceed the standard minimum wage; empowering the community and encouraging the growth of local businesses through local partnerships and local sourcing; implementing worker health and safety policies; and providing training in entrepreneurship for local residents. PT ALS also conducts plasma development activities, which have the potential to improve the local economy in general and the income of participating farmers in particular.

2. Social Anxiety

Based on records of consultation and socialisation prior to the development of PT ALS in the study area as mentioned in the EIA, the process of land acquisition and compensation were conducted in line with free, informed, prior consent (FPIC) method. Land acquisition was obstructed by disagreement on the company's investment and operational management. Further dialogue with the local communities resulted in agreement on the concession area being the basis for compensation, which was later carried out in accordance with procedures established within PT ALS.

PT ALS considers it necessary to provide local governments and village authorities with information on its demand for workers, specifically the number of vacant positions. The company also considers it necessary to manage, monitor and closely inspect source of environmental pollution, especially water pollution. Mismanagement could result in a decline in water quality, which is a major issue, as water is a key resource for communities in the area.

3. Decline in Community Health

Intensive communication with stakeholders in the study area needs to be carried out proactively to ensure that negative social impact would not increase. This includes:

- Communication with local contractors as a way of closely supervising them to ensure that they establish environmental control with regard to operational activities, both in transport and in waste management.
- Communication with internal management, the regional environmental authorities and local communities to ensure optimum efforts in managing by-products of oil palm processing, harmful/hazardous substances and reporting on environmental and social impact monitoring.
- Communication with local communities to provide them with information on proper sanitation and environmental management practices.

A public consultation on the SIA Management Plan was held on 19 April 2013 at the main office of Manuhing plantation (MNHE) PT ALS. Among participants were Village Heads, Village Secretaries, Chief of BPD, Sub-District Heads, Heads of General Affairs of Sub-Districts and the management of PT ALS.

b. HCV Assessment

Eight HCV were identified in the area of PT ALS,namely HCV1 (HCV 1.1, HCV 1.2, and HCV 1.3), HCV 2 (HCV 2.3), HCV 4 (HCV 4.1 and HCV 4.2), HCV 5 and HCV 6. Total high conservation value area is 521.87 ha. Below is brief explanation of the identified HCVs:

