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RSPO NEW PLANTING PROCEDURE

SUMMARY REPORT OF SEIA AND HCV ASSESSMENT

KULIM (Malaysia) Berhad Group – PT Harapan Barito Sejahtera

Kabupaten Barito Utara, Central Kalimantan

INDONESIA

JULY 2014

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Summary Report of SEIA and HCV Assessment

1. Executive Summary

PT Harapan Barito Sejahtera (PT HBS) is subsidiaries of PT Wisesa Inspirasi Nusantara, which in-turn is a 74% subsidiary of Kulim (Malaysia) Berhad, a Malaysian agro-industri company. The shareholder of PT HBS is PT Wisesa Inspirasi Nusantara (95%) and PT Graha Sumber Berkah (5%) (based on change of certificate of incorporation no. 18 dated on July 26, 2013 by notary of Firdhonal,SH) while Kulim (Malaysia) Berhad is one of the shareholders in PT Wisesa Inspirasi Nusantara amount of 74% (based on change of certificate of incorporation no. 5 dated on December 11, 2011 by notary of Firdhonal,SH). The Kulim (Malaysia) Berhad has been a long guided by strong focus on sustainability, and has based its commitment to sustainable palm oil on the Principles and Criteria of the Rountable on Sustainable Palm Oil (RSPO).

As a member of RSPO, Kulim (Malaysia) Berhad is committed to ensure that the company's operations comply with the RSPO certification requirement including those of the NPP (New Planting Procedure) which was enforced 1st January 2010. This includes a total area of 10,629 ha within new permitted area for land development ("izin lokasi") which was alienated into subsidiary companies in Indonesia.

PT Harapan Barito Sejahtera (PT HBS) has obtained a Land Development Permit ("izin lokasi") for oil palm plantations covering an area of ± 10,629 ha through the decreeNo. 188.45/291/2013,dated 16 May 2013, signed by Bupati of Barito Utara District, Central Kalimantan Province of Indonesia. The location of PT Harapan Barito Sejahtera permitted area cover Desa Kandui, Desa Majangkan, Desa Payang Ara,Desa Jaman, Desa Pelari, Desa Sangkurang, and Desa Tapen Raya, Sub-District of Gunung Timang, District of Barito Utara.

Based on overlaying map of RTRWP (Provincial Spatial Plan) of Central Kalimantan according to Provincial Decree No. 8/2003, all new concession area of PT HBS's status is Land for Settlement and Other Uses ("Pemukiman dan APL/ArealPenggunaan Lain") which can be developed as oil palm plantation, this include Production Forest which shall acquire Forest Land release permit for development of oil palm plantation. Furthermore, based on map in the Appendix Decree of Forestry Ministry No. 529/MENHUT-II/2012 dated 25 September 2012, with regards to Forestry Development Authority Land Use Suitability Map of Central Kalimantan Indonesia for Conservation Forest & Other Uses, all new concession area of PT HBS status is under Convertible Production Forest ("HPK/Hutan Produksi Konversi") and Other Uses ("APL/Areal Penggunaan Lain"). In other hand, based on map in the Appendix Decree of Forestry Ministry No. 2796/Menhut-VII/IPSDH/2013, dated 16 May 2013, with regards to Indicative Map on Moratorium of new concession permit for Forest Use and Utilization, and Amendment of Forest Allotment area and Other Uses, PT HBS's new concession areas is not included in moratorium as indicated in the map. There is no primary forest and peat land within proposed concession area.

Kulim (Malaysia) Berhad through its subsidiary companies (PT HBS) is committed to comply with relevant regulation through a formal process to obtain Forest land release permit from Forestry Ministry prior to land development. In other case, for areas which consist of water conservation area will be maintained as reserve and riparian areas alongside with other protected area according to HCV assessment results.

The HCV assessment was conducted in September 2013 with socio-economic, cultural, biodiversity and environmental service surveys conducted by independent consultant (Daemeter) experts and numerous assistants, including specialists in tropical forest ecology, botany, social sciences, ornithology, mammalogy and conservation biology. The team was supported by Daemeter consultant's inhouse experts in remote sensing, soils, environmental services, mapping, and assessing socio-economic and cultural values.

The total area delineated as High Conservation Value Management Area (HCVMA) to maintain HCVs deemed present in Kulim (Malaysia) Berhad subsidiary's companies (PT HBS) is 2,400 ha out of 10,629 ha collectively within permitted area.

Based on the HCV assessment done in the initial SEIA and reconfirmed in the recent study of the area, it can be confirmed that there are no primary forest within the area. The remaining forest vegetation is characterized by secondary forests and agriculture degraded farmlands. The original forests of the area have been cleared for agriculture in the past, leaving secondary vegetation. There are no peat soils located in the area. Most of the soil type is mineral soil with sandy clay and loamy clay in the texture. The topography of the area is hilly to undulating onto flat with elevation of 25 – 200 meters above sea level.

2. Scope of the SEIA and HCV Assessment

2.1 Organizational Information and Contact Persons

The shareholder of PT HBS is PT Wisesa Inspirasi Nusantara (95%) and PT Graha Sumber Berkah (5%) (based on change of certificate of incorporation no. 18 dated on July 26, 2013 by notary of Firdhonal,SH) while Kulim (Malaysia) Berhad is one of the shareholders in PT Wisesa Inspirasi Nusantara amount of 74% (based on change of certificate of incorporation no. 5 dated on December 11, 2011 by notary of Firdhonal,SH).

