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RSPO NEW PLANTING PROCEDURE

SUMMARY REPORT OF SEIA AND HCV ASSESSMENT



PT UMBUL MAS WISESA

(SIPEF GROUP)

KABUPATEN LABUHAN BATU & LABUHAN BATU SELATAN

SUMATERA UTARA PROVINCE

INDONESIA

OCTOBER 2014

1. Executive Summary

PT Umbul Mas Wisesa (PT UMW) is a subsidiary of SIPEF (Societe Internationale de Plantations et de Finance), under management of PT Tolan Tiga, a member of RSPO and committed to responsible to the communities and environment in its operation by maintaining best practices management and sustainable agricultural principles that compliances with regulations and company policies.

PT UMW was established in 1997. The initial development planting was started in 2005 then the SIPEF group requisited the area in March 2007 and has obtained "izin lokasi" for oil palm plantation covering area of + 8,000 ha. PT UMW continued the development from the previous party since then, the last planting was in 2012.

For the assessment of HCV, PT UMW engaged YASBI (Yayasan Kelapa Sawit Berkelanjutan Indonesia or Indonesian Sustainable Palm Oil Foundation) in end of 2009. For SIA, PT UMW hired a team lead by Mr. Handian Purwawangsa, S.Hut, M.Si., an RSPO-accredited HCV lead assessor, with another two RSPO approved assessors, and its other members to conduct an assessments in 2014.

Based on the Labuhan Batu District's spatial plan 2005-2015, the PT UMW's area is patterned for wetland cultivations and small part of it as plantation. While the spatial plan of Sumatera Utara province patterned the area for dryland cultivation which means can be use for plantation and according to the appointed area forestry of Sumatera Utara province, the PT UMW's area is for Other Land Uses (APL) and it means PT UMW's area is not a forest and can be used for cultivation, or plantation purpose. There is no primary forest.

Local people were informed of the intentions of the company and a documented FPIC was carried out. Land acquisition negotiations have been conducted in fair and open manner and documented and payments for land rights made directly with landowners, without any land brokers. Now, company has owned the HGU for all the area, totally 7,763.35 Ha.

Villages where SIA assessments were conducted are: Sei Siarti and Tanjung Mulia villages which in Panai Tengah district and Kampung Rakyat district. Based on the assessment, there are no indigenous people in the area.

In general, HCV identification showed that HCV 1 was found on 167 ha or 1.19% of the area, potential for HCV 1 was on 30.53 ha or 0.35%, potential for HCV 3 was found 187.79 ha or 2.15%, and potential for HCV 4 was found on 9.74 ha or 0.11% of the total area. HCV 3 and HCV 4 were overlap with HCV 1. As some areas have been found to contain more than one HCV, the total HCV area identified is 197.53 ha or 2.27% of the total area of PT UMW.

Table 1. Summary of HCV findings at PT. Umbul Mas Wisesa

Area	HCV Attribute	Ha
Conservation forest	HCV 1 & Potential HCV 3	167.00
Buffer zone drainage (main and outlet drain)	HCV 4 & Potential HCV 1	9.74
Corridor	HCV 3 & Potential HCV 1	20.79
Total		197.53

Based on the observation and report of Yasbi in the field survey (10-16 November 2009) and classification of USDA, there is only one dominant type of soil which is Troposaprits, and a small area mixed with tropohemist and based on the result by YASBI that there is no raw peat (fibric) that prohibited for development of oil palm cultivation.

The covering surface based from satellite image in 2007, it is found that almost all of the area of PT UMW was not a forest anymore, it was already an open landscape and shrubs, even some parts of the area have been planted palm oil plants.

From semi detailed soil survey of total area 6,236 Ha by JH Agriculture the entire area is flat and is poorly drained. To mitigate the negative impacts of existing oil palm plantations on peat, best management practices should be carried out, and agro management recommendation for peat soil from JH Agriculture services as specialise in soil survey, water management and oil palm agronomy advisory services is an effective water management. It is pre-requisite for good oil plam performance in PT UMW. In particular, maintaining drain water level at optimum level at all time is very important in the management of both peat soil and potentially acid sulphate soil. With effective water management, satisfactory oil palm yield can be achieved.

2. Scope of the SIA and HCV Assessment

The SIA and HCV assessment covered the location of PT UMW, and identified existing HCV areas and social situation and challenges at the time of the assessment.

Organizational information and contact person of PT UMW:

- Contact Person : Mr. Jasni Kanchil (GM Estate)
- Personnel involved in planning and implementation
 1. Mr. Olivier Robert Tichit (Director)
 2. Mr. Jasni Kanchil (General Manager North Sumatera)
 3. Mr. Shiva Murali (Senior Field Manager Sumatera)
 4. Mr. Peterus Ginting (Manager Estate PT UMW-South)
 5. Mr. Suryana (Manager Estate PT UMW-North)
 6. Mrs. Anita Ridhani (Manager, Corporate Affairs)
 7. Mr. Efri Paryanto (Environment, Health and Safety Coordinator, South Sumatra GMO).
- Stakeholders involved during implementation:
 1. Local government representatives: head villages and district, community leaders.
 2. Local people/villagers of Sei Siarti and Tanjung Mulia villages.
 3. Company employees and their representatives.

