

Summary Report of Planning & Management of PT Kartika Prima Cipta
Districts of Semitau, Suhaid, and Selimbau, Kapuas Hulu Regency, West Kalimantan

Executive Summary

PT Kartika Prima Cipta (hereinafter referred to as “**PT KPC**”) is domiciled at Districts of Semitau, Suhaid, and Selimbau, Kapuas Hulu Regency, West Kalimantan. In the beginning it held a Location Permit by virtue of Kapuas Hulu Regent Decree No. 16/2007 dated 23 January 2007 covering a total area of \pm 20,000 hectares. This permit was then extended by Kapuas Hulu Regent Decision Letter No. 302/2012 dated 1 October 2012 covering a total area of \pm 19,200 hectares.

An Environmental Impact Assessment (“**EIA**”) document has been prepared by the Consulting firm namely CV Intergraha Citra and authorised by the Kapuas Hulu Regent based on Decree No. 290/2006 dated 22 December 2006 on Environmental Feasibility of PT KPC Oil palm Plantation in Districts of Semitau, Suhaid and Selimbau, Kapuas Hulu Regency. The company already has Social Impact Assessment (SIA) document in possession, prepared by PT Smart, Tbk.’s internal team and issued in February 2013. The team of five was led by Yosaphat Ardhilla Renato, S.Ant. who has been registered under RSPO Approved High Conservation Value (“**HCV**”) Assessors as person with expertise in the area of social, economy, culture, and conflict resolution.

PT KPC has carried out HCV assessment in its concession. Based on the findings of HCV assessment on site, there are eight (8) types of HCV found in the management unit’s area, namely HCV1 (HCV1.1, HCV1.2, and HCV1.3), HCV2 (HCV2.3), HCV3, HCV4 (HCV4.1 and HCV4.3), and HCV5, covering a total HCV area of 7,514.49 hectares. In the concession there are 10 plant species classified as having HCV, falling under the categories of Critically Endangered (CR), Endangered (EN), Vulnerable (VU) and are protected under the Government Regulation Number 7/1999. There are 46 species of birds identified as important species and

classified as Vulnerable, Near Threatened and protected under the Government Regulation No.7/1999. There are nine protected species in the concession whose signs of presence were indicated during the assessment. Among these, the most critical species to notice are Bornean Gibbon (*Hylobates muelleri*, locally called *Owaor* 'Kelempiau'), Sunbear (*Helarctos malayanus*), and flat-headed cat (*Prionailurus planiceps*).

Documents of Environmental Management Plan (“**RKL**”) and Environmental Monitoring Plan (“**RPL**”) were issued in December 2006 and serves as a translation of SEIA documentation and elucidate the monitoring timeline and impacts that the lantation and mill activities have on the environment. he company has prepared a Social Impact Management Plan which elaborates the social impact types, source, and management action, as well as the management standards, location, period/schedule and relevant parties (executor, supervisor). Social impact parameters outlined in the RKL and RPL documents have been adapted to the Document of Social Impact Management Plan Recommendations.

These three documents serve as a guideline to the PT KPC management unit in managing the socio-environmental aspects.

Reference Documents

Reference documents are as follows.

1. EIA document already authorised by Central Kalimantan Governor by virtue of Central Kalimantan Governor Decree No. 188.44/381/2007 dated 24 September 2007.
2. HCV Assessment report, PT KPC. Jakarta: PT Kartika Prima Cipta and Fauna & Flora International Indonesia Program 2011.
3. SIA document prepared by PT SMART, Tbk.'s internal team, February 2013.
4. RKL and RPL documents, December 2006.

5. Social Impact Management and Monitoring Plan document, February 2013.

Following is the summary of the abovementioned documents:

PT KPC's presence has brought about positive impacts to the neighbouring community's environmental and social conditions. The RKL-RPL have been submitted to the Provincial Environmental Management and Monitoring Office (BPPLHD) of West Kalimantan Province, Regency Local Environmental Monitoring Office of Kapuas Hulu, Transportation Office, Health Office, Fisheries & Marine Office, Provincial Plantation Office of West Kalimantan, and Regency Plantation Office of Kapuas Hulu. Environmental components are periodically monitored. Increase of employment opportunities and community income are positive impacts resulted from the presence of PT KPC. Negative impacts that arise are social unrest and declined public health quality.

