

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: 26 August 2013

Tick whichever is appropriate

<input type="checkbox"/>	This is a completely new development and stakeholders may submit comments.
<input checked="" type="checkbox"/>	This is part of an ongoing planting and is meant for notification only.

COMPANY : SMART Tbk
SUBSIDIARY (If any) : PT SATYA KISMA USAHA
RSPO Membership Number : 1-0019-05-000-00
Dated 31 January 2005

LOCATION OF PROPOSED NEW PLANTING

- Company Name : PT Satya Kisma Usaha
- Location : Sungai Keruh Village, Tebo Tengah Sub-district and Muara Kilis Village, Tengah Ilir Sub-district, District of Tebo, Province of Jambi
- Geographical location : 102° 32' 35,064" - 102° 36' 9.513" E and 1° 24' 37,024" - 01° 28' 11,241" S
- Surrounding Entities
 - a. North : Community
 - b. East : Plantation of PT Bejabang Indonesia
 - c. West : Community and Plantation area of PT Tebo Plasma Intilestari
 - d. South : Community and inter-state road, West Sumatera
- New Planting Area (Planted) : 157.18 Ha
- New Planting area (Unplanted) : 1,759.84 Ha
- Permit :
 - a. Location Permit :
 - District head decree Number 227.B/BPN/2010 dated 7 May 2010 with area of 2.995 Ha
 - Location permit extension No: 243 /BPN/2010 dated 8 June 2011 with area of 2.990 Ha (valid until 3 years).

- District head decree of Tebo for Sukma Bersatu Cooperative No. 2/BPN/2011 dated 14 January 2011 with area of 2,945 Ha and valid until 3 years since 7 May 2010. In this case, Plasma farmers (Muara Kilis Plasma Unit /KILA) are not willing yet to apply RSPO NPP Procedure and certification of RSPO (letter dated 28 March 2013).
- b. Plantation Business License/ IUP :
- Plantation Business License of District head of Tebo No: 141/Disbun/2011 dated 21 March 2011 with area of 2.995 Ha.
 - Establishment License of Sukma Bersatu Cooperative Number : 09/BH/Disperindagkop & UKM/IV/08 dated 18 April 2008 for Establishment of Sukma Bersatu Cooperative, Sungai Keruh Village, Sub-district of Central Tebo and Muara Kilis Village, Sub-district of Tengah Ilir, District of Tebo;
 - Letter of Agreement between PT SKU and Sukma Bersatu Cooperative No. 001-002//Kop.SB-SKU/VIII/2009 dated 12 August 2009 on Agreement of palm plantation management using revitalisation method.
- c. HGU/Land use Permit :
- PT Satya Kisma Usaha is still in the process of obtaining the HGU from the relevant authorities.
- Location Map : Figure 1, Figure 2, and Figure 3