Legal documents already obtained and on progress for this new planting are the table 2 below.

Table 2. Legal Documents of PT UMW

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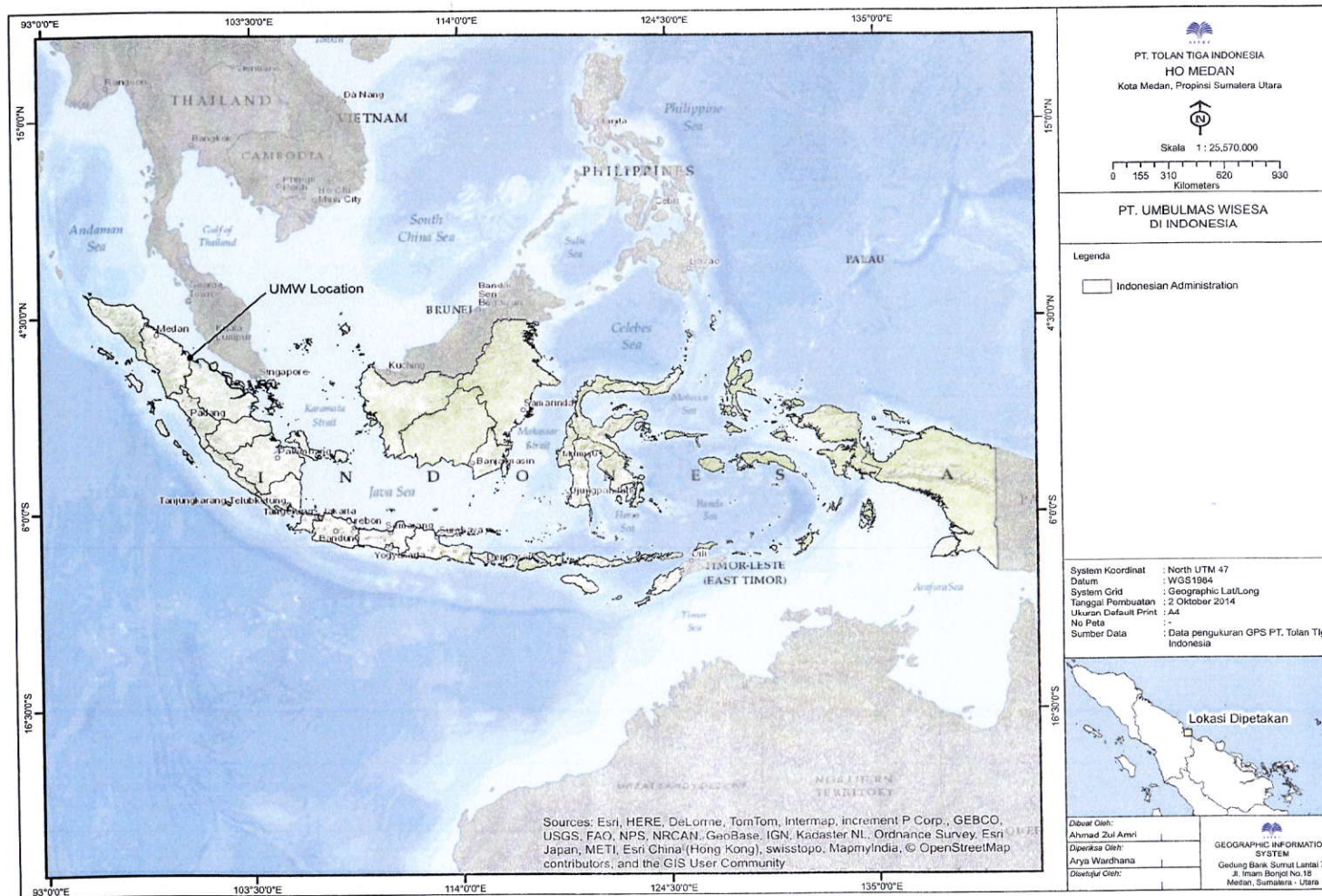
No	Legal Documents	Numbers	Remarks
1	Tax Registration Number ("NPWP")	No. 01.790.815.3-123-000	Issued by Directorate General of Taxation (Direktorat Jenderal Pajak).
2	Surat Izin Gangguan dan Izin Tempat Usaha	No. 6384/6384/6702/2.1/1505/11/2012	Signed by Head of Investment Permit and Integrated Licensing, dated 8 November 2012.
3	Company Registered Number ("Tanda Daftar Perusahaan")	No. 02.12.1.51.06225 and No. 02.12.1.01.06225/6040/5617/II/2012	Signed by Head of Company Registered, dated 09 September 2003, 21 August 2007 and 08 November 2012.
4	Location Permit ("Izin Lokasi")	No. 08 tahun 2004 No. 12 tahun 2007	Signed by Bupati Labuhan Batu, dated 26 April 2004 and 14 June 2007.
5	ANDAL (Analysis Impact of Environment)	No. 503.660/268/SET-KOMISI/XII/2008	Signed by Bupati Labuhan Batu, dated 31 December 2008.
6	Adendum ANDAL (Adendum Analysis Impact of Environment)	No. 188.44/430/KPTS/ 2013	Signed by Governor of Sumatera Utara Province, dated 10 July 2013.
7	Plantation Business Permit B ("Izin Usaha Perkebunan for Cultivation")	No. 503/II/HUKUM/2005	Signed by Bupati Labuhan Batu, dated 5 August 2005.
8	Consent License (Izin Prinsip)	No. 503.591.02/65/03/KPPT/2010	Signed by Head of Permits Services, dated 13 October 2010.
9	Building Construction Permit (IMB)	No. 503.648/263/PEM/2008. No. 503/293/BPBT/2012. No. 503.644.02/67/01/KPPT/2010	Signed by Secretary Bupati Person In-Charged, dated 28 December 2008. Signed by Bupati Labuhan Batu, dated 11 July 2012. Signed by Bupati Labuhan Batu Selatan, dated 13 October 2010.
10	Surat Izin Gangguan PKS	No. 503/525.26/02/66/02/KPPT/2010	Signed by Bupati Labuhan Batu Selatan, dated 13 October 2010.
11	Plantation Unit Assessment	Class III. No. 525/045.n/F	Signed by Head of Plantation Agency Sumatera Utara Province, dated 17 January 2013.
12	Land Title (HGU)	- No. 42/HGU/BPNRI/2013 - No. 1/HGU/BPN.12/ III/2014 - No. 93/HGU/BPN RI/2014	Signed by Head of National Land Agency, dated 28 May 2013, and 28 May 2014 and 25 June 2014.
13	Land Certificate	No. 02.12.00.00.2.00051 dan 02.12.00.00.00052	Signed by Head of District Land Office (Kepala Kantor Pertanahan) Kabupaten Labuhan Batu, dated 10 June 2013.
14	Plantation	No. 773/1/IU/PMA/2014	Signed by Agriculture Minister,

