

RSPO NOTIFICATION OF PROPOSED NEW PLANTING

This notification shall be on the RSPO website for 30 days as required by the RSPO procedures for new plantings (<http://www.rspo.org/?q=page/535>). It has also been posted on local on-site notice boards.

Date of notification: 22nd – December - 2014

Tick whichever is appropriate

	This is a completely new development and stakeholders may submit comments.
√	This is part of an ongoing planting and is meant for notification only.

COMPANY : **PT. PP LONDON SUMATRA INDONESIA, Tbk**

SUBSIDIARY (If any) : -

RSPO Membership Number : **1-0015-04-000-00 (November 5th, 2004)**

Location of proposed new planting

- Company Name : PT. PP LONDON SUMATRA INDONESIA, Tbk – Wilayah Pahu Makmur Estate and Kedang Makmur Estate
- Location : **Pahu Makmur Estate & Kedang Makmur Estate (PME & KME):** Village of Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy and Pentat, Sub-District of Jempang, Village of Muara Kendang, Penawai, Sub-District of Bongan, Regency of Kutai Barat, Province of Kalimantan Timur, INDONESIA
- Geographical location : East: 116° 6' 30,776" - 116° 16' 9,841"
South: 0° 31' 49.913" - 0° 38' 8.077"
- Surrounding Entities : **Pahu Makmur & Kendang Makmur Estate (PME & KME):**
North: Villages of Tanjung Jan, Tanjung Isuy and Pulau Lanting
East: Bongan River.

South: Villages of Penawai, Bekokong.
West: Village of Mancong, Muara Nayan,
Pentat.

- Planting Area Pahu Makmur Estate (PME) and Kedang Makmur Estate (KME) : **16,341.94 Ha (Total Area)**
5,041.4 Ha (Planted 2010 – 2013); 819.36 Ha (HCV); 3,434.01 Ha (**New Planting Programme**); 4,529.25 Ha (Planted before 2010)

1. SUMMARY FROM SEI ASSESSMENTS:

1.1. Executive Summary:

PAHU MAKMUR & KEDANG MAKMUR ESTATE (PME & KME)

At the beginning, the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) was Logged Over Forest Area that managed by the Forest Concession Company of PT. Sumber Mas. The area was then managed for oil palm plantation development by the company of PT PT. Gelora Mahapala and then taken over by the company of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate).

The concession of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) covers areas of \pm 16,341.94 ha consisting of the area of 11,603.48 ha managed as Pahu Makmur Estate and the area of 4,738.46 ha managed as Kedang Makmur Estate. Administratively, the company area is located in the villages namely : Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (Jempang Subdistrict); and Muara Kedang, Penawai (Bongan Subdistrict), Kutai Barat Regency – Province of East Kalimantan. The company's area includes in the Mahakam Watershed (DAS) - Bongan Tongkok Subwatershed.

Currently, steps that have been conducted by the company are Land Clearing, Planting, Plantation Maintenance and Harvesting. The plantation company is equipped with a palm oil processing plant with production capacity 60 tons/hour and located within Pahu Makmur Estate.

Review on the executive summary of EIA, RKL/RPL and SIA, it is shown that the presence of the oil palm plantation of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) has generated impacts, either positive and negative, to the environment and the surrounding communities. The presence of the company has delivered positive impacts to the local communities especially of Tanjung Jan Village, in the forms of: improvement of village land roads, increased village land values, increased employment and business opportunities. Meanwhile, those positive impacts have not been delivered to the local communities of other villages because the CSR Programs was still in the step of planning. Some of the local communities are very optimistic that the company of PT. PP London Sumatera Indonesia Tbk (Wilayah

Pahu Makmur Estate and Kedang Makmur Estate) will provide positive impacts for development of the village and the surrounding communities.

The presence of the company has also the potentials to generate negative impacts to the environment and the surrounding communities. According to the Focus Group Discussion (FGD), it was revealed that most of the surrounding communities gave negative perceptions towards the company, due to the lack of social programs for local communities by the previous management. People assumed that the presence of the company would prohibit logging by local communities which interrupt source of community's income, displace "limbo" and the ancestral graves. The potential negative impacts in general are degradation of environmental quality, diminishing land availability for farming, timber/wood sources and other non-wood forest products.

The Assessment has identified HCVs within the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) containing HCV1 (HCV1.2, and HCV1.3), HCV3, HCV4 (HCV4.1 and HCV4.2), HCV5 and HCV6 which covering areas of 819.36 ha containing River Riparian Areas of 38.10 ha, Swamp Peat Forest Areas of 777.10 ha, Conservation Areas for Ulin (*Eusiderxylon zwageri*) of 1.00 ha, Burial Areas and Sacred Places of 3.162 ha.

The EIA Assessment in the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) (the EIA document on behalf of PT GELORA MAHAPALA) was held by competent consultant of PT POLIGON KALTIM UTAMA and has been approved by the Head of Mining and Environmental Agency / Chairman of EIA Commission of Kutai Barat Regency according to the Decree No. No 540.660,1/030.1/AMDAL-KBR/X/2005 dated 26 October 2005. In 2007 PT PP London Sumatra Indonesia Tbk had initiated conducting internal and external HCV assessment by involving AKSENTA as assessor independent. Meanwhile, the HCV and SIA assessments were conducted in 2014 by Faculty of Forestry – Bogor Agricultural University which supported by assessor team accredited by RSPO.

The company of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) manages the plantation area comprehensively and professionally with reference to the principles, criteria and indicators for New Plantings Procedure of RSPO.

1.2. Scope of the SEIA and SIA Assessments:

Organizational information and contact persons

Company's Name	: PT. PP London Sumatera Indonesia Tbk
Address	: Jalan Ahmad Yani Komplek Ruko Mitra Mas 8 no 27 - 28 Samarinda Kalimantan Timur.
Contact	: Muhammad Waras (muhammad.waras@londonsumatra.com)
Deed of The Company	: Company Deed No 93, dated 18 December 1962
Deed of Company's Change	: No.20, dated 9 September 1963 (Notary Raden Kadiman), Ministry of Justice Approval No. J.A5/121/20, dated 14 September 1963.

- : No. 9, dated 10 May 2012; Ministry of Justice Approval No.AHU-0044755.AH-61.09/2012, dated 11 May 2012 (Notary Pahala Sutrisno Amijoyo Tampubolon, SH,M.Kn).
- Investment Type : Foreign Investment (PMA)
- Land Status : Area permit on behalf of PT. London Sumatera Indonesia which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No : 07/PKT-BPN-16.3/UM-03/111-1996 dated 8 March 1996 covering area of 15,000 ha and located in Muara Lawa and Muara Pahu Sub-districts, Kutai Regency.
- Areas permit on behalf of PT. London Sumatera International which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No: 33/PKT/BPN-16.3/UM-33/XI-1995 dated 21 November 1995) covering area of 18,000 ha and located in Jempang and Muara Pahu Sub-districts, Kutai Regency.
- Principle approval on the plantation bussiness license on behalf of PT. London Sumatera Internasional which is issued by the Agriculture Minister (SK No 9 K8.320/458/Mentan/XII/95 dated 4 December 1995).
- Area permit on behalf of PT. Gelora Mahapala which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No: 03/PKT/BPN-16.8/UM-06/III-1996 dated 8 March 1996 covering area of 15,000 ha and located in Jempang and Bongan Sub-districts, Kutai Regency.
- Principle approval on the plantation bussiness license on behalf of PT. PT. Gelora Mahapala which is issued by the Minister of Forestry (SK No HK.350/E5.354/05/96 dated 02 May1996).
- Area permit for oil palm plantation development on behalf of PT. London Sumatera Indonesia which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No : 06/PRT/BPN.16.3/UM-16/III-1997 dated 26 March 1997) covering area of 11,500 ha and located in Muara Ohong village, Perigiq village, Mancong village, Tanjung Laung village, Jempang Sub-districts, Kutai Regency.
- Principle approval on the plantation bussiness license on behalf of PT. London Sumatera Indonesia which is issued by the Director General of Plantation (SK No KB.320/458/Mentan/XII/1995 dated 04 December 1995) and the extended license No.

HK.530/E5.776/09.9/dated 3 September 1997.

Principle approval on the plantation business license on behalf of PT. London Sumatera Internasional which is issued by the Agriculture Minister (HK.300/E5.724/09/96 dated 13 September 1996) covering area of 15,000 ha and located in the villages of Tebisak, Jerang Dayaq, Tanah Mea, Tepian Ulag, Muara Baroh, Muara Pahu, Dasaq, Mendong, Kolik, Jerang Melayu, Sub-district of Muara Pahu, Kutai regency.

Extended Area Permit on behalf of PT. London Sumatera Internasional for oil palm plantation development (SK No 10/PKT/BPM-16.3/UM-10/IV-1997).

Principle approval on the plantation business license on the second year on behalf of PT. Gelora Mahapala which is issued by the Director General of Plantation (SK No HK.300/E5.777/09.97 dated 03 September 1997).