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2.2 List of Legal documents and regulatory permits and property deeds related to the areas assessed:

Table 1. List of Legal Document for PT Harapan Barito Sejahtera

LIST OF LEGAL DOCUMENT	ISSUE BY AND THROUGH	DATE AND CODE NUMBER
Company Registration Number ("Tanda Daftar Perusahaan")	Bupati (Head of) Barito Utara, Kepala Kantor Pelayanan Perizinan Terpadu	Issued on 27 February 2014, Decree No.15.02.1.01.00274
Tax Registration Number (NPWP)	Kementerian Keuangan, Dirjen Pajak	Issued on 26 February 2013, Decree No.31.699.868.1-714.000
Plantation Business Permit (Izin Usaha Perkebunan/IUP)	Bupati (Head of) Barito Utara District, Central Kalimantan Province – Indonesia	Issued on 12 February 2013, Decree No. 188.45/52/2013
Land Development Permit ("Izin Lokasi")	Bupati (Head of) Barito Utara District, Central Kalimantan Province – Indonesia	Issued on 16 May 2013, Decree No. 188.45/291/2013
Forest Land Release Permit	--	On Progress Recommendation letter on Forest land release permit issued on 19 September 2013. Bupati (Head of) Barito Utara Decree No. 525/148/Adm.Ek.SDA.
ANDAL (Socio-Environmental Impact Assessment)	Bupati (Head of) Barito Utara District, Central Kalimantan Province – Indonesia	Issued on 7 April 2014, Decree No. 188.45/195/2014
Environmental permit ("Izin Lingkungan")	Bupati (Head of) Barito Utara District, Central Kalimantan Province – Indonesia	Issued on 7 April 2014, Decree No. 188.45/194/2014
Timber Cutting Permit ("Izin Pemanfaatan Kayu")	--	On Progress
Land Use Rights	--	On Progress

2.3 Location maps – both at landscape level and property level

Figure 1: Location of PT Harapan Barito Sejahtera oil palm plantation as shown in North Barito Regency