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	Business Permit (“Izin Usaha Perkebunan)		Investment Coordination Agency Head), on 03 June 2014.
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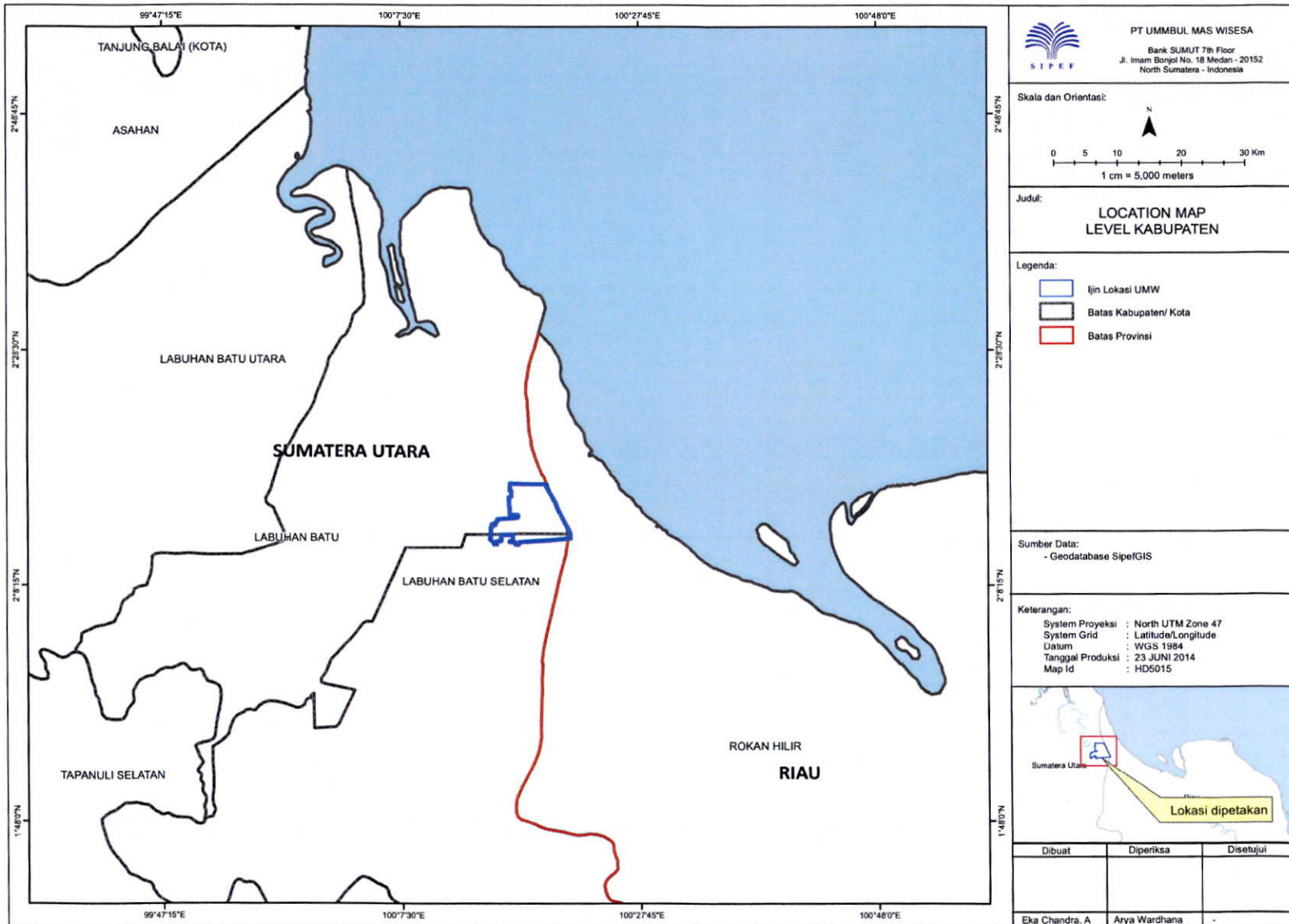
PT UMW has begun the planting of oil palm since 2007, before the year of 2010 PT UMW has planted 6,215.21 Ha, and in the year 2010 until 2012 PT UMW has planted 823.06 Ha. Totally since 2007, PT UMW has planted 7,038.27 Ha.