Extended Area Permit for Oil Palm Plantation on behalf of PT. Gelora Mahapala which issued by the Head of National Land Agency No 11/PKT/BPN-16.3/UM-II/IV-1997 dated 28 April 1997 covering area of 15,000 ha located in Jempang Subdistrict (Tanjung Isuy village, Tanjung Jan village, Pulau Lanting village, Muara Nayan village, Pentat village, Lembonah village) and Bongan Subdistrict (Penaun village, Muara Kedang village and Resak village), Kutai Regency.

Total Managed Area : 16,341.94 Ha (Pahu Makmur & Kedang Makmur Estate).

List of Legal documents, regulatory permits and property deeds related to the areas assessed;

Legal documents provided before operational are as follows:

1. Area permit on behalf of PT. London Sumatera Indonesia which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No : 07/PKT-BPN-16.3/UM-03/111- 1996 dated 8 March 1996 covering area of 15,000 ha and located in Muara Lawa and Muara Pahu Sub-districts, Kutai Regency.
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3. Principle approval on the plantation business license on behalf of PT. London Sumatera Internasional which is issued by the Agriculture Minister (SK No 9 K8.320/458/Mentan/XII/95 dated 4 December 1995).

4. Area permit on behalf of PT. Gelora Mahapala which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No : 03/PKT/BPN-16.8/UM-06/III-1996 dated 8 March 1996 covering area of 15,000 ha and located in Jempang and Bongan Sub-districts, Kutai Regency
5. Principle approval on the plantation bussiness license on behalf of PT. PT. Gelora Mahapala which is issued by the Minister of Forestry (SK No HK.350/E5.354/05/96 dated 02 May1996).
6. Area permit for oil palm plantation development on behalf of PT. London Sumatera Indonesia which is issued by the Head of National Land Agency of Kutai Barat Regency (SK. No : 06/PRT/BPN.16.3/UM-16/III-1997 dated 26 March 1997) covering area of 11,500 ha and located in Muara Ohong village, Perigiq village, Mancong village, Tanjung Laung village, Jempang Sub-districts, Kutai Regency.
7. Principle approval on the plantation bussiness license on behalf of PT. London Sumatera Indonesia which is issued by the Director General of Plantation (SK No KB.320/458/Mentan/XII/1995 dated 04 December 1995) and the license renewal No HK.530/E5.776/09.9/dated 3 September 1997.
8. Principle approval on the plantation bussiness license on behalf of PT. London Sumatera Internasional which is issued by the Agriculture Minister (HK.300/E5.724/09/96 dated 13 September 1996) covering area of 15,000 ha and located in the villages of Tebisak, Jerang Dayaq, Tanah Mea, Tepian Ulag, Muara Baroh, Muara Pahu, Dasaq, Mendong, Kolik, Jerang Melayu, Sub-district of Muara Pahu, Kutai regency.
9. Extended Area Permit on behalf of PT. London Sumatera Internasional for oil palm plantation development (SK No 10/PKT/BPM-16.3/UM-10/IV-1997).
10. Principle approval on the plantation bussiness license on the second year on behalf of PT. Gelora Mahapala which is issued by the Director General of Plantation (SK No HK.300/E5.777/09.97 dated 03 September 1997).
11. Extended Area Permit for Oil Palm Plantation on behalf of PT. Gelora Mahapala which issued by the Head of National Land Agency No 11/PKT/BPN-16.3/UM-II/IV-1997 dated 28 April 1997 covering area of 15,000 ha located in Jempang Subdistrict (Tanjung Isuy village, Tanjung Jan village, Pulau Lanting village, Muara Nayan village, Pentat village, Lembonah village) and Bongan Subdistrict (Penaun village, Muara Kedang village and Resak village), Kutai Regency.
12. Law No. 32 of 2009 regarding The Environmental Management and Protection.
13. Government Regulation No 82 of 2001 regarding Water Quality Management and Water Pollution Control
14. Regulation of The Environmental Minister No 11 of 2006 on The List of Bussiness and Activity Plans That Must be Provided with EIA (AMDAL)
15. Regulation of The Environmental Minister No 08 of 2006 on Guidance of The Environmental Impacts Analysis Document Preparation
16. Regulation of The Environmental Minister No 45 of 2005 regarding to Guidance of The Implementation of Environmental Management (RKL) and Monitoring Plans (RPL).
17. Decree of The Head of Environmental Control Agency No. Kep-015, 1997 regarding to Guidance of The Implementation of Environmental Management and Monitoring Plan (RKL/RPL).

Location maps – both at landscape level and property level;

PAHU MAKMUR & KEDANG MAKMUR ESTATE (PME&KME)

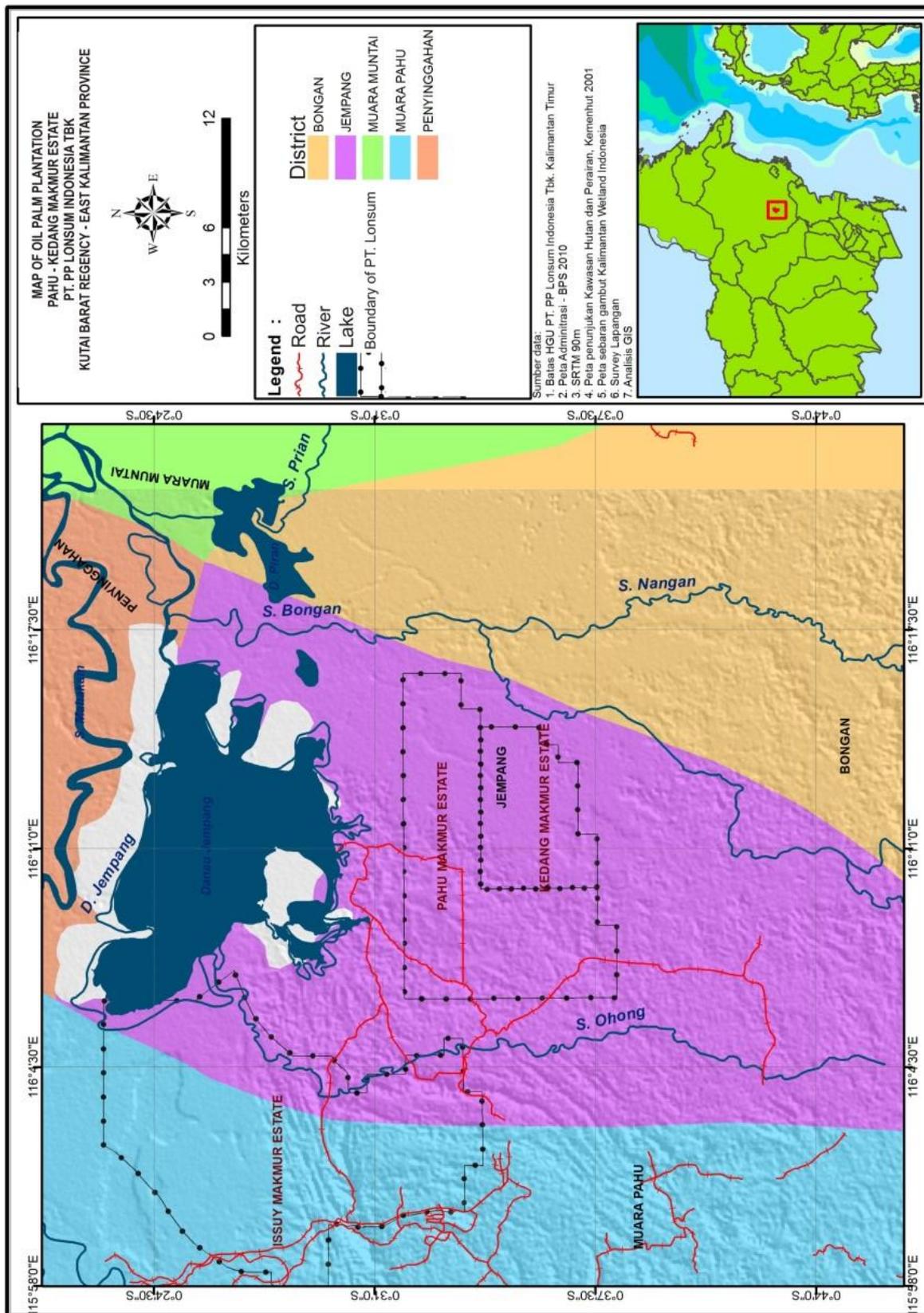


Figure 1. Location Map of Pahu Makmur Estate (PME) & Kedang Makmur Estate (KME)

The concession of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) covers areas of \pm 16,341.94 ha consisting of the area of 11,603.48 ha managed as Pahu Makmur Estate and the area of 4,738.46 ha managed as Kedang Makmur Estate. Administratively, the company area is located in the villages namely : Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (Jempang Subdistrict); and Muara Kedang, Penawai (Bongan Subdistrict), Kutai Barat Regency – Province of East Kalimantan. The company's area includes in the Mahakam Watershed (DAS) - Bongan Tongkok Subwatershed. **Figure 1.**