Figure 1. Location Map of PT Satya Kisma Usaha in District of Tebo

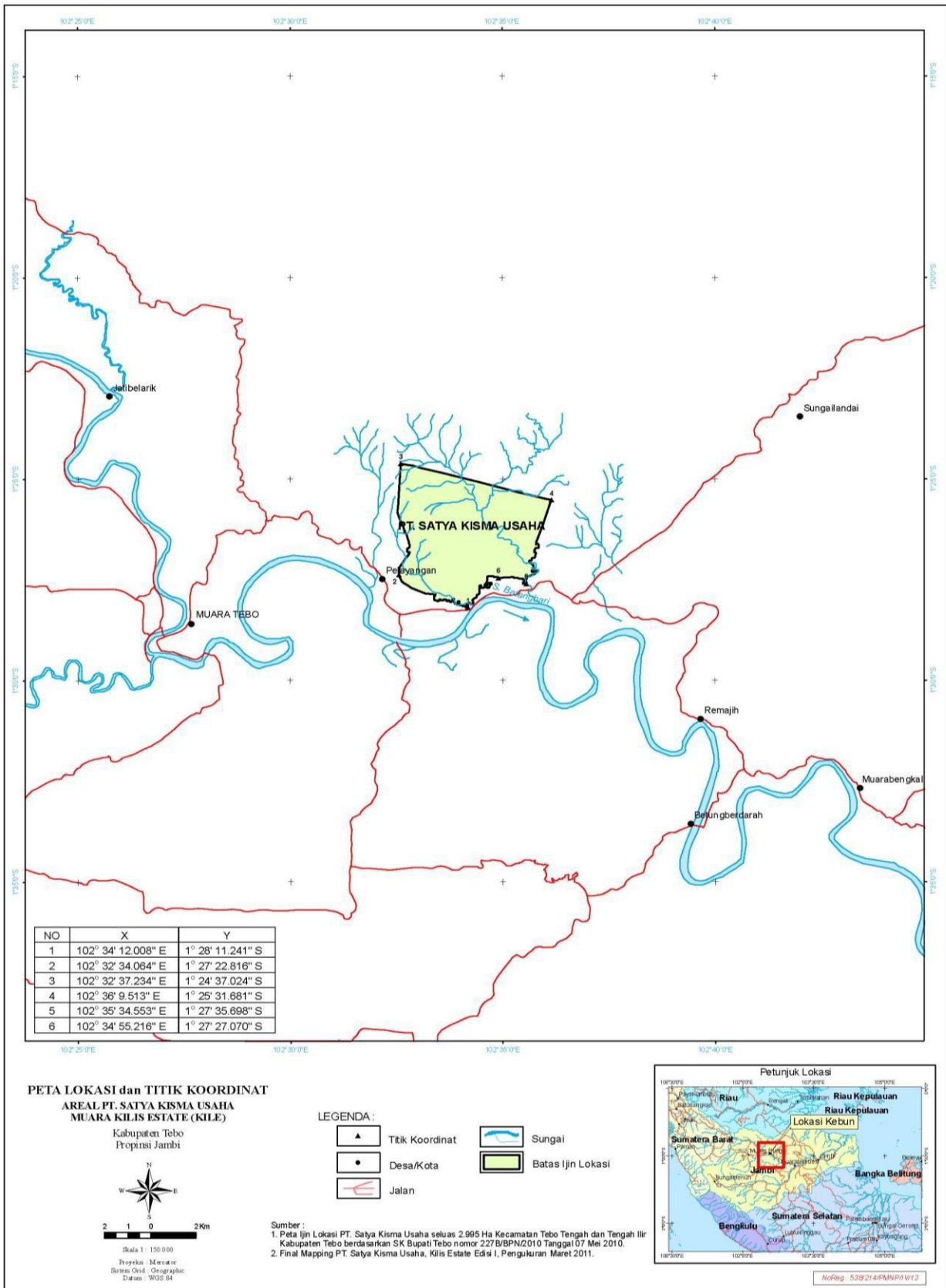
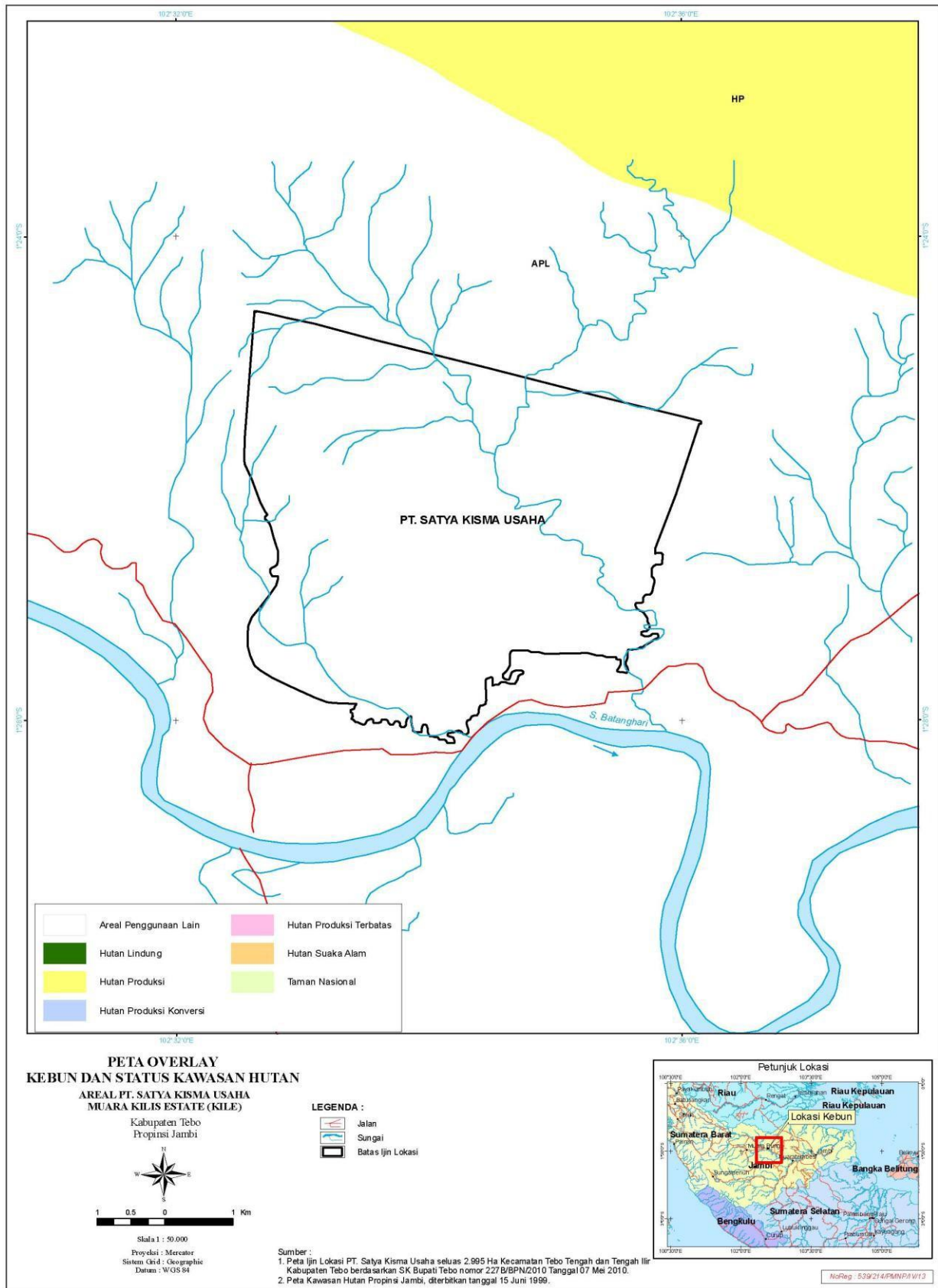