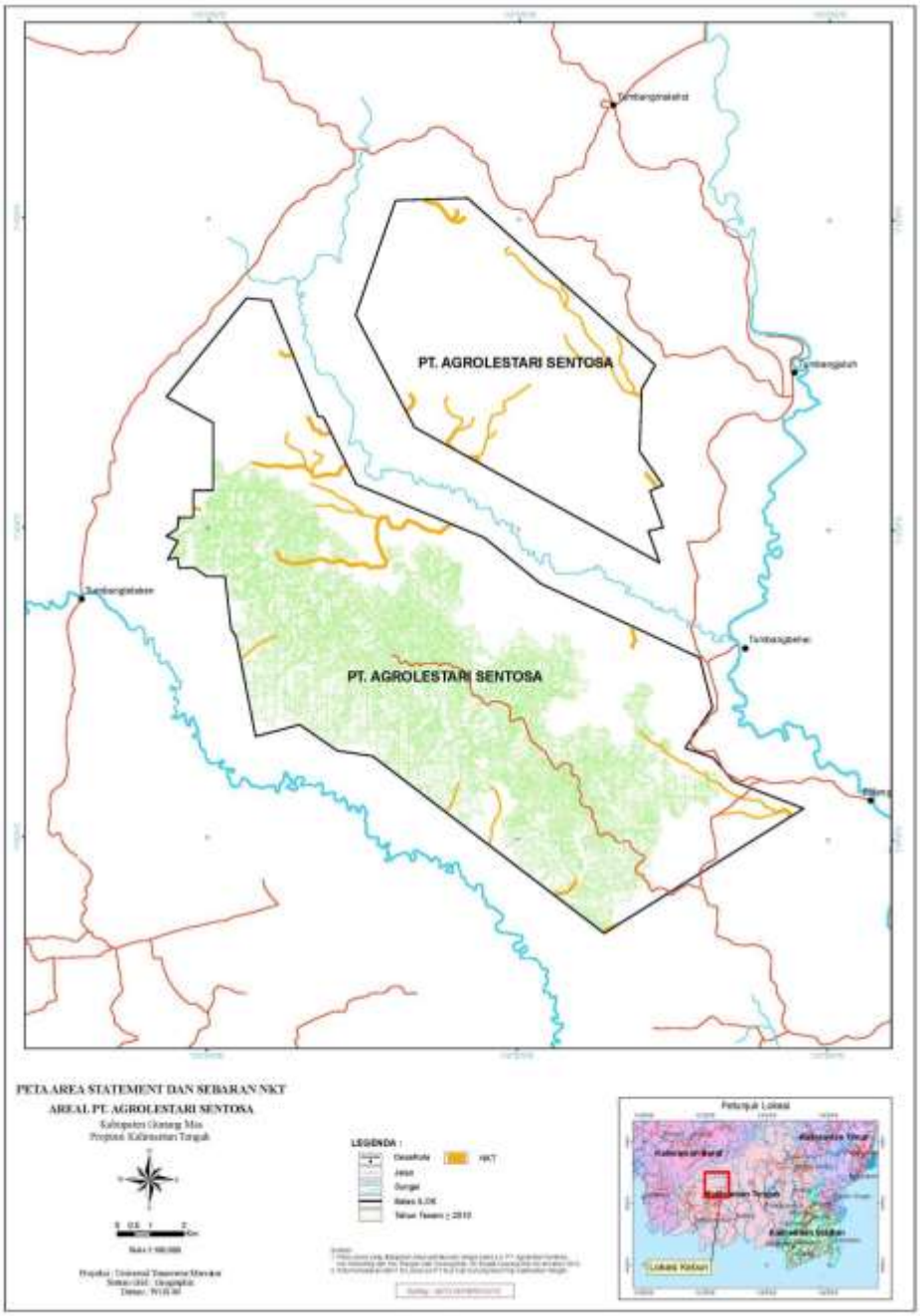
1. HCV 1.1 ((areas that support biodiversity for protection and/or conservation) were identified, namely: riparian areas, areas surrounding springs and forest-covered hill areas, interconnected with the Kajuei, Manuhing and Rungan rivers.
2. HCV 1.2 (endangered species) included plants listed by IUCN as critically endangered, namely Belangeran (*Shorea balangeran* (Korth.) Burck), Emang/Merawan (*Hopea mengerawan* Miquel) and Kelukup (*Shorea pachyphylla*).
3. HCV 1.3 (an area constituting the habitat for a population of threatened species with limited or protected distribution that is able to survive) was identified in riparian areas which coincide with areas of HCV 1.1. Found were flora and fauna species protected under Government Regulation No. 7/1999 and/or included in the list in CITES Appendix II and/or categorised by IUCN as vulnerable or critically endangered. The species are: Kantong semar (*Nepenthes rafflesiana*), Tengkawang (*Shorea pinanga*), Bakai (*Macaca fascicularis*) Bekaka (*Alcedo meninting*) and Baliang (*Anthracoceros malayanus*).
4. HCV 2.3 (areas home to surviving native species) coincided with areas of HCV 1.1.
5. HCV 4.1 (an area that is important as a water supply and flood control for the downstream community) exists in the form of the riparian areas and areas adjacent to springs.

6. HCV 4.2 (areas important for controlling erosion and sedimentation) were identified in areas with slopes of more than 40% gradient at Bukit Durian, Bukit Mahambung and Bukit – 3
7. HCV 5 (areas with an important function in fulfilling the basic needs of local communities) exists in the form of the rivers that supply local communities with fresh water, namely: the Pata and Handu rivers and their springs.
8. HCV 6 (areas that play an important role in local cultural identity) were identified as the sacred dam on the Handu River and the cemetery known as Kramat Kleka Tajahan Grising

A public consultation was held at the Office of the Manuhing Sub-District Head on 21 August 2010. Participants included representatives of PT ALS Sentosa, representatives of Demang (local chiefs), district officials, district military leader, Chiefs (Demang) of Manuhing and Rungan Sub-Districts, and the heads of the villages of Tangki Dahuyan, Tumbang Talaken, Luwuk Lengkuas, Jekatan Raya, Tumbang Kajuei, Hujung Pata, Tumbang Jelemu Kajuei, Bereng Belawan, Tumbang Sepan and Tumbang Bunut.

Figure 2: Map showing HCV areas and planned project areas of PT Agrolestari Sentosa

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



PETA AREA STATEMENT DAN SEBARAN NKT
AREAL PT. AGROLESTARI SENTOSA
Kabupaten Gunung Mas
Propinsi Kalimantan Tengah

LEGENDA :
Desa/Kota
NKT
Jalan
Sungai
Batas S.DK
Tahun Tanam ≤ 2010

Peta Lokasi
Kabupaten Barat
Kabupaten Timur
Kabupaten Selatan
Lokasi Kebun

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 Agrolestari Sentosa,**

Dr. Haskarlianus Pasang

Head of Sustainability Division

Date: May 10th, 2013

Appendix 1.