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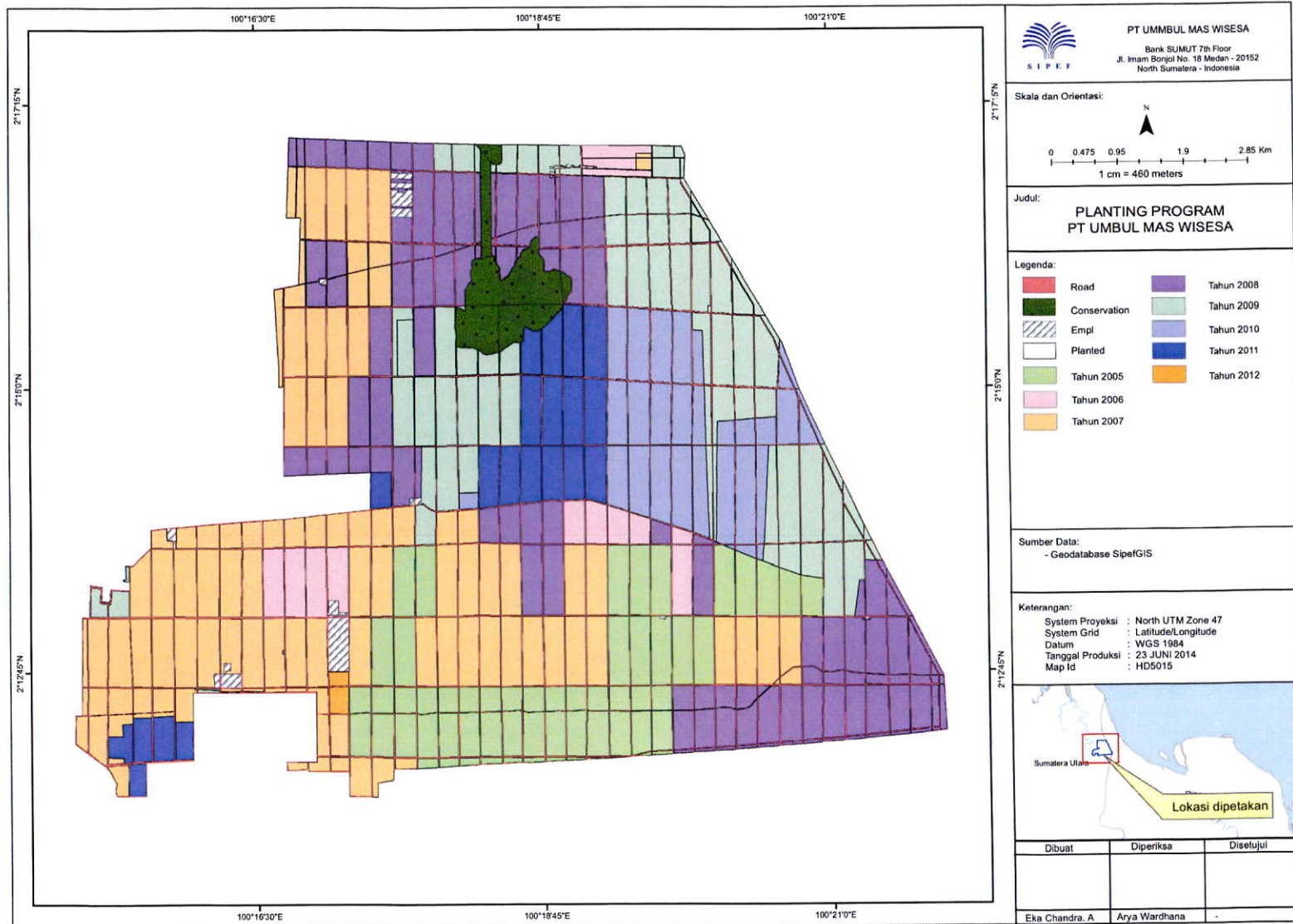