Figure 2. Overlay Map of Plantation and Status of Forest Area of PT Satya Kisma Usaha (regarding legal process of HGU).



SUMMARY OF SEI ASSESSMENT

a. Environmental Management Document (DPLH) of PT Satya Kisma Usaha

A DPLH (Dokumen Pengelolaan Lingkungan Hidup) was prepared in cooperation with the Centre of Environmental Research of Jambi University, Campus of Pinang Masak, Research Institute of Jambi University Building, Jl. Raya Jambi-Muara Bulian, Mendalo Darat Km 15 Jambi 36361, Tel./Fax. 0741-582965. A social and environmental impact assessment (SEIA) was done in 2011, led by Dr. Ir. Hj. Rosyani, Msi (certified EIA A, B expertise), along with members: Ir. Itang Ahmad Mahbub, MP (EIA A, Agriculture), Ir. Neliyati, Msi (EIA A, Agronomy), Ir. Armen Mara, Msi (Basic Training on EIA, Social-agriculture)

b. DPLH of Sukma Bersatu Cooperative

A DPLH was prepared in cooperation with the Centre of Environment Research of Jambi University, Campus of Pinang Masak, Research Institute of Jambi University Building, Jl. Raya Jambi-Muara Bulian, Mendalo Darat Km 15 Jambi 36361, Tel./Fax. 0741-582965. The SEIA was done in 2011, led by Dr. Ir. Hj. Rosyani, Msi (certified EIA A, B expertise), along with members: Ir. Neliyati, Msi (EIA A, Agronomy), Ir. Gindo Tampubolon, MS (EIA A, Land Studies). M. Amin, SKM, M.Kes (EIA A, Public Health).

