

Summary Report of SEIA and HCV Assessment of PT Aditunggal Mahajaya Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province

Executive Summary

PT Aditunggal Mahajaya (PT ATM) is located in Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province. The business activities of PT ATM are based on Land Permit issued by the District Head of Seruyan under Decree No. 183 of 2005 dated 10 December 2005 covering a total area of $\pm 10,000$ ha and palm oil mill capacity of 60 tonnes FFB/Hour. The license was extended in 2007 by the Decree of the District Head of Seruyan No. 183 dated 11 June 2006 for a total area of $\pm 5,500$ ha.

PT ATM is acknowledged as environmentally feasible by the issuance of the Decree of the Governor of Central Kalimantan No. 188.44/381/2007 for its oil palm plantation with a total area of 10,000 ha and processing mill with the capacity of 60 tonnes FFB/hour situated in Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province.

In order to collect data on the social, economic and cultural aspects of the villages around the estates/palm oil mill of PT ATM, a social impact assessment (SIA) was carried out. An indirect collection system was used to gather secondary data by conducting a literature review of the Environmental Impact Assessment (EIA) documentation, High Conservation Value (HCV) Identification reports as well as analysis of supporting data from government sources such as local government websites.

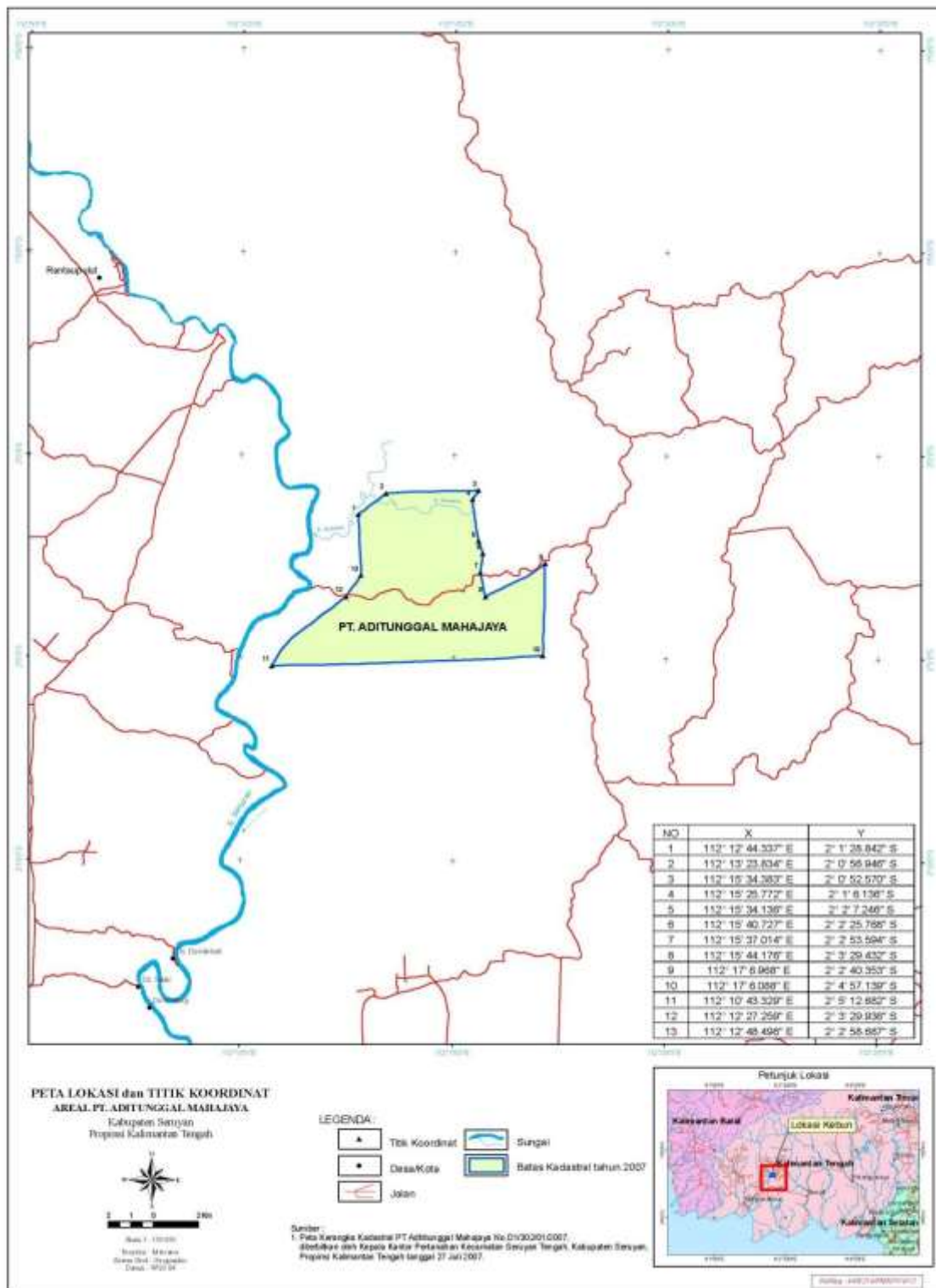
The Management Unit (*Unit Pengelola-UP*) of PT ATM has identified HCV in the concession area. The objectives of HCV identification are: (1) to identify HCV areas in or near the concession area that are of social, cultural, and/or ecological significance, (2) to formulate the management direction and monitoring of HCV so as to preserve and/or enhance of those values. Identification, management and monitoring of HCV and HCV areas are important in managing PT ATM's operations, as well as part of preparation to obtain Roundtable Sustainable Palm Oil (RSPO) certification. Six HCVs, have been identified in PT ATM's concession, namely HCV 1.1, HCV 1.3, HCV 1.4, HCV 2.3, HCV 4.1 and HCV 4.2, occupying a total area of 465.1 ha.