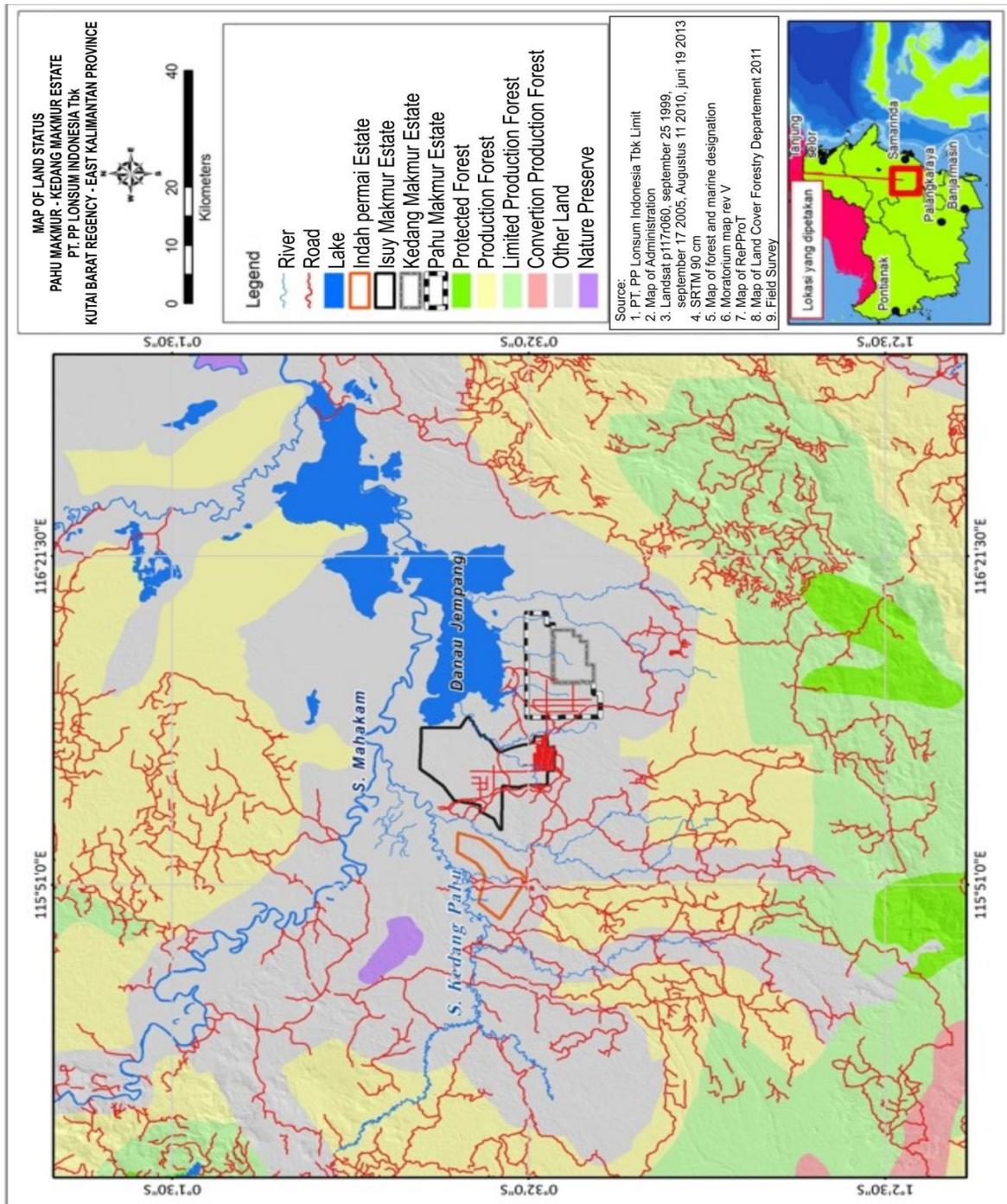


Figure 2. Overlay Map of Forest Area Status with Pahu Makmur Estate (PME) and Kedang Makmur Estate (KME)

According to the land status, the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) is located in Other Land Use area (APL). In the assessment, it was shown that it is found conservation area namely Padang Luwai Nature Reserve Area and it is far from the company's area with the distance of about 36 km to the southwest, and there is no interconnection between them. *Figure 2.*

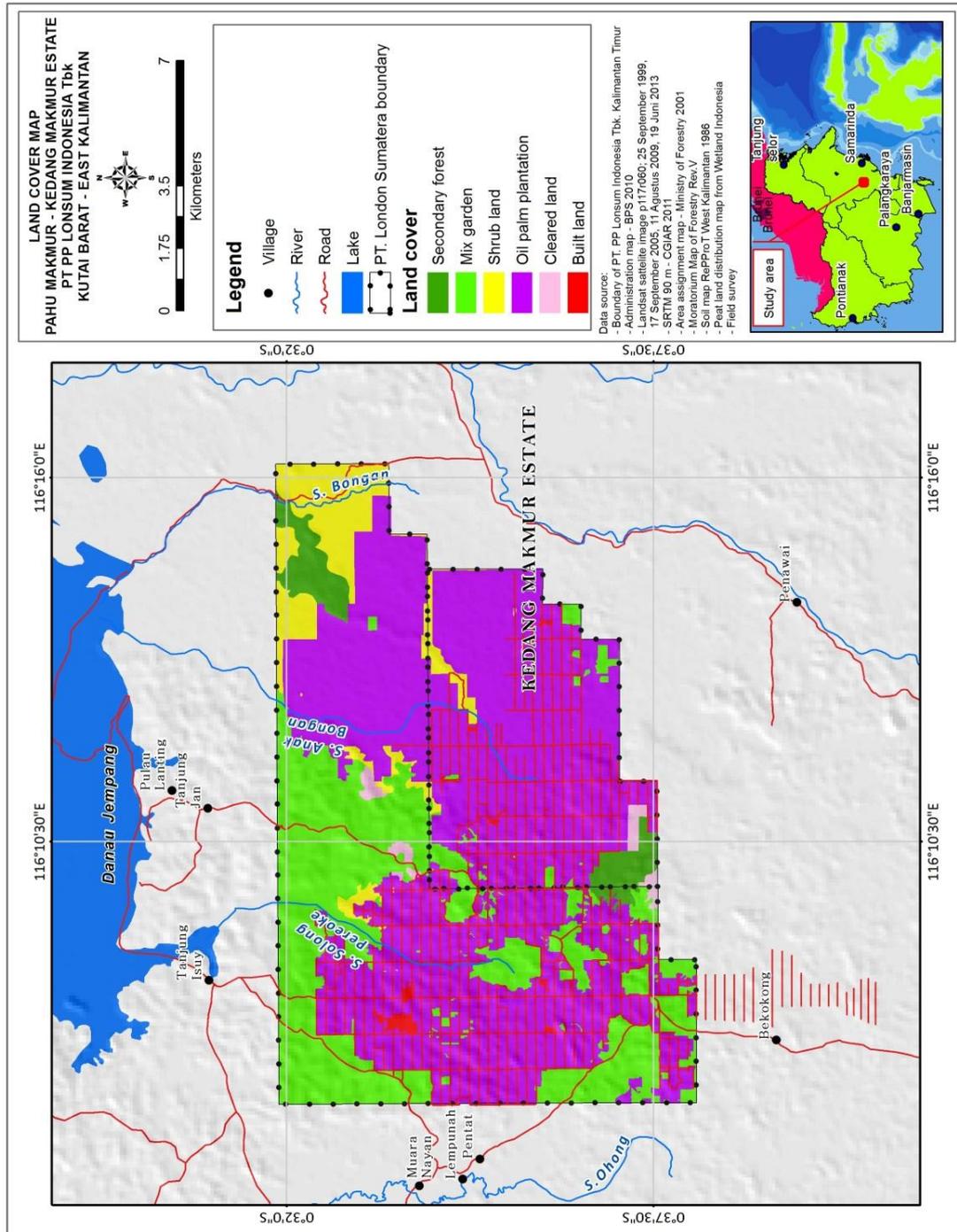


Figure 3. Land Use Map of Pahu Makmur Estate (PME) & Kedang Makmur Estate (KME)

According to the field survey, and interpretation of satellite imagery 8 Path/Row 126-60 period 14 April 2014, it is shown that land cover in the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) consists of 1) Secondary Forest (563,00 ha), 2) Composite (4,230.73 ha), 3) Undeveloped Land (79.40 ha), 4) Opened Land (163.70 ha), 5) shrub (1,126.07 ha), 6) Oil palm plantation area (10,067.63) ha. **Figure 3.**

New Planting Areas and Time of Implementation Plans

Data Planting Programme

Description	Pahu Makmur & Kedang Makmur	Remarks
Planting Program 2014	484.81	
Planting Program 2015	1,388.74	
Planting Program 2016	1,560.46	
Planting Program 2017	-	
<i>Proposed planting</i>	3,434.01	
<i>HCV area</i>	819.36	

1.3. Assessment process and procedures (for SEI Assessment):

Assessor and their Credential

a. HCV (High Conservation Value) Assessment

The HCV Assessment was performed by:

Faculty of Forestry – Bogor Agricultural University

Kampus IPB Darmaga - Bogor, Kabupaten Bogor - Provinsi Jawa Barat

Indonesia 16001

Telp.: 62-251- 621947, Fax: 62-251-621947

Website: <http://www.fahutan.ipb.ac.id/hcv/index.html>

Email: fahutan@ipb.ac.id, hcvteam@yahoo.co.id

Assessor Team

Dr. Ir. Nyoto Santoso, MS – Team Leader

(Specialty: Biodiversity Management and Conservation)

He was born in Banyuwangi on 15 March 1962, as a Team Leader of Faculty of Forestry's HCV Team – Bogor Agricultural University, with the specialty:

Biodiversity Management and Conservation. Obtained Master at The Environment and Natural Resources Management – Bogor Agricultural University in 1992 and his Phd awarded at The Forest Management Science – Bogor Agricultural University in 2012. His experiences in the Environmental Field started in 1987. He is a lecturer at the Forest Resource and Ecotourism Conservation Department, Faculty of Forestry – Bogor Agricultural University with the subject : Wildlife Ecology and Management, Environmental and Forestry Policies, conservation of important ecosystems and primates ecology (at the forestry science and primates study program - IPB masters program). He was an Executive Director of Indonesian Mangrove Development and Research Institute, registered as a Member of

National Mangrove's Expert Council, as an Expert Council Member of Sustainable Strategic Plantation Development Forum.