PT KPC has undertaken HCV assessment activities within its concession. Based on the findings of HCV assessment on site there are eight (8) types of HCV found in the management unit's concession, namely HCV1 (HCV1.1, HCV1.2, and HCV1.3), HCV2 (HCV2.3), HCV3, HCV4 (HCV4.1 and HCV4.3) and HCV5, with a total area of 7,514.49 hectares. The public consultation was held 27 October 2009 in Nanga Suhaid Village. HCV assessment report and the documents of management and monitoring plan for HCV Areas within the company's concession have been reviewed by Rahayu Harjanthi and Gary Paoli (Daemeter Consulting). Results of such review were then used as an input to improve HCV assessment report and HCV area management and monitoring plan.

SEIA and HCV Management Planning Personnel

a. Information of the Company and Contact person

- Name of Company: PT Kartika Prima Cipta

- **Location:** Districts of Semitau, Suhaid, and Selimbau Kapuas Hulu Regency, West Kalimantan

- **Geographic Location:**

(111° 56' 49,088" E - 112° 10' 52,460" E) and
(0°30'18,890" N - 0° 38' 5,945" N)

- **Surrounding Area**
 - a. **North:** Kapuas River
 - b. **East:** Production Forest
 - c. **West:** State Forest
 - d. **South:** Kapuas River and Area for Other Utilisations (APL) area

Permits/Concessions

- EIA Authorisation by virtue Kapuas Hulu Regent Decree No. 290/2006, dated 22 December 2006.
- Location Permit, by virtue of Kapuas Hulu Regent Decree No. 16/2007, dated 23 January, covering a total area of ± 20,000 hectares.
- The Location Permit Extension: Kapuas Hulu Regent Decree No. 302/2012 dated 1 October 2012, covering a total area of ± 19,200 hectares.
- Plantation Business Concession for Cultivation (IUP-B): Decision Letter of Kapuas Hulu Regent No. 25/61/DisperhutBun-A dated 22 January 2007 for a total area of 18,000 Ha.
- Land Use Title (HGU): In process

- Parties Involved:

Those in charge for preparing HCV document, RKL, and RPL in favour of PT KPC is the company’s management assisted by FFI HCV assessment team. Both were supplied with information collected from stakeholders comprising: village/sub-village head, customary figures, public figures, and local government staffs. They were invited to attend a public consultation held on 27 October 2009 at Nanga Suhaid Village. HCV Assessment Report and HCVA RKL and RPL within PT KPC’s concession have been reviewed by Rahayu Harjanthi & Gary Paoli (Daemeter Consulting). Stakeholders involved in the preparation of PT KPC’s SIA, RKL and RPL documents are PT SMART, Tbk.’s internal team, local village head, BPD Head, traditional institutions, local people, district, village staff representatives and PT KPC’s management.

Summary of RKL and RPL of PT KPC

No.	Environmental component parameters (Operating Phase)	Source of Impact	Environmental Parameters	Data Collection and Analysis Methods	Location	Monitoring Period and Location	Environmental Management Plan (RKL)
a	Air quality	Harvesting and harvest transportation	The air quality meets BML standards based on Government Regulation No. 41/1999, Noise < 75 dBA	Secondary data analysis sampling method, interviews with employees, community members and paramedic. Comparative and	Plantation area	Semi annually	Reducing vehicle speed, frequency regulation and transportation time, organic vehicle maintenance in an area performing periodic stockpiling

Summary of RKL and RPL of PT KPC

No.	Environmental component parameters (Operating Phase)	Source of Impact	Environmental Parameters	Data Collection and Analysis Methods	Location	Monitoring Period and Location	Environmental Management Plan (RKL)
				descriptive tabulation			
b.	Water quality	Plantation treatment, replanting	Water quality standards as per Government Regulation Number 82 Year 2001 on water quality management and water pollution control	Water sampling on Kapuas, Mersedan, Penebah and Suhaid rivers	Kapuas, Mersedan, Penebah, Suhaid rivers.	Semi annually	Performing the management of Hazardous Waste as per regulation, stockpiling with proper dose of fertilizer and appropriate fertilization time, pest and disease control by prioritizing biological control, not fertilizing on steep area, treating plants along the watershed. Land clearing , gradual clearing of eroded land during the replanting .