Map 1. Location of PT UMW in Indonesia

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Map 2. Location of PT UMW in Labuhan Batu and Labuhan Batu Selatan District



Map 3. Planting Programme

Area and time-plan for new plantings

The new planting area of PT Umbul Mas Wisesa was in its permitted area. Currently, new planting areas since 1st January 2010 have been planted in 2010 - 2012 (823.06 ha) and no any proposed new planting anymore. The process of land development and palm oil planting are following the procedures of RSPO New Planting Procedures (NPP). The company has compensated to the landowner prior land clearing with Free Prior and Informed Consent (FPIC) .

Table 3. Summary of plantings area in PT Umbul Mas Wisesa

Cultivation of palm oil in net area (+ Ha)	Planted before 2010	Planted after 1 st January 2010			
		2010	2011	2012	Total
+ 7,038.27	6,215.21	496.74	309.32	17.00	823.06

3. Assessment Process and Procedures

SEIA assessment process and methodology as described in table below.

Table 4. SEIA Assessment process and methodology

Assessment Process	Methodology	Data achievement
Mapping and landscape	Field data collection to verify secondary data and information such as protected/conservation areas, road system, river system, boundaries, soil types and classes, topography, and; to conduct a comprehensive overview of the area.	Mapping all data and information found into a map and conducting analyses on it.
Fauna (wildlife) aspect	Qualitative field assessment (<i>rapid assessment</i>). Direct field observation; interview and discussion with stakeholders, such as local community, staffs of the company, and other related parties.	Qualitative condition of the habitat; endangered, critical, and protected wildlife species within the list of IUCN and the prevailing regulation and its distribution; qualitative condition of wildlife species' population (number and status of reproduction); location of wildlife species encounter; species hunted by the community; benefit and disturbance of wildlife species; level of threat and survival opportunity of wildlife species.
Flora aspect	Interview and direct field survey. Initial mapping of ecosystem distribution; observation on forest structure, species density or dominance on each type of ecosystem.	Data of flora with particular status, species protected by the Indonesian government or assumed to be endangered in the IUCN list. Threat and opportunity to maintain the area.
Social, Economic, and Cultural Aspect	Interview and field visit using FGD (<i>Focus Group Discussion</i>), PRA (<i>Participatory Rural Appraisal</i>) and list of structured questions.	Traditionally protected area, level of dependency toward the area, environmental services related to the assessed area.

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	Collection of data on the village's demography, custom, culture, and community's relation with forest.	
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For SIA assessment, PT UMW hired a team from forestry faculty of Bogor Agriculture Institute lead by Handian Purwawangsa, S. Hut., M.Si, an RSPO registered assessor to do the assessment.

The Social Impact assessment followed three stages.

1. 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.
2. Second, field work, which included in-depth interviews, as well as Focus Groups Discussions (FGD) and direct observations. The field work was conducted for four days in the field, in the two villages interacting with PT UMW (Sei Siarti and Tanjung Mulia villages). There is no village within the licence area of PT UMW.
3. Third, analysis of the data and redaction of the report. The report was submitted to PT UMW for review and comments before being finalised.

SIA assessment of PT UMW was conducted on 14 – 17 February 2014.

The HCV assessment of PT UMW was conducted by YASBI (Yayasan Kelapa Sawit Berkelanjutan Indonesia = Indonesian Sustainable Palm Oil Foundation). This assessment using the toolkits of HCV Resource Network Indonesia, 2008. HCV assessor team which involved experts in Biodiversity, Environmental Services, Social and Culture and supported by GIS (Geographic Information Systems) expert, had conduct field data collection on 10 until 16 November , 2009.

The composition of the assessment SIA and HCV team are presented in table below

Table 5. Social Impact Assessment team form Forestry Faculty-IPB, PT UMW

No	Name	Title	RSPO Status
1	Handian Purwawangsa, S.Hut, M.Si Have his master degree from Bogor Agriculture Institute in the year of 2008. Begin his experience in social study in 2002, also expert in preparing program community development concept that have been applied in several areas of Indonesia. Experiences in preparing SIA study and report in Social Impact Assessment study at palm oil companies in Sumatera, Kalimantan, and Papua.	Team Leader	<i>Approved RSPO</i>
2	Udi Kusdinar, S. Hut. Expertise in social, economy and culture. Has his first degree of forestry in 2009, and starting social study in the same year. Some social study he ever involved with are: Comprehensive Community Social Assessment And Framework Community Development Plan PT Daya Bumindo Karunia dan Study On Good Practice of Social Forestry For Sustainable Forest Management and REDD+ in Nusa Tenggara Barat Province.	Member	
3	Sulfan Ardiansyah, S. Hut.	Member	

	Has his forestry degree in 2008 from Bogor Agriculture Institute major in Forest's Resources Conservation and Ecotourist from Bogor Agriculture Institute.		
4	Jimmy Syahrasid He is a free lance for social study and GIS for Forestry Faculty of Bogor Agriculture Institute. Last back ground education is SMK Kornita Bogor.	Member	

Table 6. HCV Assessment Team from YASBI.