Dr. Ir. Burhanuddin Mas'ud, MS – Team Member

(Specialty: Wildlife)

He was born in Flores Timur on 21 November 1958. Obtained Bachelor's Degree at the Faculty of Animal Husbandry – UNDANA, Kupang in 1982. He is a lecturer in the UNDANA University since 1986 and a permanent researcher in the Wildlife Breeding Laboratory, Department of Forest Resource and Ecotourism Conservation, Faculty of Forestry – Bogor Agricultural University. He has experiences in the assessment on both plant and wildlife related to the natural resource utilizations.

Udi Kusdinar, S.Hut –Team Member

(Specialty: Socio-Economic and Cultural)

He was born in Ciamis on 13 May 1983, and registered as a member of Bogor Agricultural University – Faculty of Forestry's HCV Team with the specialty: Socio- Economic and Cultural. Obtained Bachelor's Degree of Forestry at The Forest Resource and Ecotourism Conservation Department – Faculty of Forestry – Bogor Agricultural University in 2009. Experience in the social assessment started in 2009.

Rae Birumbo, S.Pi – Team Member

(Specialty: Socio-Economic and Cultural)

He was born in Jogjakarta on 24 August 1976 Lahir di Ciamis, 13 Mei 1983, and registered as a member of Faculty of Forestry's HCV Team – Bogor Agricultural University with the specialty : Socio-Economic and Cultural. Obtained Bachelor's Degree in the Gajahmada University in 2002. His experience in the social assessment started in 2002 in the Coastal Community Empowerment Project (PEMP) and HCVs Assessments in Papua, Kalimantan and Sumatera. Joined in the Institue of Mangrove Research and Development 2007-2010.

Arif Prasetyo, S.Hut – Team Member

(Specialty: G I S and Environmental Services)

He was born in Metro on 6 May 1987, and registered as a member of Bogor Agricultural University – Faculty of Forestry's HCV Team with the specialty: G I S and Environmental Services. Obtained Bachelor's Degree of Forestry at The Forest Resource and Ecotourism Conservation Department – Faculty of Forestry – Bogor Agricultural University in 2010. Experience in the HCVs assessment started in 2010.

b. Environmental Impact Analysis (EIA)

Study of Environment Impacts Analysis (on behalf of PT GELORA MAHAPALA) was held by: PT POLIGON KALTIM UTAMA

Address : Jalan Kapas No 18 Sidomulyo

Samarinda – Kalimantan Timur

Phone : 0541 - 732182

Assessor Team

Dr Ir Risman Situmeang - Team Leader

Ir Zainal Mutaqin MP - Team Member (Specialty: Physical - Chemistry)

Ir Syarifudin - Team Member (Specialty: Physical - Chemistry)

Junser Naibaho Msi - Team Member (Specialty: Biology)

Ir Sulaiman - Team Member (Specialty: Biology)

Dra Rahmaniar - Team Member (Specialty: Socio-economic)

Drs Agus Salim - Team Member (Specialty: Socio-economic)

c. SIA (Social Impact Assessment)

The SIA Assessment was performed by: Faculty of Forestry – Bogor Agricultural University Kampus IPB Darmaga - Bogor, Kabupaten Bogor - Provinsi Jawa Barat, Indonesia 16001, Telp.: 62-251- 621947, Fax: 62-251-621947, Website: <http://www.fahutan.ipb.ac.id/hcv/index.html>, Email: fahutan@ipb.ac.id, hcvteam@yahoo.co.id.

Assessor Team

Dr. Ir. Nyoto Santoso, MS – Team Leader

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Udi Kusdinar, S.Hut –Team Member

(Specialty : Socio-Economic and Cultural)

He was born in Ciamis on 13 May 1983, and registered as a member of Faculty of Forestry's HCV Team – Bogor Agricultural University with the specialty : Socio- Economic and Cultural. Obtained Bachelor's Degree of Forestry at The Forest Resource and Ecotourism Conservation Department – Faculty of Forestry – Bogor Agricultural University in 2009. Experience in the social assessment started in 2009. His experiences in the social assessment are : Social Impact Assessment in Oil Palm and Sugar Cane Plantation; HCVs Identification in Mangrove Concession Companies, Oil Palm Plantation, Coffee Plantation, and Sugar Cane Plantation; Identification and Economic Valuation Analysis of Socio-Economic Impacts in the Forest Land Use in CA and TWA Papandayan; Identification and Comprehensive Analysis of Community Social Assessment & Framework Community Development Plan PT. Daya Bumindo Karunia; dan *Study On Good Practice Of Social Forestry For Sustainable Forest Management And REDD+ in Province of Nusa Tenggara Barat*.

Dr. Ir. Burhanuddin Mas'ud, MS – Team Member

(Specialty : Wildlife)

He was born in Flores Timur on 21 November 1958. Obtained Bachelor's Degree at the Faculty of Animal Husbandry – UNDANA, Kupang in 1982. He is a lecturer in the UNDANA University since 1986 and a permanent researcher in the Wildlife Breeding Laboratory, Department of Forest Resource and Ecotourism Conservation, Faculty of Forestry – Bogor Agricultural University. He has experiences in the assessment on both plant and wildlife related to the natural resource utilizations

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Assessment Methods

A. High Conservation Value (HCV)

1. Data Collection

a) Documents/reports collected, consisting of a) Map of The Concession Area of PT. PP. London Sumatra Indonesia Tbk (Wilayah Pahu Makmur and Kedang Makmur Estate), b). Map of Village Around The Area of PT. PP. London Sumatra Indonesia Tbk (Wilayah Pahu Makmur and Kedang Makmur Estate), c) Land Cover Map; d). Land Status Map; e). Landsystem Map; f). Map of Topography and Land Slope; g). River Network Map. h) Subdistricts Data Monograph of 2013.

b) Types of secondary data collected were general condition of the company's area, (including land management history, area and location, area boundaries, land slope and topography, soil and geology, climate, hydrology, land cover, and socio-economic/cultural); maps and other relevant document/reports. Secondary data collection is also performed through the study of literature, which collecting data and information from various reports or documents and maps from the relevant agencies.

c) *Review* on the documents/reports was conducted on the document/report/relevant maps. The things that reviewed, were availability and adequacy of data / information that required in the analysis. The review results were then used as the basis in the implementation of secondary data collection and field survey (field verifications).

2. Field Observation and Data Analysis

Primary data that have been collected in the field observation consisted of physical aspect of the concession area, environmental services aspect, socio-economic aspect and sociocultural aspect.

a) Mapping and Landscaping

Mapping and landscaping team collects data to verify data and secondary information such as river network, land road network, area boundary, soil types, topography, and overviewing on the hole area assessed. In addition, the mapping and landscaping team will also support other teams in mapping all finding data and information into the map and to analyze it.

b) Wildlife Assessment

In the field, wildlife data collection is performed using rapid assessment method (qualitative field observation) to get the actual informations on the existing wildlife condition in and around the study area. Output of the wildlife assessment is a list of wildlife species found and the species protection status according to the IUCN, CITES and PP No 7 of 1999.

c) Plant Assessment

In the field, plant species data collection is performed using interview and field observation methods. The data collected are then identified the species protection status according to IUCN, CITES and PP No 7 of 1999. Furthermore, the data and information collected are used to verify the initial map of ecosystem distribution (HCV2 and HCV3) in the study area; and also used to identify forest stand structure, species density or species dominance on each ecosystem type.

d) Socio – Economic – Cultural Assessment

In the field, data collection is performed using interview and field observation methods on the selected location. List of structured questions is used as a guidance for interviewer with the informations collected consisting of : the way of fulfilling basic needs for local community, community's custom and culture, inter-relationship between local community and forest area, and inter-relationship between local community and the company. The data / information collected are analysed to identify level of local community's dependency on the forest area and the role of forest area in the local community's everyday lifes and their cultural identity.