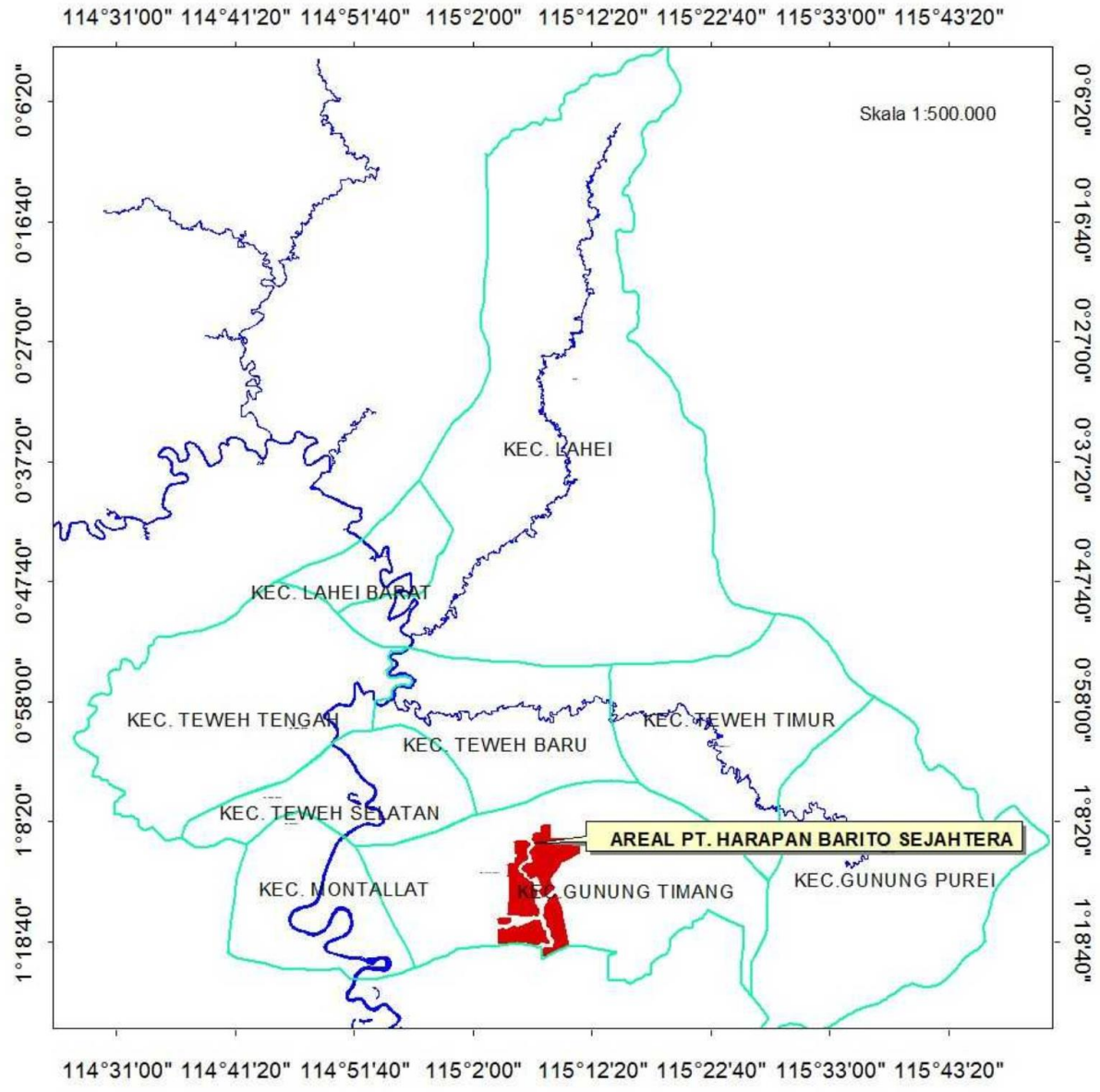


Figure 2: Estate design block map PT Harapan Barito Sejahtera, North Barito Regency, Central Kalimantan Province

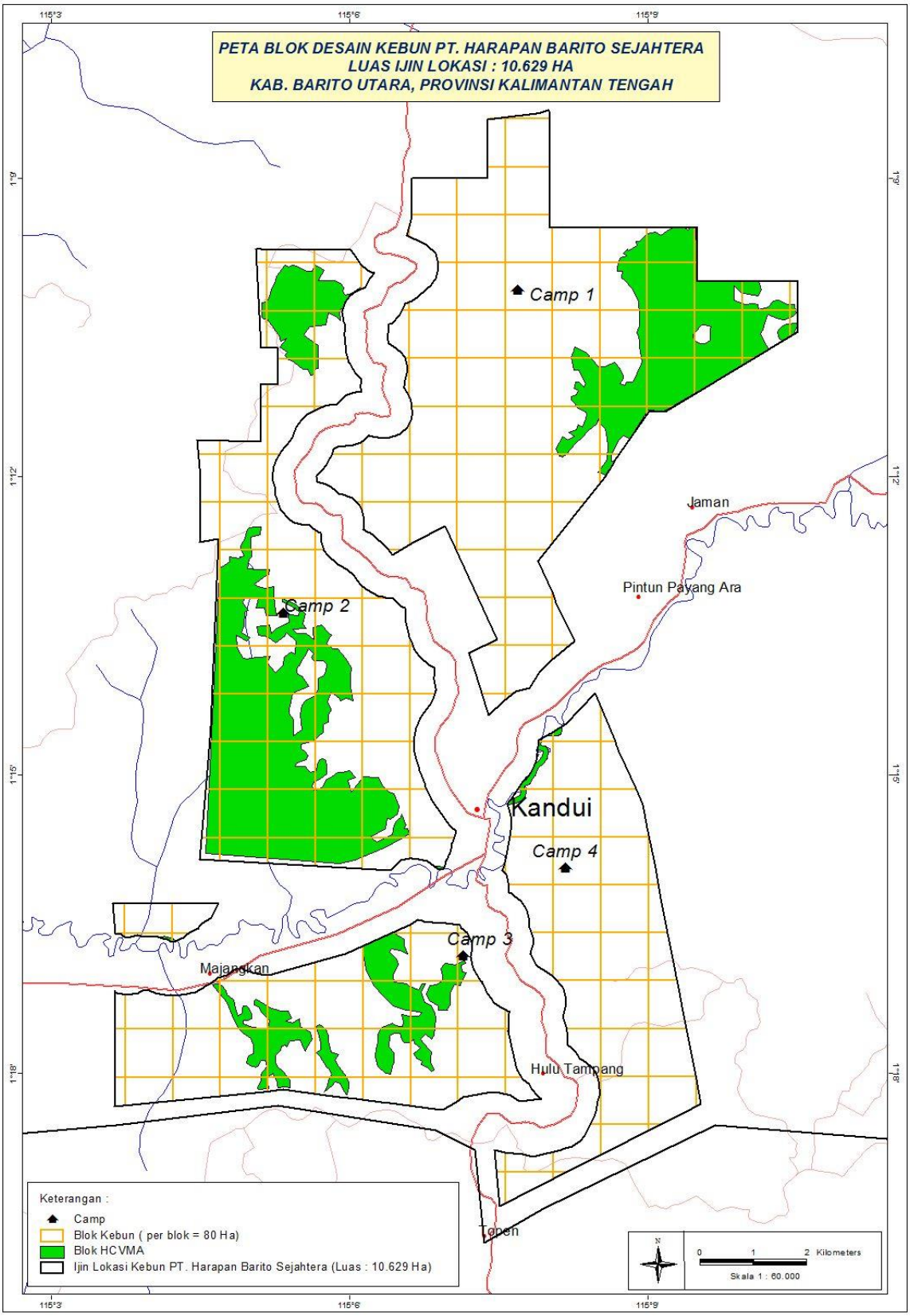
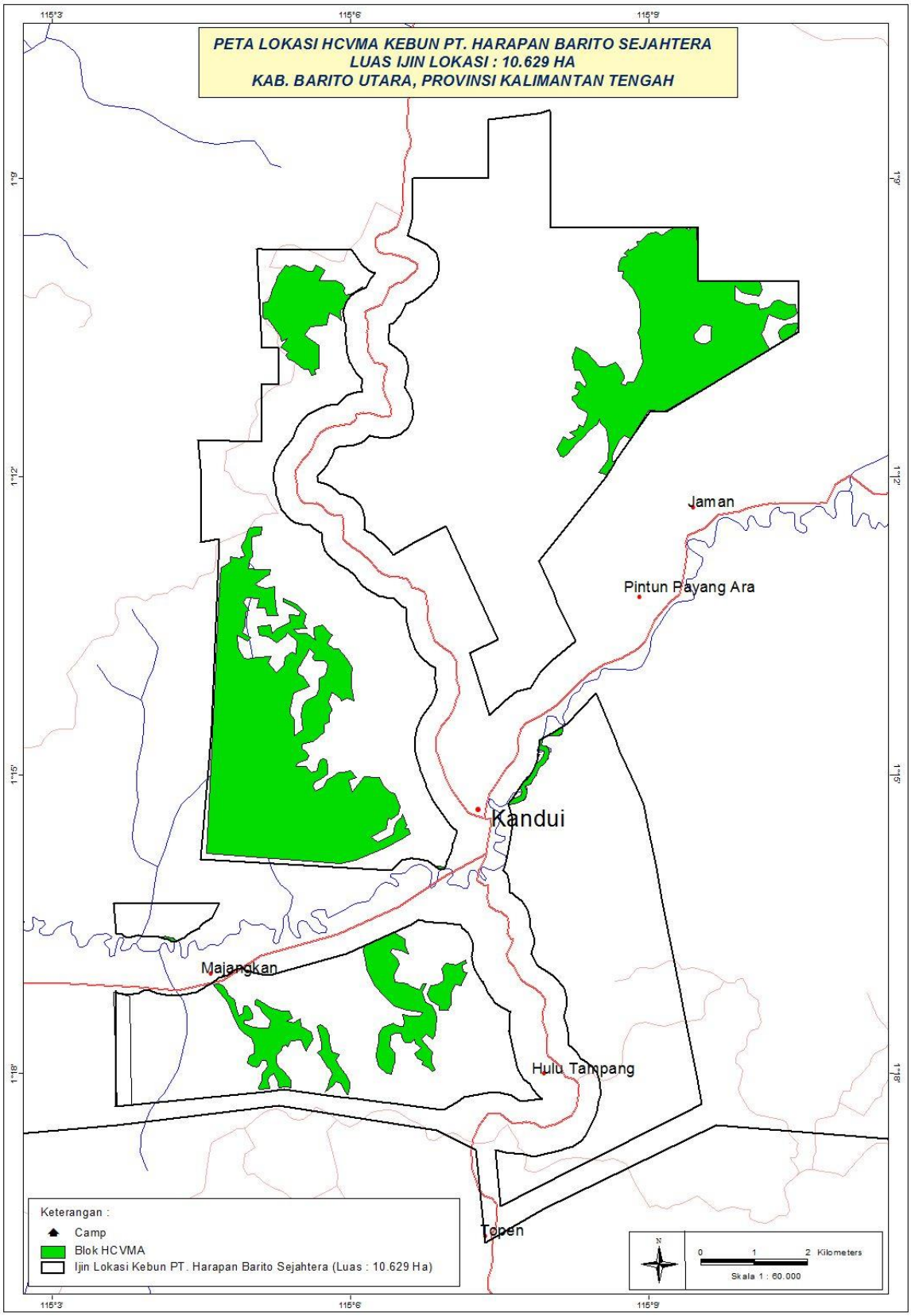