Methods used in collecting and analysing data for the DPLH for PT Satya Kisma Usaha and Sukma Bersatu Cooperative were as follows:

- a. Reference studies for secondary data collecting
- b. Observations and field surveys
- c. Monitoring
- d. Laboratory analyses
- e. Public hearing and focus group discussion

The DPLH activities were carried out by an internal team from PT SMART Tbk in February 2013. The methods used in identifying the social impacts were:

- a. Collecting field data both directly and indirectly using lists of questions and direct interviews.
- b. Use of library studies or academic reports such as reports on corporate social responsibility programmes and community development, and other supporting official reports.

Results of identification of social impacts of PT Satya Kisma Usaha, compiled in February 2013, can be seen below:

No.	Social Impacts	Social Issues
1.	Employment	<ul style="list-style-type: none"> - Reduce unemployment in nearby areas. - Improve staff welfare
2.	Economy	<ul style="list-style-type: none"> - Optimise the use of land in increasing the community income - Develop economic potential of villagers - Develop village economy
3	Transportation Infrastructure	<ul style="list-style-type: none"> - Support easy access for people's activities and mobility
4	Religion	<ul style="list-style-type: none"> - Support religious activities
5	Social Affairs	<ul style="list-style-type: none"> - Fulfil and support people's social needs
6	Planting	<ul style="list-style-type: none"> - Planting procedures (technically) are slow
7	Evidence of Legal Ownership of Farmers' Land	<ul style="list-style-type: none"> - The Company has yet to transfer legal ownership of the plasma plantation to the
8	Labour	<ul style="list-style-type: none"> - Suspended process of converting BHL employees into full-time employees - Ineffective performance of employees/workers particularly dealing with land operational activities
9	Long-Term Plan	<ul style="list-style-type: none"> - Plans to improve security and safety in plasma areas which are close to one another

PT Satya Kisma Usaha, Muara Kilis Estate (KILE) and Muara Kilis Plasma (KILA) have a management plan and social impact monitoring which includes types of social impacts, identified causes of impacts, implementation of monitoring, schedule for monitoring (at least once a year), and team in charge of the programme. The social impacts consist of three essential points:

- 1) Any disruption of cooperation between KILA and plasma farmers
- 2) Employment absorption
- 3) Good cooperation with KILA plasma farmers.

SUMMARY OF HCV ASSESSMENT

A High Conservation Value (HCV) assessment of PT Satya Kisma Usaha was done in November 2010. It covered KILE (2,995 ha) and KILA (2,945 ha), in Sungai Keruh Village, Sub-District of Central Tebo, and Muara Kilis Village, Sub-District of Tengah Ilir, District of Tebo, Province of Jambi. The assessment was conducted by RSPO-approved HCV assessors, from the Environment Department of PT SMART Tbk, and reviewed by independent consultant Resit Sozer in December 2012.

A public consultation regarding the SIA and HCV reports was conducted on 19 December 2012 at Mess Management SBNE, District of Tebo, attended by government officials, Danramil military office, Secretary of the Sub-District Office, Precinct Police Chief, Private party, Head of Cooperative, and elders of the local community.

The HCV identification method followed the “Guidance to Identification of High Conservation Value Areas in Indonesia” (2008) and the Principles and Criteria of RSPO and Interpretation of National Principles and Criteria of RSPO, providing identification documents and analyses of the existence of HCV in the concession area, and HCV management and monitoring plans. Availability of both primary and secondary information.