Summary of RKL and RPL of PT KPC

No.	Environmental component parameters (Operating Phase)	Source of Impact	Environmental Parameters	Data Collection and Analysis Methods	Location	Monitoring Period and Location	Environmental Management Plan (RKL)
c.	Land condition (increased erosion)	Replanting	erosion on gutters and trenches in the plantation and the roads, erosion rate does not exceed allowed limit, Allowed limit of erosion to land with slow permeability < 11.21 ton/ha/year. Moderate permeability < 13.45 ton/ha/year.	Direct observation and measurement using erosion stick. measurement of volume/land thickness having its gutters and trenches eroded	Land with steepness>40%	Semi annually	Zero-burning land clearing, manual and mechanical system replanting, planting of cover crops, making individual terraces, building primary drainage channels, levelling eroded roads, making barriers to inhibit run off, road pavement using corals.
d.	Community health	Plantation treatment, Replanting	Change of health conditions among employees and local people living along the transportation line both in land and river way relating to 10 disease most frequently suffered by the	Assessment of secondary data and interviews with community members and employees	people living near Kapuas, Mersedan, Penebah and Suhaid Rivers	Semi annually	Lowering the speed of vehicles when passing the settlements, periodic road showering one in a day during the dry season, greening along the mobilization route, minimizing pollution on water bodies,

Summary of RKL and RPL of PT KPC

No.	Environmental component parameters (Operating Phase)	Source of Impact	Environmental Parameters	Data Collection and Analysis Methods	Location	Monitoring Period and Location	Environmental Management Plan (RKL)
			people.				gradual land clearing at replanting.

Summary of Planning and Management

a. EIA

An Environmental Impact Assessment document (EIA) has been prepared by the consulting firm namely CV Intergraha Citra and has also been authorised by Kapuas Hulu Regent based on Decree No. 290 /2006 dated 22 December 2006 on Environmental Feasibility of PT KPC's Oil palm Plantation Activities in Semitau, Suhaid and Selimbau of Kapuas Hulu Regency.

b. SIA

In addition to the EIA document, the company also has SIA document in its possession prepared by the PT SMART's internal team in February 2013, whose member registered under RSPO Approved HCV Assessors. Result of this SIA was made reference for preparing social impact management and monitoring plan. PT KPC's social impact management and monitoring plan have been prepared to follow up the SIA findings. Social impact management and monitoring activities undertaken by PT KPC are guided by PT SMART's team, by taking into account time factor and management benchmarks.

General Recommendations as Result of SIA:

1. Increase of employment opportunity and income to community.

Increase of employment opportunity for the local community shall be done through several management actions, such as: the Company provides information on its workforce demand to the local government according to the predetermined qualifications to allow employment of the local workforce. Employees already working for the Company must be provided with Occupational Health and Safety (OHS) security as the Company already applies OHS standards to each operation.

Management recommendation to increase the community's income will be to support the local community's business growth (small kiosks) to meet the needs of its members working for the Company (employees). In addition, the Company can provide opportunity to local contractors to forge partnership and give them work according to

what it needs. Also, PT KPC needs to proceed with plasma plantation development activities due to their potentials in improving the economic condition of the community and the outgrowers joining the programme.

2. Social unrest and Community Health Problems

According to the socialisation during investment phase, PT KPC's plantation will be built in the assessment area as provided in the AMDAL document. Thus far the land acquisition and compensation has gone through FPIC process and method. This socialisation process can be seen in the accompanying documents of public consultation on investment of oil palm plantation to be run by PT KPC. The area determination initiating the land compensation by the Company is a critical process useful to anticipate any possibilities of dispute over the already compensated lands in the future. This is according to the company's procedure in place regarding and compensation process.

PT KPC needs to socialise its workforce demand based on the quota and the current positions available. It should also communicate the most updated data to the villages/local governments. Such proactive communication to the stakeholders in the assessment area is needed. Socialisation and strict supervision over the Company's contractors need to be conducted to ensure their environmental control in their operational activities, their best practices in oil palm waste (including toxic and hazardous materials) management, and socio-environmental impact reporting to the relevant institution. These are a series of management endeavours in negative crucial impacts, namely social unrest and the community's health problem.