Figure 1: Site Map of PT Agrolestari Sentosa in Gunung Mas District
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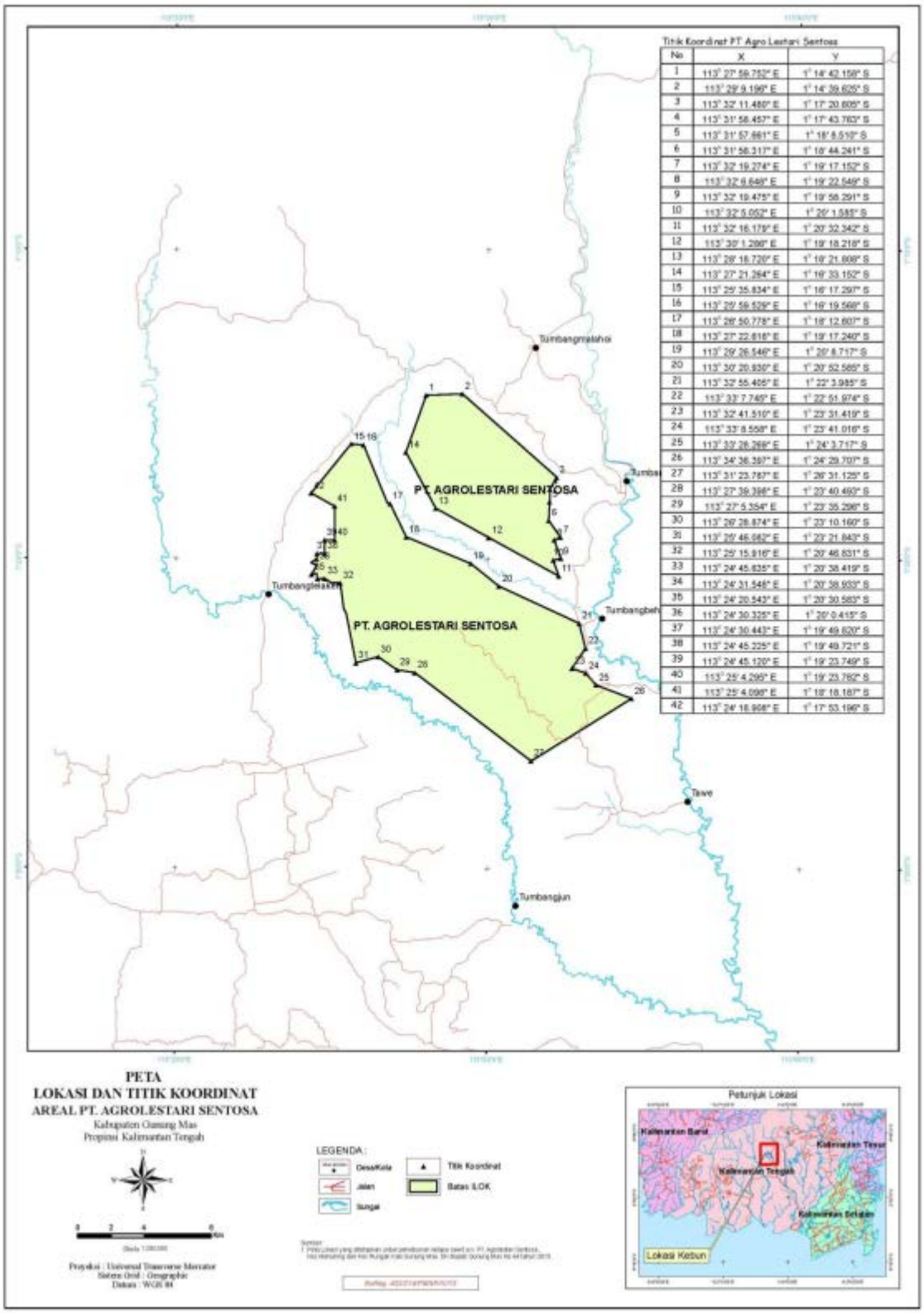

Figure 2: Map showing HCV areas and planned project areas of PT Agrolestari Sentosa
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