No	Name	Title	RSPO Status
1	Ir. Purwo Susanto Alumni of Faculty of Agriculture North Sumatera Islamic University-Medan, now the Executive Director of the Indonesian Sustainable Oil Palm Foundation – Yayasan Kelapa Sawit Berkelanjutan Indonesia (YASBI) and vice chairman of the HCV-RSPO Indonesia Working Group (RIWG) to compose the Guidebook of Management and Evaluation of HCV Network and member of the Executive Board of RSPO (2007-2009). Former National Coordinator of Forest Conversion Program of the World Wild Fund for Nature (WWF) Foundation-Indonesia, providing consideration and support for Best Management Practices (BMP's) and High Conservation Value Forest (HCVF) at Indonesian Oil Palm Plantation (2003-2009). He had acquired both national and international education and training on conservation. He had been involved in RSPO since its establishment, and had given HCVF training for around 50 oil palm plantation companies in Indonesia since 2005.	Team Leader	<i>Approved RSPO</i>
2	DR. Kunkya Jaka Gurmaya Alumni Faculty of Science, Kyoto Univerisity, Japan. Research staff of University Padjadjaran (UNPAD) and lecturer of biology. A member of HCV management and monitoring toolkit for palm oil estate in Indonesia. Honorary member Indonesian Primatological Association. One of the founders and members of The Indonesian Wildlife Society. Members of Indonesian Biology. Founders and management National Consorcium Park of National Konsorsium Tanam Naional Gunungg Gede	Member	
3	Ms. Neny Indriyana, S.Hut, MT. Industry Techical Magister at University of Indonesia and alumni from Forestry Faculty of IPB. Experiences as Manager operational of forestry company PT Hargas Industries Indonesia and PT Qualiva Kaizenindo. Was a supervisor at PT Inhutani III.	Member	

	Since 2004 become a consultant, which was appraisal of ecology work of Sustainable Natural Forest Products at some management units at Kalimantan and Sulawesi. Involved in identification HCV of management units at palm oil estates at Sumatera Utara, Riau and Kalimantan Barat.		
4	Ir. Riswan Alumni of Forestry Faculty of Bogor Agriculture Institute. As consultant of mapping and area layout, also forestry data base with university and kabupaten services, example USU, Kabupaten Mandailing Natal, Nias, Serdang Bedagai, Deli Serdang, Padang Sidempuan and Medan. Assessment of HCV for several companies in Sumatera and Kalimantan, like PT Bakrie Sumatera Plantation, PT Buana Tunas Sejahtera, PTPN IV, PT First Mujur Plantation Indonesia.	Member	
5	Handy Rusydi, S.Hut. As alumnus of forestry faculty of IPB, used to work at forestry consultancy. Expert in using several GIS software for analysing in Sulawesi Tengah, Maluku and Maluku Utara. Ever worked as free lance at Forestry Department in making a base forestry thematic map.	Member	
6	Ir. Hery Prasetyo Expert in social and culture, also alumnus from Bogor Agriculture Institute. Joined the study of Community Development Specialist and used to be consultant for PT Timah Tbk. Several times involved in Delineasi Micro (Social Culture) for HTI in Sumatera.	Member	

Reference Documents

- HCV Assessment Report : HCV Assessment of PT Umbul Mas Wisesa, November 2009 was conducted and prepared by RSPO approved assessors from YASBI (Yayasan Kelapa Sawit Berkelanjutan Indonesia = Indonesian Sustainable Palm Oil Foundation).
- Soil Survey and Suitability : "Semi Detail Soil Survey Report Of PT Umbul Mas Wisesa (PT UMW) in Kecamatan Kampoeng Rakyat, Kabupaten Labuhan Batu Selatan, in Sumatera Utara, Indonesia" by JH Agriculture Services, September 2010.
- SIA Assessment Report : SIA Assessment of PT Agro Muara Rupit, April 2014 conducted and prepared by Team of Forestry Faculty, IPB (Bogor Agriculture Institute).
- IUP B (Izin Usaha Perkebunan Budidaya = Plantation Operation Permit for Cultivation) No. 503/II/HUKUM/2005, signed by Pj. Bupati Labuhan Batu on 5 August 2005.
- IUP (Izin Usaha Perkebunan Budidaya = Plantation Operation Permit) No. 773/1/IU/PMA/2014, signed by Agriculture Minister, Investment Coordination Agency Head), on 03 June 2014.
- Land Development Permit (Ijin Lokasi) : Decree No. 12 year of 2007, signed by Bupati Labuhan Batu, 14 June 2007.
- AMDAL No. 503.660/268/SET-KOMISI/XII/2008 signed by Bupati Labuhan Batu on 31 December 2008.
- Consent Lisence (Izin Prinsip) No. 503.591.02/65/03/KPTP/2010, signed by Bupati Labuhan Batu, dated 13 October 2010.
- Adendum AMDAL, No. 188.44/430/KPTS/2013 signed by Governor of Sumatera Utara, dated 10 July 2013.