Figure 3: Map of HCV management area of PT Harapan Barito Sejahtera



2.4 Area of New Plantings and Time-plan for New Plantings.

Kulim (Malaysia) Berhad's subsidiary companies (PT HBS) plan to allocate land use within concession area in accordance to a guidance from Lembaga Pendidikan Perkebunan Kelapa Sawit (2004) where land use allocation would be determined on the percentage of each function.

In accordance with the ANDAL operational management data of PT HBS is ±10,629 Ha, comprised of ±9,524 Ha plantable area, ±426 Ha of riparian conservation area, and ± 679 Ha reserved for irrigation. Furthermore lowland areas, ecological and other important socio-culture aspects should also be preserved for instance Pukan River and wildlife corridor habitat, and it is these details which are elaborated by the HCV Assessment and described fully in the HCV report.

Table 2. Allocation of plantable area PT HBS

No	Land allocation	Percent (%)	Size of area (ha)
1	Palm trees	91.96	8,758.27
2	Nursery	0.20	19.04
3	Roads	3.20	304.76
4	Drainage	2.70	257.14
5	Mill	0.25	23.81
6	Office	0.02	1.90
7	Compound	1.35	128.57
8	Social facility	0.16	15.23
9	Sport infrastructure	0.16	15.23
	Total	100	**9,524**

Area figures used in the HCV report are based on GIS analysis using the geo-referenced boundary points from the official izin lokasi as endorsed by local government. This provides a definitive total area of the izin lokasi (this varies from the approximate areas indicated in the ANDAL). Furthermore there are overlaps between the three estates based on the izin lokasi. In Table below the total Plantable Area equals the Estate Area minus the recommended HCVMA. In order to be compliant with RSPO NPP Procedures the HCVMA may not be cleared and should be actively managed to preserve the values.