3. The Community's Living Standards Increase and Contribution to the Local Development

This management programme can be synergised with the long-term CSR in which the programme and its supporting components are set forth as strategic plan. Efforts which should be set forth are: increase of educational activities by channelling scholarship to high-achieving children, supporting several traditional activities including local

traditional ceremonies. The company's compliance as to tax obligation indirectly helps or contributes to the local development.

Summary of Planning and Management (HCVA)

Management Recommendations:

In general, in order to protect HCVA, the boundary system will have to be confirmed and marked. Patrols shall be done on a regular basis. HCVA socialisation within the concession must be made to all parties, especially to the neighbouring community and local government officials, and PT KPC's personnel. The goal is that they can take part in HCVA management.

All HCVA blocks are in very susceptible condition to environmental problems, as it is so easy to access to the area. These blocks, comprised of peat forest, will have to be secured to prohibit further damages. One of the most conspicuous problems is illegal logging conducted by unauthorised persons from among the local people and deforestation to a small portion of an area belonging to PT KPC itself (Block A). Likewise, deforestation in Block B should be prevented. Areas being left open should be recovered either naturally or by way of reforestation. Strict coordination with community members and local government officials is needed in order to prevent from continuing illegal logging.

Monitoring recommendations:

1. Regular monitoring shall consist of external and internal components.
 - Internal monitoring by HCVA Unit is an important element in HCVA management.
 - Internal evaluation on monitoring results prior to the auditing by the independent auditor.
 - Satellite image data showing land coverage needs to be made available on a regular basis, at least two times in a year, as substantial materials in HCVA management evaluation.

- The company shall provide monitoring results data– primarily by means of satellite image analysis – to show some important parameters, such as natural land coverage and HCVA borders.
2. The emphasis of such monitoring shall be based on the actual findings, rather than meeting company administrative requirement per se.
- The monitoring should be able to track success and failure indicators. The integrity of HCVA in general may serve as simple indicator tracked by regular satellite image analysis.
 - The development of management response procedures is needed.
3. An annual meeting that discusses learning process is required. Learning is defined as *“what we suppose to know, but in fact we know nothing about it”*.
- Learning process shall involve (i) identification, (ii) learning process; and (iii) memorizing (recalling).
 - PT SMART Tbk, has so many oil palm plantation companies which consist of HCVA areas, thereby the exchange of HCVA management experience is needed to provide support to such learning process.

Plan for HCV Monitoring and Regular Review of Data

Review on HCV Assessment Report and HCVA Management and Monitoring Plan (RKL & RPL) Documents within PT KPC’s concession is carried out by Rahayu Harjanthi and Gary Paoli (Daemeter Consulting). Their findings are then used as materials to correct HCV Report and HCVA RKL and RPL.

Management and planning for threats to HCV areas

PT KPC is bordering with two different types of boundaries. Major pressure on Indicative HCVA Area comes from the southern and eastern areas in the form of deforestation for cultivation and logging. Deforestation does not always occur due to local people’s economic demand, but rather as a manifested hostility against PT KPC.

Public perception is a determining factor for the viability of HCVA conservation efforts. Good collaboration between the company and the neighbouring community to the concession will increase HCVA management effectiveness and efficiency, especially in preventing current existing deforestation.

Management plans to enhance or maintain conservation values of identified HCVA areas

Some areas identified as indicative HCVA have apparently been damaged either due to legal activities held by the company or illegal activities. Improving the management in these areas requires appropriate planning that in view of institutional policy at central government level, these improvement activities shall have the power and shall oblige the company Management Unit on site to implement the same. Research needs also to be carried out to determine the critical areas, both inside HCVA or any other areas, to preserve the viability of wildlife and critical plant species for the benefit of hydrological function. For example, with respect to riparian areas designated as protected areas, a research is needed to confirm the boundaries for proper scientific management. Supports to conduct a research that will systematically compare incentive and disincentive systems under HCVA preservation to local community across the concession, need to be made available.

Internal Responsibility

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

On behalf of the Management of **PT Kartika Prima Cipta**,



Dr. Haskarlianus Pasang
Head of Sustainability Division
Date: June 4th, 2013