- Permanent Land Use Title (HGU) No. 42/HGU/BPNRI/2013 signed by Head of National Land Office (Kepala Badan Pertanahan Nasional RI), 28 May 2013 and no. 93/HGU/BPN RI/2014,
- Indonesia Government Regulation related to conservation management and monitoring, IUCN Redlist, CITES and PP No 7 tahun 1999 signed by B.J.Habibie dated 27 January 1999.
- HCV Resource Network toolkit Indonesia, 2008.
- PT Umbul Mas Wisesa planned management map, location map and landscape level map.

4. Summary of SEIA

Demography/Social issues.

PT UMW licence area is located around the area of Sei Siarti village (Penai Tengah District, Kabupaten Labuhan Batu) and Tanjung Mulia village (Kampung Rakyat District, Kabupaten Labuhan Batu Selatan). Total population Sei Siarti and Tanjung Mulia villages are: 7,138 people and 7,396 people. The density of each villages are: 110 people/square km and 71 people/square km. With this density, the availability workers will not be a big issue for PT UMW.

Based from satellite image in 2007, it is found that almost all the area of PT UMW was not a forest anymore, it was already an open landscape and shrubs, even some parts of the area have been planted palm oil plants. The land ownership average is 2 Ha/family, and some even already have certificate ownership documents from BPN (National Land Agency) but only 30% for Tanjung Mulia village and 10% of Sei Siarti. Some villagers only have reference letter from head of village or district, and some do not own any legal document.

Ethnically, descent population is Bataknese, but mostly population is Javanese. Religions there are Christian and Moeslim.

To solve their health problems, villagers go to Puskesmas or Puskesmas Pembantu as informed by government besides that it is easier, no charge / for free.

Economy.

Villagers live as palm oil farmers, but the price of their oil palms is lower because the quality of harvest is not as good as yield from companies' production. Economy micro is not developing well, and farmers still rely on collectors (tauke) whom they can borrow some money when they are in need. Farmers will return the money with their next harvest or harvests.

Environment

From interview and observation, it is known that there is only few negative impact from PT UMW to villagers. The dust from trucks and roads, especially in dry season. Roads need to be maintaining more often, and reduced the area to find fire woods and others forestry yield non woods.

Potential positive and negative developments.

The local populations expected some positive outcomes from the development of PT Umbul Mas Wisesa in the area. And they are expecting for the maintenance and others improvement. Roads is a priority for the local population, better transportation to the area or in other words easier access to their villages and to their land. Not forget, better access for their children's education. Related to this, improved education facilities would be also seen as a positive result of the presence of the company, with possibly better school buildings, support to the teachers (allowances) and/or scholarships for children in the area. Improvement in the health sector with clinic and ambulance to serve the communities.

With the establishment of a plantation, and the numerous job opportunities, mid-size rubber growers are likely to feel some competition between them and the company to obtain labour.

The land acquisition are already done and according to the HGU, completed with documentation.

CSR efforts by the company have a good impact to the communities, especially for the clean water.