3. Time of Implementation

The study was conducted in the area of PT. PP. London Sumatra Indonesia Tbk (**Wilayah Pahu Makmur Estate and Kedang Makmur Estate**) and the surrounding villages namely: Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (Jempang Subdistrict); and Muara Kedang, Penawai (Bongan Subdistrict), Kutai Barat Regency – Province of East Kalimantan. The HCVs Assessment was completed in 2 month from May-June 2014 and the field observation was carried out on 27 May – 1 June 2014. The study have visited 35 observation sites with the following details:

No	Observation Sites	Number
1	Planting Area	4
2	Peat Secondary Forest Area	3
3	Sacred Places	19
4	Sub-district Government Office	2
5	Village Government Office	7
Total		35

4. Analysis and Mapping

Analysis and Mapping is the most crucial and important step in the assessment process. In the analysis, it is performed a deep and comprehensive analysis on the secondary and primary data collected in the field consisting of physical aspect, spatial, flora, wildlife, and socio-cultural aspect. Outputs of the analysis, will be used as the basis in the identification of HCV's presence in the area assessed and then continued with mapping them using GIS software.

HCV1. Areas Containing Important Level of Biodiversity.

- a) Mapping the company's area, including land cover and ecosystems, at the site and landscape levels.
- b) Mapping the existence of protection forest or conservation areas in the company's area and the surroundings, including conservation area designated by local community.
- c) Identifying the potential roles of company's area in providing support to the biodiversity in protection or conservation areas within or around the company area.
- d) Identifying the areas that have the potential roles in providing support functions to the biodiversity in protection or conservation areas in or around the company area.

HCV2. Landscapes That Important for Natural Ecological Dynamics

- a) Mapping vegetation cover of the company's area at landscape level.
- b) Mapping the mature vegetation cover on each Management Unit at the landscape level with special attention to the area boundaries for example: clear boundary delineation on the forest (or natural forested areas) with degraded forest area due to human activities.
- c) Identifying the potential presence of core zone and buffer zone required to reduce impacts generated by the activity of each management unit.
- d) Consider the possibility of change scenarios on the core and boundary zones based on the land use plan set by government.

HCV3. Areas Containing Rare or Endangered Ecosystems

- a) The first step is to identify rare or endangered ecosystems in each Management Unit (UP), consisting of Mangrove ecosystem, deep-peat ecosystem (>3m), Karst ecosystem, Heath Forest ecosystem, etc.
- b) Then to analyze the extent, distinctiveness and uniqueness of the rare or threatened ecosystems identified, as well as the threats, functions of those ecosystems in the biodiversity and environmental sustainability, and area delineation on each rare or endangered ecosystems identified.

HCV4. Areas Providing Natural Environmental Services

- a) Overlap the area boundaries of the company's area with Map of Forest Land Use (TGHK) and Provincial Spatial Planning (RTRWP).

- b) Delineate the watershed and sub-watershed areas in each Management Unit (UP) and the surrounding.
- c) Identify dependency of local community to the existing water sources.
- d) Delineate the left-right area of river flowing in each Management Unit (UP) and determine these areas as riparian with the size specified in the applicable rules.
- e) Identify the presence of important ecosystems in the ecosystem map prepared by HCV3 Team. The identification can also be performed using RePPProt Data as the indicative map which showing where the important ecosystems usually exist (if the ecosystem map is not available).
- f) Prepare land cover map based on the field observation combined with the latest satellite imagery interpretation.

HCV5. Areas Containing Important Function in Fulfilling Basic Needs for Local Community Benchmarking for important category is defined as 50 % or more of one or more subsistence can be fulfilled by utilizing other forests or ecosystems. HCV5 does not apply limit criteria at community level or sub-group of it.

HCV6. Areas That Have Important Functions for Local Community's Cultural Identity HCV6 will be determined in a Management Unit if in the HCVs Assessment, it meets one or more of the following indicators :

- It is found that local community acknowledges zoning in the village areas according to the the land use purposes such as public burial areas and sacred places.
- It is found dispersion of customary areas at landscape level that acknowledged by local communities, either in the low, medium or high dispersion which will be used as the complementary information's relating to preparing the management treatment required by a Management Unit.
- It is identified level of interest, either in the low, medium and high level, of those areas in providing interests to the local communities.

B. Environmental Impact Analysis (EIA/AMDAL)

Formal Method

Formal method is used to measure or estimate impact parameters using mathematical statistical model.

Informal Method

Informal method is used based on the intuition, analogy and experience, in measuring or estimating environmental parameters using statistical mathematical approach. The common approach used in the informal method are:

a). Analogy

In the analogy method, environmental problems that have been arised in an area due to various human activities, will be used as the basis and consideration in the estimation of impacts that may arise in other places with the same ecosystem type.

b). Environmental Standard

Environmental strandard used is the criteria and standard that have been determined by local, regional, sectoral or even national regulations, or using the standards and criteria that have been accepted and recognized by public.

c). Professional Consideration

This method is used only when we meet lack of data and information (unadequate data available) in the field and the lack of understanding to impacts.

Data collected consists of primary and secondary data. While filed survey which is supported by structured interview is to collect primary data. Assessor will use questionnaire as the guidance in the interview. While collecting data sourced from regional offices, is conducted using purposive sampling method to identify conditions of demography, public health and education, religion, social, culture and economic in the form of secondary data.

C. SIA (Social Impact Assessment)

1. Data Collection

Data required in the assessment consists of primary and secondary data which collected from the company's office, relevant government agencies and field verifications.

a) Secondary Data

Documents/reports collected, consisting of a) Map of The Concession Area of PT. PP. London Sumatra Indonesia Tbk, b). Map of Village Around The Area of PT. PP. London Sumatra Indonesia Tbk, c) Land Cover Map; d). Land Status Map; e). Landsystem Map; f). Map of Topography and Land Slope; g). River Network Map. h) Subdistricts Data Monograph of 2013.

b) Primary Data

Primary data was collected using Field Observation, Focus Group Discussion (FGD) and interview methods, based on the representativeness of the socio-economic aspects, working areas, and the pattern of interaction with the company.

Field Observation

Field observation is performed to identify the existing condition in the field in order to:

- make sure that data that have been collected are the same or at least almost the same with the real condition in the field.
- explore deeper information in the field on the condition of community's socioeconomic in and around the company's area.

Focus Group Discussion (FGD)

Focus Group Discussion is performed to explore information, problems, hopes and perception of local community related to the company's oil palm development plan.

The FGD was conducted in all study villages.

Interview

Interview is performed using two methods, namely: structured and semi-structured interview.

2. Location and Time of Implementation

The study was conducted in the area of PT. PP London Sumatera Indonesia Tbk **Wilayah Pahu Makmur Estate and Kedang Makmur Estate** and the surrounding villages namely: Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (Jempang Subdistrict); and Muara Kedang, Penawai (Bongan Subdistrict), Kutai Barat Regency – Province of East Kalimantan. The HCVs Assessment was completed in 2 month from May- June 2014 and the field observation was carried out on 27 May – 1 June 2014.

1.4. Summary of assessment findings (for SEI Assessment):

According to the review on the EIA, RKL/RPL and SIA documents, it is shown that the presence of PT. PP. London Sumatra Indonesia Tbk (Wilayah Pahu Makmur and Kedang Makmur Estate) Plantation has generated impacts, both positive and negative, to the environment and the surrounding communities. In order to minimize the negative impacts, the company of PT. PP. London Sumatra Indonesia Tbk (Wilayah Pahu Makmur and Kedang Makmur Estate) committed to implement the Environmental Management Plan (RKL) and Social Management Plan that have been prepared.

Positive Impacts

The presence of the company has delivered positive impacts to the local communities, in the forms of: improvement of village land roads, increased village land values, increased employment and business opportunities.

Meanwhile, those positive impacts have not been delivered to the local communities of other villages because the CSR Programs was still in the step of planning. Some of the local communities are very optimistic that the company of PT PP London Sumatera Indonesia Tbk - Wilayah Pahu Makmur and Kedang Makmur Estate will provide positive impacts for development of the village and the surrounding communities.

Negative Impacts

The presence of the company has also the potentials to generate negative impacts to the environment and the surrounding communities. According to the Focus Group Discussion (FGD), it was revealed that most of the surrounding communities gave negative perceptions towards the company, due to the lack of social programs for local communities by the previous management in the past. People assumed that the presence of the company would prohibit logging by local communities which interrupt source of community's income, displacing "limbo" and the ancestral graves.

It was also revealed the potential negative impacts to the surrounding communities, namely : increased social conflict potentials related to the land acquisition mechanism, land occupation, plasma farmers partnership program, social program, indication of overlapping land with a coal mining company.

The potential negative impacts in general are degradation of environmental quality, diminishing land availability for farming, timber/wood sources and other non-wood forest products.

2. SUMMARY FROM HCV ASSESSMENT(S):

2.1. Executive Summary:

PAHU MAKMUR & KEDANG MAKMUR ESTATE (PME & KME)

Background

Administratively, the area of PT. PP London Sumatra Indonesia Tbk – Pahu Makmur Estate and Kedang Makmur Estate are located in the villages namely : Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (*Jempang Subdistrict*); and Muara Kedang, Penawai (*Bongan Subdistrict*), Kutai Barat Regency – Province of East Kalimantan.