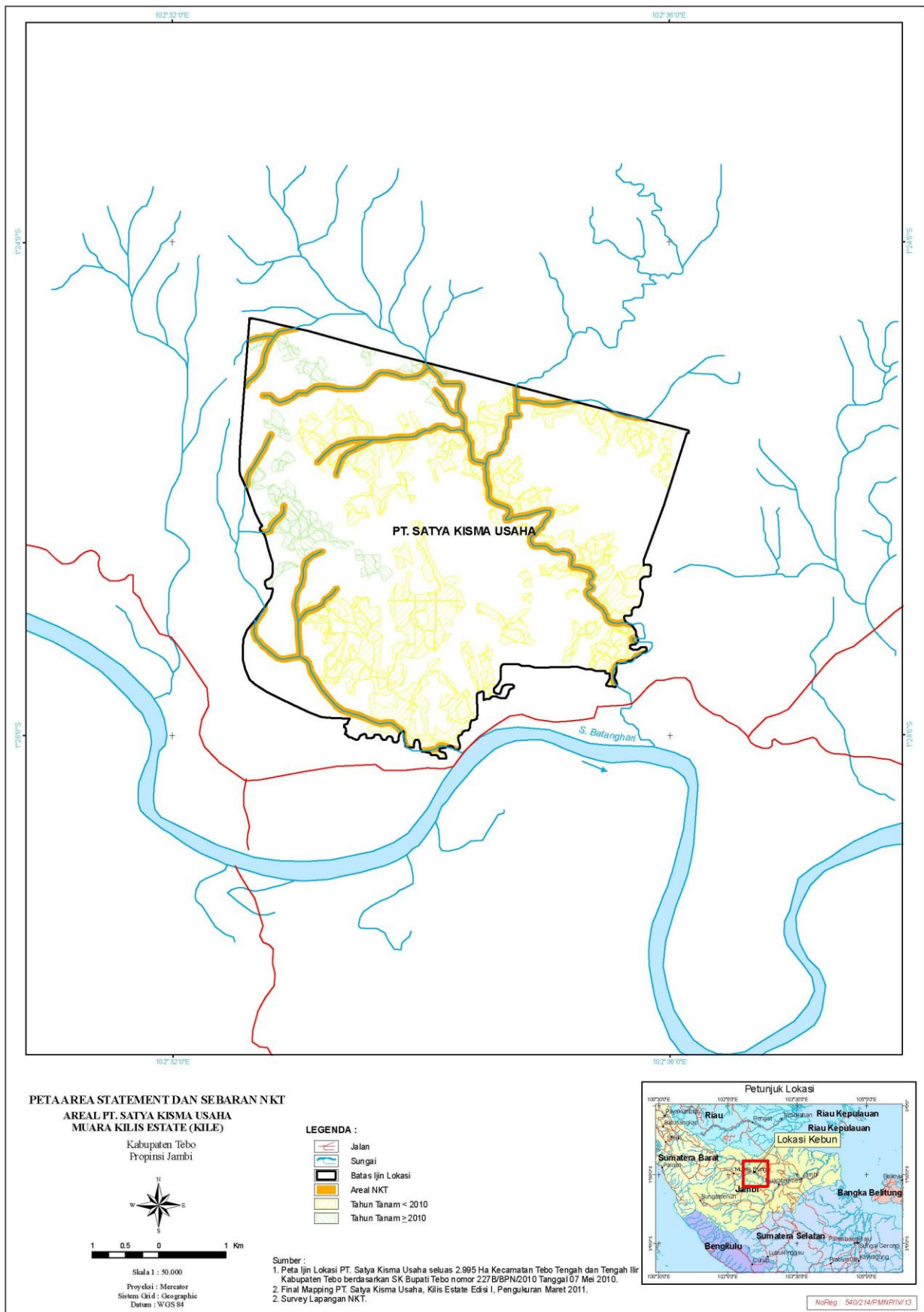
The physical condition of the field in the HCV document based on Schmidt & Fergusson Climate type is Type A (Q = 0.108). Slopes range from 0-30 degrees with dominant undulating to hilly conditions. Most soil types are hapludults. Hydrology included the Batang Hari River watershed with six rivers in the area of coverage of PT Satya Kisma Usaha (KILE and KILA). No peat was identified in the concession area.

Four HCV types were identified in PT Satya Kisma Usaha, namely HCV 1.1, HCV 1.2, HCV 4.1 and HCV 6, with a total area of 260.14 ha for KILE and 317.35 ha for KILA.