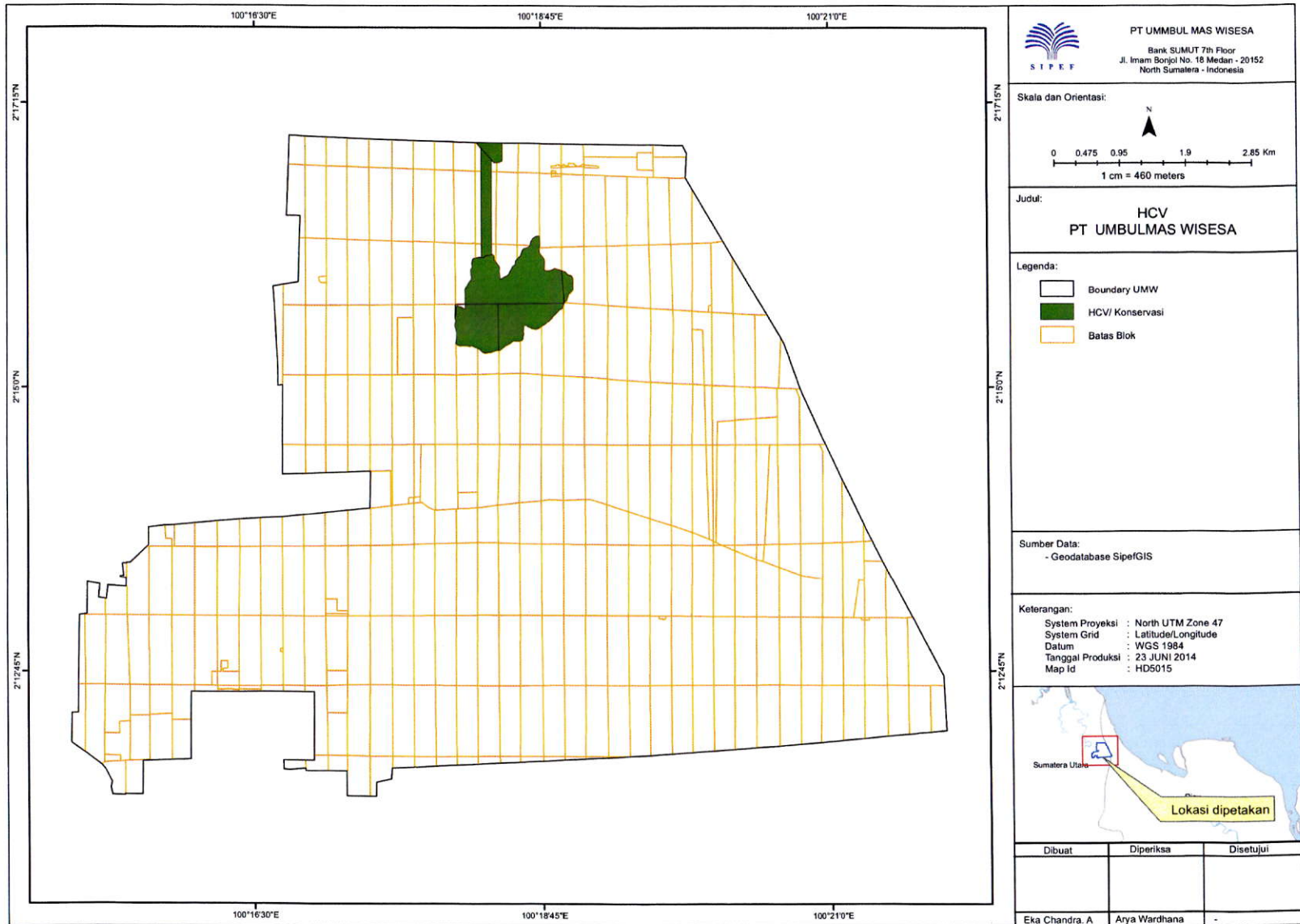
4.b. Summary of Assessment Findings for HCV Assessment

This assessment used the toolkits of HCV Resource Network Indonesia, 2008. It was found HCV area as described in table below:

Table 6. HCV area was identified in PT UMW area

HCV Attribute	HCV	Ha	Indicators
Conservation forest	1.1	167.00	Wildlife was found resting, seltered, eat and drink at this area. There was an area with special potential that can maintain the population of several natural species. From observation, it was found specific teresterial characteristics.
	3		From observation, it has important function to maintain natural ecology process that can enlarge natural habitat of wildlife.
Riparian zone of main drain and outlet drain (potential HCV)	1.1	9.74	Wildlife was found resting, seltered, eat and drink at this area. There was a landscape with special potential that can maintain the population of several natural species. From observation, it was found specific characteristics along the drain, combination of terestrial (land) and aquatic (watery).
	4.1		It was found that although it doesn't has natural water source but it is funtion as water stabiliator.
Corridor	1.1	20.79	Wildlife was found resting, seltered, eat and drink at this area, and passing to the other side of HCV area. There was a landscape with special potential that can maintain the population of several natural species. From observation, it was found specific characteristics along the corridor, combination of terestrial (land) and aquatic (watery).
	3		From observation, it has important function to maintain natural ecology process that can enlarge natural habitat of wildlife.
Total		197.53	

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Map 4. Area HCV of PT UMW

5. Internal Responsibility


Formal sign-off by Assessors and Company.

This document is the Summary of SIA (Social Impact Assessment) and HCV (High Conservation Values) Assessment of PT UMW.

HCV Assessment



ISPO
Indonesian Sustainable Palm Oil
Direktur YASBI

SIA Assessment

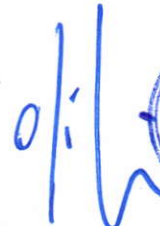

(Handian Purwawansa, S.Hut. M.Si)
Forestry Faculty, IPB

Statement of Acceptance of Responsibility for Assessments.

The assessment results of the Social Impact Assessment (SIA) and High Conservation Value (HCV) Assessment of PT Umbul Mas Wisesa by Forestry Faculty – IPB and YASBI will be applied as part of the guidelines in developing and managing PT Umbul Mas Wisesa.


Adam Christian Quentin JAMES
President Director




Olivier Robert TICHIT
Director