Table 3. HCV Area Summary based on GIS Analysis

Name	Estate (Ha)	HCVMA (Ha)	Plantable Area
PT.HBS	10,780	2,400	8,380
Overlap PT.WSK 1 & PT.HBS	57	0	57
Total	43,089	5,740	37,349

The location of the HCVMA is mapped in figures 2 & 3. Other details and management and monitoring recommendations relating to this are included in the HCV Full Assessment Report.

In order to contribute some income for the local community and to maintain harmonious relationship with the local community, the development of plasma plantation at least 20% from total of Plantable area is a requirement under Central Kalimantan Provincial rules No. 5/2011 with regards to Development of Sustainable Plantation and Agriculture Minister regulation No.98/2013 with regards to Guidance for Plantation Business Permit.And the plasma plantation is outside the area of IUP (in accordance with article 15, paragraph 2 of Agriculture minister Regulation No. 98/2013). Kulim (Malaysia) Berhad and its subsidiary companies are strongly committed to comply with this regulation. The development of plasma plantation would be at same stages with land clearance of Kulim's company nucleus estate as mutually agreed by both parties i.e. Kulim's company and communities

Table 4. Proposed Time Frame for New Planting

No.	ACTIVITY	YEAR										
		2014	2015	2016	2017	2018	2019	2020	2021	----	----	2044
A	**Pre-Construction Stages**											
A.1	Public Awareness											
A.2	Land settlement											
B	**Construction Stages**											
B.1	Man Power Recruitment											
B.2	Incoming equipment and materials											
B.3	Land clearing											
B.4	Infrastructure preparation											
B.5	Land preparation/planting											
B.6	Immature palms upkeep											
C	**Operation Stages**											
C.1	Mature palms upkeep											
C.2	Harvesting and FFB Transports											
C.3	Operation of supporting Estate infrastructure											
C.4	Maintenance of supporting infrastructure											
C.5	Community Development programme											

Kulim (Malaysia) Berhad subsidiary companies are aware of the requirements and conducted the compensation for private assets and land acquisition resolution with free prior and informed consent based on SEIA (ANDAL) and/or SIA report and Minutes of Meetings with local Communities on Public awareness of the Project.

3. Assessment Process and Procedures

3.1 Assessors and their credentials

The teams for the SEIA (ANDAL), HCV Assessment and SIA study include forestry and biodiversity experts, social specialist, biologist, Agriculture, and GIS Specialist with long experiences both in and out of the field. Following the completion of the report a review was conducted by independent professionals from an environmental, forestry and social background tasks with the responsibility of reviewing the methodology, quality and outputs of the studies and reports.

The SEIA (ANDAL) was conducted by competence team and personnel who holds valid certificate, a brief profile of the assessor team are mentioned below:

Table 5. SEIA Assessor Team and Qualification

No	Roles	Name	Qualification & Certificate
1	Team Leader	Parluhutan Dodo Binoto, SP, MP	Biology, AMDAL A, B, C, Auditor Lingkungan, Sertifikat Kompetensi (KTPA), LSK Intakindo (No: 00508/SKPA/ LSK-INTAKINDO/X/2011)
2	Team member	Ir. Yansen Noky	Socio-economy, culture, community health, (AMDAL A & B), Sertifikat Kompetensi (ATPA), LSK Intakindo (No:000727/SKPA-P1/LSKINTAKINDO/XI/2012)
		Ratnayanty, S.Pd	Chemist, (AMDAL A & B), Sertifikat Kompetensi (ATPA), LSK Intakindo (No:000926/SKPA/LSK-INTAKINDO/VI/2013)
3	Technical Expert & Support	Jhon Piter Manalu, M.Si	Agriculture, (AMDAL A & AMDAL B)
		Yulius Wawensa, A.Md	Forestry, AMDAL B
		Lery Jhon Titus, S.Pi	Aquatic Biota
		Dody Enrico Baboe, SE	Socio-economy, culture, & community health

The HCV assessment and Social Impact Assessment (SIA) report was conducted by Daemeter Consulting. The assessment team involved 15 people who participated in one or more parts of the field component of the HCV assessment, as well as two team leaders and seven support staff who were involved in non-field based aspects of the assessment. Team members are listed below and a short biography for each team member is provided in Appendix of the HCV and SIA report documents. Co-team Leaders for this assessment – Philip Wells, Gary Paoli and Aisyah Sileuw - are *RSPO approved HCV assessors*, as are two other assessment team members, Felicia Lasmana and Iwan Rosyid. A brief profile of the assessor team is mentioned below:

(a) Field-team:

1. Felicia Lasmana, Mammal Expert, Biodiversity Survey Team, Daemeter Consulting
2. Ryan Avriandy, Mammal Assistant, Biodiversity Survey Team, External Consultant
3. Kursani Sumantri, Plant Expert, Biodiversity Survey Team, External Consultant
4. Syapuri, Plant survey assistant, Biodiversity Survey Team, Daemeter Consulting
5. Muhammad Iqbal, Bird Expert, Biodiversity Survey Team, Daemeter Consulting
6. Iwan Kurnia Rosyid, Socio-cultural Survey Team Leader, Daemeter Consulting
7. Cepy Heryadi, Socio-cultural Survey Team Member, External Consultant
8. Aldio Dwicahyo, Socio-cultural Survey Team Member, External Consultant
9. Mohamad Asrar Iqbal, Socio-cultural Survey Team Member, External Consultant
10. Mohamad Fahrudin, Socio-cultural Survey Team Member, External Consultant