The company has been provided with the following licensing :

1. Step 1 (Plantation Licensing)

PT. London Sumatra Indonesia

Area permit which was issued by the Head of Regency Land Office of Kutai Barat Regency (SK. No : 07/PKT-BPN-16.3/UM-03/111-1996 dated 8 March 1996 covering area of 15,000 ha and located in Muara Lawa and Muara Pahu Sub-districts, Kutai Regency.

PT. London Sumatra Internasional

- Area permit which was issued by the Head of Regency Land Office of Kutai Barat Regency (SK. No : 33/PKT/BPN-16.3/UM-33/XI-1995 dated 21 November 1995) covering area of 18,000 ha and located in Jempang and Muara Pahu Sub-districts, Kutai Regency.
- Principle approval on the plantation license which was issued by the Agriculture Minister (SK No 9 K8.320/458/Mentan/XII/95 dated 4 December 1995).5.

PT. Gelora Mahapala

- Area permit which was issued by the Head of Regency Land Office of Kutai Barat Regency (SK. No : 03/PKT/BPN-16.8/UM-06/III-1996 dated 8 March 1996 covering area of 15,000 ha and located in Jempang and Bongan Sub-districts, Kutai Regency.

- Principle approval on the plantation business license which was issued by the Minister of Forestry (SK No HK.350/E5.354/05/96 dated 02 May 1996).

2. Step 2 (Releasing Forest Area)

PT. London Sumatra Indonesia

- Area permit for oil palm plantation development which was issued by the Head of Regency Land Office of Kutai Barat Regency (SK. No : 06/PRT/BPN.16.3/UM-16/III-1997 dated 26 March 1997) covering area of 11,500 ha and located in Muara Ohong village, Perigiq village, Mancong village, Tanjung Laung village, Jempang Sub-districts, Kutai Regency
- Principle approval on the plantation business license which was issued by the Director General of Plantation (SK No KB.320/458/Mentan/XII/1995 dated 04 December 1995) and the license renewal No HK.530/E5.776/09.9/dated 3 September 1997.

PT. London Sumatra Internasional

- Principle approval on the plantation business license which was issued by the Agriculture Minister (HK.300/E5.724/09/96 dated 13 September 1996) covering area of 15,000 ha and located in the villages of Tebisak, Jerang Dayaq, Tanah Mea, Tepian Ulag, Muara Baroh, Muara Pahu, Dasaq, Mendong, Kolik, Jerang Melayu, Sub-district of Muara Pahu, Kutai regency
- Renewal of Area Permit for oil palm plantation development (SK No 10/PKT/BPM-16.3/UM-10/IV-1997).

PT. Gelora Mahapala

- Principle approval on the plantation license on the second year on behalf of PT. Gelora Mahapala which is issued by the Director General of Plantation (SK No HK.300/E5.777/09.97 dated 03 September 1997).
- Extended Area Permit for Oil Palm Plantation on behalf of PT. Gelora Mahapala which issued by the Head of National Land Agency No 11/PKT/BPN-16.3/UM-II/IV-1997 dated 28 April 1997 covering area of 15,000 ha located in Jempang Subdistrict (Tanjung Isuy village, Tanjung Jan village, Pulau Lanting village, Muara Nayan village, Pentat village, Lembonah village) and Bongan Subdistrict (Penaun village, Muara Kedang village and Resak village), Kutai Regency.

Due to the company's concern to a sustainable development of oil palm plantation in accordance with P&C RSPO especially Principle 5 and 7 (New Planting Procedure), in 2013, the company of PT PP London Sumatra Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate need to perform Identification of HCVs (Full Assessment) in his plantation area.

Land Management History

In the past, the area of PT PP London Sumatra Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate were Logged Over Forest Area that managed by the Forest Concession Company of PT. Sumber Mas. The area was then managed for oil palm plantation development by the company of PT. Gelora Mahapala and then taken over by the company of PT. PP London Sumatra Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate. The company has been provided with the following licensing :

- The area of PT. Gelora Mahapala was an ex of forest concession managed by PT. Sumber Mas covering area of 15,000 ha

- Area permit which is issued by the Head of Regency Land Office of Kutai Barat (SK. No : 07/PKT-BPN-16.3/UM-03/111-1996 dated 8 March 1996 covering area of 15,000 ha and located in Muara Lawa and Muara Pahu Sub-districts, Kutai Regency.
- Principle approval on the plantation bussiness license which is issued by the Minister of Forestry (SK No HK.350/E5.354/05/96 dated 02 May1996).
- Principle approval on the plantation license which is issued by the Director General of Plantation (SK No KB.320/458/Mentan/XII/1995 dated 04 December 1995) and the extended license No HK.530/E5.776/09.9/dated 3 September 1997.
- Area Concession covering area of 16,341.943 ha located in the subdistricts of Jempang and Bongan, which issued by the Head of National Land Agency according to the decree No 16/HGU/BPN/2004 dated 12 March 2004.
- On 3 November 2004, a letter of agreement on the conditional acquisition between PT Gelora Mahapala and PT. PP London Sumatra Indonesia Tbk was signed.
- On 4 May 2005, National Land Agency diverted the area concession from the company of PT Gelora Mahapala to PT Perusahaan Perkebunan London Sumatra Tbk. covering area of 16.341,943 ha.

Currently, steps that have been conducted by the company are Land Clearing, Planting, Plantation Maintenance and Harvesting. The plantation is equipped with a palm oil processing plant with production capacity 60 tons/hour and located within Pahu Makmur Estate.

Company Area and Boundary

The area of PT. PP London Sumatra Indonesia Tbk – Pahu Makmur Estate and Kedang Makmur Estate cover areas of ± 16,341.94 ha consisting of Pahu Makmur Estate covering area of 11,603.48 hektar and Kedang Makmur Estate covering area of 4,738.46 ha. which administratively located in the villages namely : Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (*Jempang Subdistrict*); and Muara Kedang, Penawai (*Bongan Subdistrict*), Kutai Barat Regency – Province of East Kalimantan. The company’s area includes in the *Bongan Tongkok Watershed (DAS)*.

The company area boundaries are as follows :

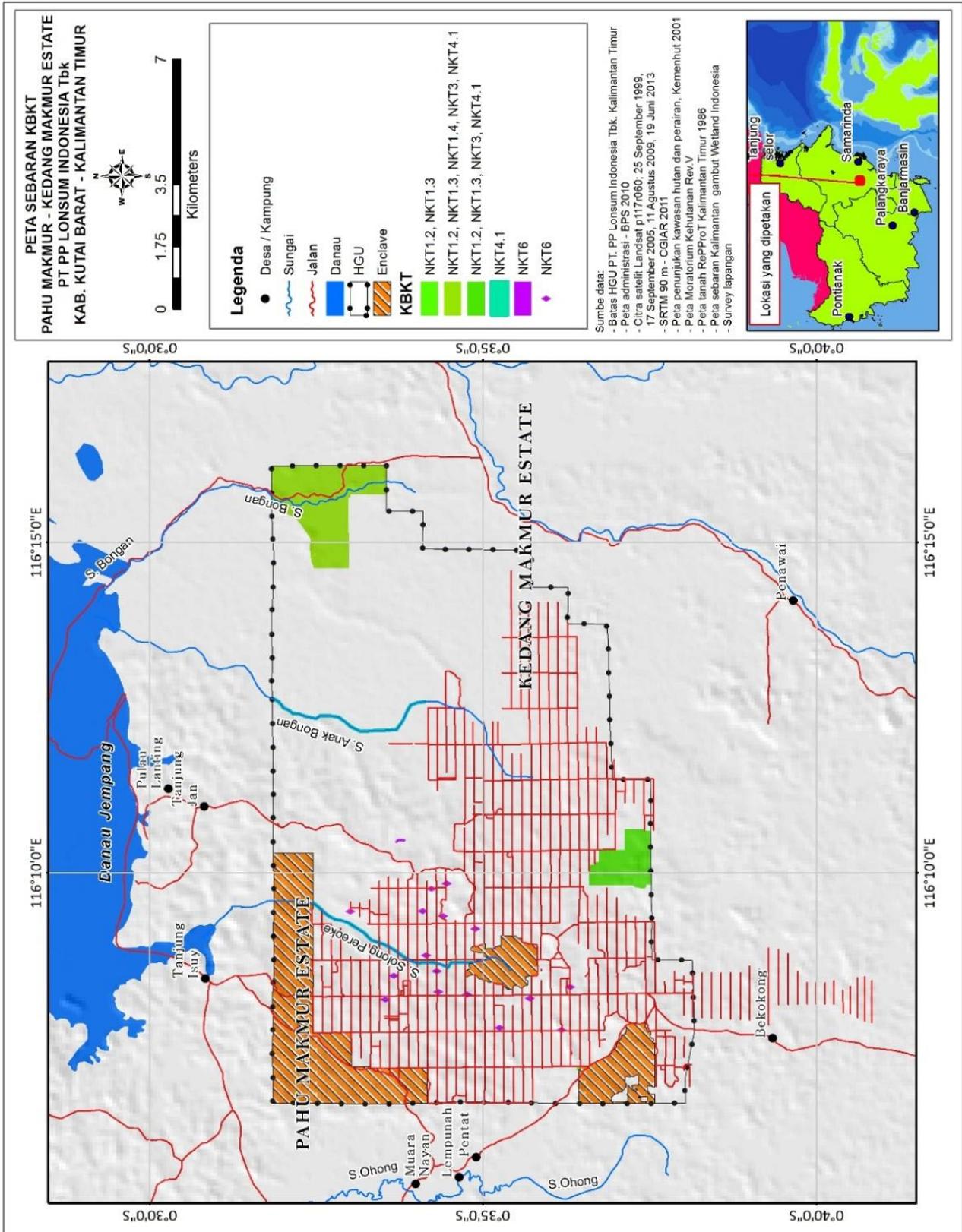
- North : Villages of Tanjung Jan, Tanjung Isuy, Pulau Lanting
- South : Villages of Penawai, Bekokong
- East : Bongan River
- West : Villages of Mancong, Muara Nayan, Pentat