HCV	KILE (ha)	KILA (ha)
HCV 1.1. Area with highly varied plants Identified as watershed of rivers, i.e. Kilis Besar, Kilis Kecil, Selingur, Inoman, Ibul, and Buluh rivers.	257.14	317.35
HCV 1.2. Almost extinct species and sub-species. Identified one species of flora, five species of mammals and one species of bird which are listed in PP No.7 Year 1999, ICUN Red List and CITES, in KILE and KILA.	-	-
HCV 4.1 Area providing natural environmental services	257.14	317.35

Identified riparian eco-system, i.e. watershed of rivers as water supply and flood control; watershed of rivers, namely Kilis Besar, Kilis Kecil, Selingur, Inoman, Ibul, and Buluh rivers.		
HCV 6. Area of important cultural entities Sacred forest of 3 ha in KILE, and sacred cemeteries (i.e. Lubuk Semabau Cemetery and public cemetery) in KILA.	3,00	0.501
Total	260.14	317.851

Figure 3. Identification of HCV and Project Plan Area of PT Setya Kisma Usaha



DOCUMENTATION OF FREE, PRIOR AND INFORMED CONSENT

Documentation is available that is relevant to free, prior and informed consent (FPIC).

The status of land in the primary estate, KILE, does not involve compensation because it is state-owned and there is no cultivation or farming on it. State ownership is confirmed by the following:

1. Location permit issued by local administration (Head of District) in 2011
2. Activities of kadesteral by BPN which was conducted on 24 June 2011.
3. Claim that the state land is APL (land for other use) from the Forestry Department of Jambi Province dated 29 June 2012.
4. Village Statement Letter (Surat Keterangan Desa) dated 20 March 2013, from the heads of Muara Kilis and Sungai Keruh villages, declaring that the area of 1.364 ha is state land, not customary land, and not under the ownership/cultivation of local residents.
5. Village Statement Letter (Surat Keterangan Desa) dated 20 March 2013, from the heads of Muara Kilis and Sungai Keruh villages with area of 1.364 ha, declaring that the area of 14.21 ha is state land, not customary land, and not under the ownership/cultivation of local residents. The letter is signed by the village heads, heads of BPD Muara Kilis Village and Sungai Keruh Village, and sub-district heads of Central Tebo and Tebo.

For KILA, the land is community land and the Company is conducting a programme to introduce villagers to the plasma programme whereby they will supply fruit to PKS PT Satya Kisma Usaha.

SUMMARY OF PLAN

PT Satya Kisma Usaha has in place an HCV Management and Monitoring Plan for the first five years (2010-2015) of operations for KILE and KILA. The plan includes schedules of implementation, official team in charge, and operational activities according to the RSPO Principles and Criteria for New Plantings.

There is also an Environmental Management Plan detailing scheduled monitoring of the environmental impact of the mill and plantation.

In addition, the Company has a Social Impact Management and Monitoring Plan which was prepared in February 2013. It details the types of social impact, causes, proposed management, schedule for management/assessment of social impact (at least once a year), and the official team in charge of assessing social impact.

These three documents guide PT Satya Kisma Usaha in managing its environmental and social impacts according to the RSPO Principles and Criteria for New Plantings.

VERIFICATION STATEMENT

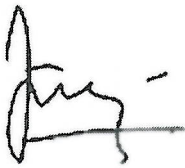
PT Satya Kisma Usaha consisting of Muara Kilis Estate (KILE) and Muara Kilis Plasma (KILA) has decided on a document audit. Three certified auditors from Mutuagung Lestari have analysed the relevant documents. The audit was conducted at the head office of Sinarmas in Jakarta, on 15 April 2013. During the audit, interviews were conducted with management representatives of PT Satya Kisma Usaha, namely the Head of Division for Sustainability, Conservation and Biodiversity, certification officers, and Legal and Monitoring officers.

The EIA was conducted in cooperation with the Centre of Environmental Research of the Research Institute of Jambi University. The SIA was conducted by an internal team from PT SMART Tbk. The HCV assessment was done by RSPO-approved HCV assessors from the Environment Department of PT SMART Tbk in November 2010.

PT Satya Kisma Usaha has applied the RSPO New Planting Procedure and documentation of assessment and planning has been done comprehensively and professionally in accordance with RSPO requirements and RSPO Principles and Criteria for New Plantings. This is part of an ongoing planting and this report is meant for notification only.

Signed on behalf of

MUTUAGUNG LESTARI



Taufik Margani
Lead Auditor
13 May 2013

PT SATYA KISMA USAHA



Dr Haskarlianus Pasang
Division Head of Sustainability
13 May 2013