11. Naka Yuliansyah, Socio-cultural Survey Team Member, External Consultant
12. Febriangga Hermawan, Socio-cultural Survey Team Member, External Consultant
13. Adita Agung Pradata, Socio-cultural Survey Team Member, External Consultant
14. Ika Puspitasari, Socio-cultural Survey Team Member, External Consultant
15. Nidya Bela Anggita, Socio-cultural Survey Team Member, External Consultant

(b) Daemeter senior advisors, co-team leaders and additional support staff:

1. Jules Crawshaw, Report writer and Landscape Ecology Specialist
2. Aisyah Sileuw, Social Team Coordinator
3. Philip Wells, GIS and Landscape Ecology Specialist
4. Gary Paoli, Biodiversity Team Coordinator & reporting oversight
5. Neil Franklin, Management recommendation & reporting support
6. Indrawan Suryadi, GIS expert
7. Aji Sartono, GIS staff

3.2 Assessment Methods

SEIA (ANDAL) was conducted through matrix and flow process analysis to identify the potential impact of environmental and social aspects, as well as group interaction to evaluate the identified potential impact.Furthermore, the HCV assessment process us describe as following table.

Table 6. HCV assessment process and associated timeline for this assessment:

Step	Step description	Dates undertaken/scheduled
1	Compilation of secondary and available primary data, including preliminary stakeholder consultation during a short, initial visit to the license areas	July & November 2013 (site visit July & December 2013)
2	Team formation and briefing on project scope	July – August 2013
3	HCV pre-assessment based on available data to determine HCVs potentially present	July – August 2013
4	Planning for fieldwork and agreement on field methods for primary data collection	July – August 2013
5	Fieldwork and primary data collection, including direct stakeholder consultation	Socio-economic/cultural survey: Phase 1: 18-23 August Phase 2: 18 Nov – 2 Dec Biodiversity and ecosystem services survey: 19 - 27 November
6	Data analysis and interpretation	November – December 2013
7	Preparation of a Draft Report, including HCVMA maps and management and	December 2013

	monitoring recommendations	
8	Public consultation to report interim HCV findings and refine threat assessment	Scheduled for January 2014
9	Critical Review of Draft Report (a) Internal discussion between assessment team and company (b) External peer review by one or more qualified expert(s)	Scheduled for January 2014
10	Revise report based on critical review and public consultation (Final Draft)	Scheduled for January 2014
11	Development and adoption of formal HCV management and monitoring plans by the companies	To be undertaken by the companies. Refer to main text in this section.

The SIA followed three stages.

First, a "desktop study", to collect existing data from public sources. Further collection of data was also conducted in the villages, sub-district and district administration offices, collecting information such as public health data, villages/sub-district and districts monographies.

Second, field work, which included in-depth interviews, as well as Focus Groups Discussions (FGD) and direct observations. The field work was conducted in the surrounding villages interacting with PT HBS. Total 5 villages within PT HBS were observed.

Third, analysis of the data and redaction of the report. The report was submitted to Kulim for review and comments before being finalised.

Stakeholder Consultation

Stakeholder consultation is fundamental to the SEIA, SIA and HCV assessment process. A range of stakeholders were consulted during the pre-assessment and full assessment stages. Their input is summarized in Appendix of the SEIA, SIA and HCV assessment report. Stakeholder input ranged from general themes, in the subject of oil palm development in Central Kalimantan and opinion/concerns about the companies' operations and future plans, specific input on biodiversity issues, environmental services, local livelihoods and other issues of concern to local communities. A much larger number of local stakeholders were consulted directly during fieldwork for primary data collection and for follow-up to public consultation (April 29, 2014), including local community members, formal and informal community leaders, company staff and officials.

4.a. Summary of SEIA (ANDAL) & SIA findings

Demography/Social issues. PT HBS's concession area is located within Sub-Districts of Gunung Timang which is medium densely populated. There are quite number of villages which around the concession area Desa Kandui, Desa Majangkan, Desa Payang Ara,Desa Jaman, Desa Pelari, Desa Sangkurang, and Desa Tapen Raya. All are reasonably far from the districtcapital of Barito Utara.The total population of villages neighbouring the concession area reached to 1,072 people. There are some villagesexactly inside the concession area.
Traditional Rubber plantation and paddy field are major livelihoods for most villagers with few of them are relying on fishesries, rattan farmers, private employees, school teacher, nurses, government servant, military soldier, workers paid, small groceries, and many more.

Ethnically, the population is mostly of Dayak descent (Dayak Taboyan, Dusun Malang and Dayak Bakumpay), with relatively few numbers of people from other areas (Javanese, Sudanese, Batak, Padang, Banjar). A balance portion of religion within villagers between Islam, Christian (Protestan & Catholic), and traditional believes (Hindu/Kahariangan)
Education is relatively good, with a good proportion of the younger people reaching high school and few of them up to university student.Health facilitiesin the area are limited, with no doctor. Primary health services are available in each village of the area such in Desa Kandui.

Land ownership mostly is local traditional rights which come from hereditary of Dayak tribes, while some of them were owned from formal process of buying and selling.

Economy. The area relies almost exclusively on small-scale rubber farming and paddy field, and has done so for a long period of time, as can be observed by the age of the rubber trees and size of plots of paddy. The local population is familiar with rubber farming from farmers that owned rubber trees, or workers that are paid daily, or collectors of latex.Other sources of income are limited such as some small trader, and afew number of public servants and private employees.Generally level of monetarisation is considered low to mediocre.