HCVs Identification and Analysis

The Assessment has identified HCVs within the area of PT. PP London Sumatra Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate containing HCV1 (HCV1.2, HCV1.3, dan HCV1.4), HCV3, HCV4 (HCV4.1), and HCV6 which covering areas of 819.36 ha containing River Riparian Areas of 38.06 ha, Peat Swamp Areas s of 777.14 ha, Buriall Areas / Sacred Places of 3,1615 ha and other areas of 1.00 ha with the following details :

No.	Location	Area (Ha)	River Riparian Width (m)	Length of River (km)	Type of HCV
A	River Riparian Areas				
1	River Solong Pereoke	10.00	25	3.65	HCV4.1
2	River Anak Bongan	9.85	10	9.07	HCV4.1
3	RiverBongan	18.21	10	9.07	HCV1.2, HCV1.3, HCV1.4, HCV3, HCV4.1

No.	Location	Area (Ha)	River Riparian Width (m)	Length of River (km)	Type of HCV
	Sub Total A	38.06			
B	Peat Swamp Areas				
1	Peta Swamp areas within PahuMakmur Estate	525.00			HCV1.2, HCV1.3, HCV1.4, HCV3, HCV4.1
2	South Peat Swamp Areas (PKME)	252.14			HCV1.2, HCV1.3, HCV3, HCV4.1
	Sub Total B	777.14			
C	Others				
1	Conservation Area for Ulin	1.00			HCV1.2, HCV1.3
	Sub Total C	1.00			
D	Burial and Sacred Places				
1	Sacred PutakPutih	2.15000			HCV6
2	Burial Blok 45 (kedangMakmur)	0.00060			HCV6
3	Sacred Bintang Ari	0.50000			HCV6
4	Sacred Bunut Jatus	0.00250			HCV6
5	Sacred Lembok Putik Togor	0.00060			HCV6
6	LaminPepas	0.50000			HCV6
7	Burial of Blok 56 B	0.00060			HCV6
8	Burial of Blok 12	0.00060			HCV6
9	Burial of Blok 15	0.00060			HCV6
10	Burial of Blok 21	0.00060			HCV6
11	Burial of Blok 22	0.00060			HCV6
12	Burial of Blok 23	0.00060			HCV6
13	Burial of Blok 46	0.00060			HCV6
14	Burial of Blok 48 A	0.00060			HCV6
15	Burial of Blok 48 B	0.00060			HCV6
16	Burial of Blok 54	0.00060			HCV6
17	Burial of Blok 55	0.00060			HCV6
18	Burial of Blok 56 A	0.00060			HCV6
19	Burial of Blok 83	0.00060			HCV6
	Sub Total D	3.16150			
TOTAL HCVA		819.36			
Concession Area		16,341.94			
%		5.01			



Map of HCV Areas Identified in The Area of PT. PP London Sumatra Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate

3. SUMMARY OF PLANS:

3.1. Executive Summary

Background

At the beginning, the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) was Logged Over Forest Area that managed by the Forest Concession Company of PT. Sumber Mas. The area was then managed for oil palm plantation development by the company of PT PT. Gelora Mahapala and then taken over by the company of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate).

The concession of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) covers areas of $\pm 16,341.94$ ha consisting of the area of 11,603.48 ha managed as Pahu Makmur Estate and the area of 4,738.46 ha managed as Kedang Makmur Estate. Administratively, the company area is located in the villages namely : Tanjung Jan, Pulau Lanting, Bekokong Makmur, Tanjung Isuy, Pentat (Jempang Subdistrict); and Muara Kedang, Penawai (Bongan Subdistrict), Kutai Barat Regency – Province of East Kalimantan. The company's area includes in the Mahakam Watershed (DAS) - *Bongan Tongkok Subwatershed*.

Currently, steps that have been conducted by the company are Land Clearing, Planting, Plantation Maintenance and Harvesting. The plantation company is equipped with a palm oil processing plant with production capacity 60 tons/hour and located within Pahu Makmur Estate .

Due to the company's concern to a sustainable development of oil palm plantation in accordance with P&C RSPO especially Principle 5 and 7 (New Planting Procedure), in 2013, the company of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) performed Tracing and Identification HCVs in his plantation area with the intention to

1) Verify and identify the HCVs presence in the company's area, and 2) Provide recommendation on the Management and Monitoring required on each HCV area determined

Verification and determination of the HCVs was performed using Guide of HCVs Identification Indonesia version 2 of June 2008 and Draft of HCVA Management and Monitoring Guide – Indonesia published by HCV RSPO Indonesian Working Group (HCV-RIWG) of August 2009.

High Conservation Value Area is an area that has one or more of the following characteristics

1). Areas containing important level of biodiversity (HCV1); 2). Natural landscape areas that important for natural ecological dynamics (HCV2); (3) Areas containing rare or threatened ecosystems (HCV3); (4) Areas providing natural environmental services (HCV4); (5) Areas containing important functions for meeting local communities's basic needs (HCV5); and (6) Areas containing important functions for local cultural identity (HCV6).

Review on the executive summary of EIA, RKL/RPL and SIA, it is shown that the presence of the oil palm plantation of PT PP London Sumatera Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate has generated impacts, either positive and negative, to the environment and the surrounding communities. The presence of the company has delivered positive impacts to the local communities especially of Tanjung Jan Village, in the forms of : improvement of village land roads, increased village land values, increased employment and business opportunities. Meanwhile, those positive impacts have not been delivered to the local communities of other villages because the CSR Programs was still in the step of planning. Some of the local communities are very optimistic that the company of PT PP

London Sumatera Indonesia Tbk - Pahu Makmur Estate and Kedang Makmur Estate will provide positive impacts for development of the village and the surrounding communities.

The presence of the company has also the potentials to generate negative impacts to the environment and the surrounding communities. According to the Focus Group Discussion (FGD), it was revealed that most of the surrounding communities gave negative perceptions towards the company, due to the lack of social programs for local communities by the previous management. People assumed that the presence of the company would prohibit logging by local communities which interrupt source of community's income, displace "limbo" and the ancestral graves. The potential negative impacts in general are degradation of environmental quality, diminishing land availability for farming, timber/wood sources and other non-wood forest products.

The Assessment has identified HCVs within the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) containing HCV1 (HCV1.2, and HCV1.3), HCV3, HCV4 (HCV4.1 and HCV4.2), HCV5 and HCV6 which covering areas of 817.87 ha containing River Riparian Areas of 38.10 ha, Swamp Peat Forest Areas of 775.65 ha, Conservation Areas for Ulin (*Eusiderxylon zwageri*) of 1.00 ha, Burial Areas and Sacred Places of 3.162 ha.

The EIA Assessment in the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) (the EIA document on behalf of PT GELORA MAHAPALA) was held by competent consultant of PT POLIGON KALTIM UTAMA and has been approved by the Head of Mining and Environmental Agency / Chairman of EIA Commission of Kutai Barat Regency according to the Decree No. No 540.660,1/030.1/AMDAL-KBR/X/2005 dated 26 October 2005. Meanwhile, the HCV and SIA assessments were conducted in 2013 by Faculty of Forestry – Bogor Agricultural University which supported by assessor team accredited by RSPO.

The company of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) manages the plantation area comprehensively and professionally with reference to the principles, criteria and indicators for New Plantings Procedure of RSPO.

3.2. Reference Documents:

PAHU MAKMUR & KEDANG MAKMUR ESTATE (PME & KME)

- a) Document report on The Environmental Impact Analysis (AMDAL) of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) (*the EIA document on behalf of PT GELORA MAHAPALA*) by PT POLIGON KALTIM UTAMA of 2005.
- b) Document report on the High Conservation Value (HCV) in the area of PT T PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) by Faculty of Forestry – Bogor Agricultural University of 2014.
- c) Document report on the Social Impact Assessment (SIA) in the area of PT T PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) by Faculty of Forestry – Bogor Agricultural University of 2014.

3.3. SEIA and HCV Management & Planning Personnel:

PAHU MAKMUR & KEDANG MAKMUR ESTATE (PME & KME):

Estate Manager PME: Ir. M. Irwansyah; Head Assistant: Yusnandar M Syahani; KTU: Hotman Saragi.

Estate Manager KME: Ir. Usul; Head Assistant: Ir. Muhammad Rusli; KTU: Agus Salim Nasution.

3.4. Summary of Management and Mitigations Plans (SEIA):

According to the review on the EIA, RKL/RPL and SIA documents, it is shown that the presence of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) Plantation has generated impacts, both positive and negative, to the environment and the surrounding communities. In order to minimize the negative impacts, the company committed to implement the Environmental Management Plan (RKL) and Social Management Plan that have been prepared.

The presence of the company has delivered positive impacts to the local communities especially of Tanjung Jan Village, in the forms of : improvement of village land roads, increased village land values, increased employment and business opportunities. Meanwhile, those positive impacts have not been delivered to the local communities of other villages because the CSR Programs was still in the step of planning. Some of the local communities are very optimistic that the company will provide positive impacts for development of the village and the surrounding communities.

The presence of the company has also the potentials to generate negative impacts to the environment and the surrounding communities. According to the Focus Group Discussion (FGD), it was revealed that most of the surrounding communities gave negative perceptions towards the company, due to the lack of social programs for local communities by the previous management in the past. People assumed that the presence of the company would prohibit logging by local communities which interrupt source of community's income, displacing "limbo" and the ancestral graves. It was also revealed the potential negative impacts to the surrounding communities, namely : increased social conflict potentials related to the land acquisition mechanism, land accupation, plasma farmers partmership program, social program, indication of overlapping land with a coal mining company (PT BPPC). The potential negative impacts in general are degradation of environmental quality, diminishing land availability for farming, timber/wood sources and other non-wood forest products.

Social Impact Management for Local Communities

- a. Build communication and networking with all stakeholders associated with PT. PP. London Sumatra Indonesia Tbk, consisting of the following activities - Organizing regular meeting with stakeholders and coordination with village officials, community's leaders and other informal leaders.
 - Introducing clear information on the company's oil palm plantation development plan to the surrounding communities to the surrounding communities.
- b. Improve public educational quality which containing
 - Prepare educational development plan according to the local community's need.
 - Provide scholarships for excelled students and poor peoples.
- c. Improve public health quality which containing
 - Identification of Public Health Facilities in the surrounding villages.
 - Providing medication and introducing of public health and sanitation to the surrounding communities.
 - Providing clean water supply facilities.
 - Providing Health Center Facilities (Poliklinik) within the plantation area.
- d. Improve village accessibility which in the form of improvements of village land roads.
- e. Local community empowerment which consisting of :
 - Identification and analysis of the surrounding village potentials
 - Encouraging the development of intensive agriculture.
 - Training on the community's skills to increase job and bussiness opportunities as alternative local community's livelihoods
 - Local labor recruitment

- Implementation of Plasma Program Partnership
- f. Environmental management programs consisting of :
 - Mitigation on the potential of water quality degradation.
 - Public education and trainings on the 3R (Reduce-Reuse-Recycle) to local community.
- g. Settlement of Tenure Problems
 - Identification and mapping the land ownership within the area PT. PP. London Sumatra Indonesia Tbk
 - Identification of the indications of overlapping land with a coal mining company
 - Identifications of problems that have occurred and the settlement efforts that have been done.
 - Preparing SOP on the Settlement of Land Acquisition.
 - Providing Identification, Verification and Land Acquisition Teams
 - Facilitating measurement of village area boundaries within the concession area.
 - Documentation of legalization process undertaken by the company.

Social Impact Management for Company's Internal

Currently, total of workforce recruited in the company of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) is 2,759 peoples consisting of 269 permanent employees, 262 non-permanent employees and the rest, are 2,228 peoples of daily workers. Workforce is one of the important stakeholders to be identified and considered by the company's management because they have direct influence in encouraging the company's business.

According to the origin, workforce in this company consisting of 25% are the workforce from Dayak, 20% from Kutai and the rest are migrant peoples who mostly came from Nusa Tenggara Timur (40%). The need for workforce in this company is likely to increase in the future according to the increase of planted acreage.

The company's programs relating to the management of social impacts for company's internal consist of :

Educational and Worship Facilities, Personal Protective Equipment, Health Facilities for Employees, Housing and Water Supply Facilities, Support the establishment and activities of Labor Unions.

3.5. Summary of Management and Mitigations Plans (HCV):

HCVA Management

The Assessment has identified HCVs within the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate) containing HCV1 (HCV1.2, and HCV1.3), HCV3, HCV4 (HCV4.1 and HCV4.2), HCV5 and HCV6 which covering areas of 819.36 ha containing River Riparian Areas of 38.06 ha, Swamp Peat Forest Areas of 777.14 ha, Conservation Areas for Ulin (*Eusiderxylon zwagerii*) of 1.00, ha Burial Areas and Sacred Places of 3.162 ha.

Objectives

HCVA Management Plan is aimed at the prevention and maintenance of the functions on each HCV area identified using the following steps :

1. Formulation of policy and efforts to maintain and enhance the values of HCV's in the area of PT. PP London Sumatera Indonesia Tbk (Wilayah Pahu Makmur Estate and Kedang Makmur Estate).
2. Formulation of relevant stakeholder in the implementation, coordination and surveillance of HCVA Management in order to maintain and enhance the values of HCV's within the company's area.

Importance

The importance of HCVA Management Plan in the area of PT. PP London Sumatera Indonesia Tbk are :

1. For Company : It can be used as Guidance in the implementation of HCVA Management.
2. For Community : As source of informations of the company's activities of environmentally sound plantation management It is expected to avoid misunderstanding, which in turn can establish mutually beneficial cooperation between the management of PT. PP London Sumatera Indonesia Tbk and the surrounding communities.

Goals

Goals to achieved is the sustainability of each HCVA and other area in general, in order to achieve the increased plantation productivity and better community's welfare in the long term.

Management and Mitigation Plan

The HCVs management and mitigation plan in the area of PT. PP London Sumatera Indonesia Tbk consists of the following activities :

- 1) HCVA Protection
 - a. Area Boundary Marking
 - b. Providing and Maintaining signboards
 - c. Preventing and Controlling Land Fires
 - d. Area, Flora and Wildlife Protection
- 2) Maintenance of Area Functions
 - a. Inventory and identification of HCVA land cover
 - b. Land rehabilitation and enrichment planting
 - c. Empowerment of Human Resource Quality

The empowerment of human resource quality can be done through education and training activities to both local communities and company's staff in a certain amount and gradually, with the education/training content : the importance of HCVA and biodiversity conservation internally and externally to the relevant institutions (Training Centers/ PUSDIKLAT).

3) Institutional Strengthening

The institutional strengthening in management unit can be implemented by the establishment of an organization which in charge on the HCVA management implementation in the concession area. When the organization existed, then it needs to optimize the functions of the environmental division.

4. VERIFICATION STATEMENT:

PT PP LONDON SUMATRA INDONESIA – WILAYAH PAHU MAKMUR AND KEDANG MAKMUR ESTATE opted for document audit. Two (2) Mutuagung Lestari auditors have conducted desk study at their site office in Jakarta from 16th - 17th October 2014; and also held interviews with the management representatives of PT PP LONDON SUMATRA INDONESIA - WILAYAH PAHU MAKMUR AND KEDANG MAKMUR ESTATE during the verification. The auditor teams are: Y. Wisnu Rahmanto (HCV and SEIA Aspect), Marsudi Eko Santoso (Legal and Social Aspect).

The SEIA (AMDAL) was conducted by the government-accredited consultant whereas the SIA and HCV assessments were conducted by RSPO-approved assessors. In accordance with RSPO requirements PT PP LONDON SUMATRA INDONESIA - WILAYAH PAHU MAKMUR AND KEDANG MAKMUR ESTATE needs to obtain free, prior and informed consent from the local community that would be affected by the development of the concession area. Summary of Land Compensation within period 2010 – 2014 covering 3,475.43 Ha (194 land ownership for Pahu Makmur and Kedang Makmur) are:

2010 – 2013: 756.44 Ha of 117 land ownership has been compensated (Pahu Makmur Estate)

2011 – 2014: 2,718.99 Ha of 77 land ownership has been compensated (Kedang Makmur Estate)

Therefore PT PP LONDON SUMATRA INDONESIA - WILAYAH PAHU MAKMUR AND KEDANG MAKMUR ESTATE has adhered to RSPO New Planting Procedure for On-Going New Planting.

Submission of on-going new planting area PT PP LONDON SUMATRA INDONESIA - WILAYAH PAHU MAKMUR AND KEDANG MAKMUR ESTATE is covering 16,341.94 Ha and there is planting activities was commenced before January 1st, 2010 is identified. Documents of the assessments process and the content of the plan are comprehensive, of professional quality and in compliance with relevant RSPO Principles, Criteria and Indicators. In relation with the process and action steps for inclusion of Criterion 7.8, carbon assessment (including identification, calculation and estimation) of PT PP LONDON SUMATRA INDONESIA - WILAYAH PAHU MAKMUR AND KEDANG MAKMUR ESTATE is being progress and will be submitted to ERWG via RSPO Secretariat.

Signed on behalf of,

Mutuagung Lestari

PT. PP LONDON SUMATRA INDONESIA,
Tbk



YUDWI WISNU RAHMANTO

Lead Auditor

22nd – December – 2014



MUHAMMAD WARAS

Position

22nd – December – 2014