Potential positive and negative developments. The local populations will expect some positive outcomes from the development of PT HBS in the area. Improvement of income would be a priority outcome from local communities to improve their living through huge opportunitiesworking for company. Improved roads would also be part of outcome for the local population, to improve access to the area, and access to school for the children. Related to this, improved education and healthcare facilities would be also seen as a positive result of the presence of the company, with possibly better school and cllinic buildings, support to the nurses and teachers and/or scholarships for children in the area. Improve other public infrastructure would also be seen as positive outcome such as clean water facilities.

The traditional land ownership system in place in the area will be a challenge for the initial phases of land-rights acquisition by the company. As is the case in many other areas, there will likely be some land-rights ownership conflicts, with multiple people claiming ownership

of the same plot of land. Furthermore, land settlement through negotiation process will be due challenging which some of local people wants to be deal and transparant; while in other case people may wish for joining plasma programme.

Villagers will be very wary of any perceived water pollution or over-usage by the company, due to their reliance on the rivers to supply them with water for their daily needs. Disturbance of existence flora and fauna would be as important impacts if company does not have initiative to protect and maintain in long-term plan. Soil damage due to inappropriate waste management (e.g. waste water, and hazardous waste) will be very main impact for environment in additon to land fire, soil erosion, and noise.

Considering the medium population density, CSR efforts by the company are expected to have a good impact. The relative amount of money spent per habitant will be relatively high, and if planned participatively, CSR activities are more likely to bring satisfaction to the villagers.

Identified Social Impact according to assessment result is:

Identified Impact	Significant Level	Description impact
Community relocation	Not Significant	No community relocation during plantation development.
Land clearing	Significant	The impact is considered significant because of the land issue will greatly affect the implementation of corporate governance palm.
Risk of accidents and occupational health	Significant	The impact is considered significant because of safety and occupational work will affect productivity. The impact also considered significant because the majority of people still use the river water to meet its water needs
Public Perception	Significant	The impact is considered significant because if the company does not change attitudes to pay attention about the people expectation then do not close the possibility of public antipathy
Community Health	Significant	The impact is considered significant because community member stated there were decreased of water quality in the river which

Identified Impact	Significant Level	Description impact
		being assumed because of waste management of plantation and mining activity.
Job Vacancies	Significant	The impact is considered important because some people still expect to be as company's employee.
Marginalization of Minor Groups	Significant	The impact is considered important because some people still expect to be as company's employee.
Social Conflict	Significant	The impact is important because if there is a conflict will affect company's sustainability.
The increase in revenue	Significant	The impact is important because if the community has felt the economic benefits from the existence of the company, the community will also safeguard the existence and stability of the company to keep it running.
Community Capacity building	Significant	The impact is considered significant because if community has had a high human resource companies will be easy to find a good quality jobs
Strengthening civil society	Significant	The impact is important because if the community has felt the economic benefits from the existence of the company, the community will participate to maintain the existence of the company to continue running
Changes in habits and environment	Significant	The impact is considered important because if people felt that company's contribution to their economy, the community will participate to maintain the existence of the company to keep it running.
Expectation for Small holder scheme development	Significant	The impact is considered significant positive because people expect to be able to have a smallholding

4.b. Summary of Assessment Findings for HCV Assessment

In HCV report, the condition of land cover throughout all concession areas is predominantly zoned for non-forest uses (Kawasan Pengembangan Produksi (KPK) and Kawasan Pemukiman dan Penggunaan Lain (KPPL)) and production forest (Hutan Produksi (HP)) based on provincial spatial plans (Rencana Tata Ruang Wilayah Propinsi (RTRWP) Kalimantan Tengah) while based on the forest maps in Central Kalimantan Province (Ministry of Forestry decree No. 529/Menhut-II/2012) that license areas (location permit on behalf PT HBS) have large areas of overlap with production forest for conversion to other forestry uses (Hutan Produksi dapat dikonversi (HPK)) amount of 9,283 ha, production forest (Hutan Produksi (HP)) amount of 0.6 Ha and land for other uses (Areal Penggunaan Lain (APL)) amount of 1,496 ha. Production forest (HP) and production forest for conversion to other forestry uses (HPK) cannot be planted with oil palm unless auditee has received permit from the government for converted to land for other uses (forest exchange area permit (izin tukar menukar kawasan) for HP and forest land released permit (izin pelepasan kawasan hutan) for HPK) while land for other uses are currently legally available for conversion to palm oil.

According to soil and land system maps of PT HBS attached on the HCV assessment and EIA document, there is no peatland present in all company's proposed new planting area. The Environmental Impact Assessment (EIA) document and HCVF assessments conducted in various concessions state explicitly that the majority of production forest for conversion to other forestry uses (HPK).

HCV locations are distributed in all the company's locations. There are 5 categorized HCV in the company's location, i.e. HCV 1, 3, 4, 5 and 6 with object are riparian of Atar river, degraded forest / log over area (LOA), spring, and hutan keramat.

The important element of HCV 1 especially HCV 1.2 and 1.3 are existence of species according to IUCN, CITES and Government of Indonesia (PP No. 7 year 1999) and its habitat. There are 7 bird species identified include in Red List IUCN / CITES / GoI i.e Loriculus galgulus (LC, CITES App II), Ceyx/Alcedo sp (GoI), Rhipidura javanica (LC, GoI), Anthreptes malacensis (LC, GoI), Hypogramma hypogrammicum (GoI), Arachnothera longirostra (LC, GoI) and Lonchura fuscans (LC, Endemic to Borneo) and there are 19 mammal species identified include in Red List IUCN / CITES / GoI i.e Nycticebus menagensis (VU, CITES App I, GoI), Cynocephalus variegatus (VU, CITES App I, GoI), Tarsius bancanus (VU, CITES App II, GoI), Presbytis frontata (VU, CITES App II, GoI), Nasalis larvatus (EN, CITES App I, GoI), Macaca fascicularis (LC, CITES App II), Macaca nemestrina (VU, CITES App II), Hylobates muelleri (EN), Hylobates agilis/albibarbis (EN, CITES App I, GoI), Manis javanica (EN, CITES App II, GoI), Pteropus vampyrus (LC, CITES App II), Arctictis binturong (VU, CITES III), Sus barbatus (VU), Tragulus javanicus (LC), Tragulus napu (LC), Muntiacus muntjac (LC), Muntiacus atherodes (LC), Rusa unicolor (VU), and Cervus timorensis (VU). There are 5 flora species potencially presence include in Red List IUCN / GoI i.e Dipterocarpus lowii (CR, GoI), Dipterocarpus grandiflorus (CR, GoI), Shorea lamellate (CR), Shorea myrionerva (CR) and Anisoptera costata (EN). Majority PT HBS areas is Kerangas forest (Bawin lands system) so pitcher plant species (Nepenthaceae family) were confirmed present. Futhermore, there

are 5 flora species likely presence in Kerangas i.e Shorea ovate (EN), Shorea sagitata, Shorea coriacea, Shorea peltata (CR), Hopea kerangasensis (CR).

The important elements for HCV 3 are Beliti, Bawin and Teweh land systems in PT HBS areas. Beliti land system is one of considered endangered land system in Kalimantan. Beliti is located along the length ot the Atar river as it runs through boundary PT HBS areas. Bawin land system is considered endangered status also where it is dominated by kerangas but also consists of lowland mixed dipterocarp forest while the Teweh land system is considered endangered, consisting of riparian and mixed and hill dipterocarp forests.

The important elements for HCV 4 are environmental services (focused on water quality, soil conservation and land fire control). Two categories of environmental service values were present in the concession areas i.e (i) important areas or ecosystem for the provision of water and anticipation of floods in the downstream communities (HCV 4.1) and (ii) important areas for the prevention of erosion and sedimentation (HCV 4.2).

The important element for HCV 5 are their basic needs by cultivating them or purchasing them form mobile vendors, small grocery stores or markets in closest town or in Muara Teweh. Water was the most heavily relied on natural resource with rivers and springs central to meeting community basic water needs by four villages in PT HBS areas (Baliti, Kandui, Majangkan and Payangara village) besides it the fourth villages depend on local rivers to meet their fish protein needs.

The important element for HCV 6 is the areas that have important function for local communities culture are archeological sites (protected or sacred object therefore they have ancestral heritage or historical value), Hutan Keramat and cultural rituals (the location and materials necessary to perform them). Type of archeological sites in Majangkan village are kuburan anak raja and kuburan keriring. Hutan Keramat in Payangara village is Hutan Keramat Belang Nuger and in Majangkan village are Hutan Keramat Tanah Lohos and Hutan Keramat Tower Tempereh. Type of ritual in Payangara village are Bedewa, Belian, Nyelangken, Wara, Nyager; in Kandui village are Belian, Wara, Nyager, Meninggal Lewu; in Majangkan village are Belian, Bedewa, Wara, Nyager and in Baliti village are Belian, Bedewa, Nyembur, Wara, Nyager, Bokas, Ngelangkang.

Guarantee from PT HBS that PT HBS will not conduct land clearing on HCV areas where appropriate with SOP Land Preparation (poin 4). Based on the results of field visit that there are not activity land clearing on degraded forest/log over area (LOA) in Baliti village, IUPHHK PT Austral Byna areas and riparian Atar

5. Internal Responsibility

Formal sign-off by Assessors and Company.

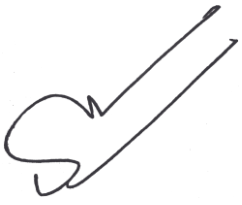
This document is the Summary of SEIA (ANDAL), HCV (High Conservation Values) Assessment, and SIA (Social Impact Assessment) of Kulim (Malaysia) Berhad subsidiary companies: PT Harapan Barito Sejahtera. For full details these reports should be read in their entirety.

Parluhutan Dodo Binoto
Team Leader SEIA (ANDAL)
CV Anugerah Enviropratama

Aisyah Sileuw
Team Leader HCV & SIA
Daemeter Consulting

Statement ot Acceptance of Responsibility for Assessments.

The assessment results of the SEIA (ANDAL), High Conservation Value (HCV) Assessment, and Social Impact Assessment (SIA) will be applied as part of the guidelines in developing and managing PT Harapan Barito Sejahtera.



Zulkifly Zakariah
President Director

Priyo Prihwardono
Director