Scope of SEIA and HCV Assessment

- Company : PT Aditunggal Mahajaya
- Location : Ayawan and Sukamandang Village, Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province
- Geographical Location : (112°10'43" - 112°17'8" E) and (2°0'56.946" - 2°5'12.682" S)
- Surrounding Area
 - a. North : Forest Thicket and Community Land
 - b. East : Palm Oil Plantation
 - c. West : Forest Thicket
 - d. South : Palm Oil Plantation
- Permits
 - a. Land Permit: District Head of Seruyan's decree No. 183 of 2005 dated 10 December 2005 for a total area of ± 10,000 ha.
 - b. Extension of Land Permit: District Head of Seruyan's decree No. 183 of 2007 dated 11 June 2007 for a total area of ± 5,500 ha.
 - c. The Plantation Business License for Cultivation / IUP-B: District Head of Seruyan's Decree No. 525/197/EK/2007 dated 28 May 2007 for a total area of 9,735 ha.
 - d. Land Use Title (HGU): In process.
- Site Map: Figure 1

Note: Maps with higher resolution have been attached in appendix 1.

Figure 1. Location Map of PT Aditunggal Mahajaya in Seruyan District



Assessment Process and Procedures

a. SEI Assessment

The EIA was prepared by a consultant and has been accredited by the Environmental Research Center (PPLH) of Tanjungpura University Pontianak. The EIA document has also been approved by the Governor of Central Kalimantan by Decree No. 188.44/381/2007 dated 24 September 2007 regarding Environmental Feasibility of

Palm Oil Plantation and Processing Plant Activities in Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province. . In addition to the EIA documents, the Company through an internal team of PT SMART Tbk led by Mr. Yosaphat Ardhilla Renato (an RSPO-acknowledged social impact management specialist) compiled its SIA documents in February 2013. Below are the resumes of the SIA team:

SIA Team Leader:

Yosaphat Ardhilla Renato S. Ant.

Currently working in PT SMART as a Corporate Social Responsibility (CSR) Officer specialising in social and cultural anthropology, he received a bachelor's degree in Anthropology from the Anthropology Study Programmeme of the University of Gadjah Mada (UGM) in 2010. He is also a member of the HCV Resources Network and an RSPO approved HCV Assessors specialist in participatory rural assessment, socioeconomic or cultural studies, participatory mapping and conflict resolution.

Team Member:

Laurentius Vita Baskara S. Sos.

A CSR staff specialising in social development and welfare, he obtained a bachelor's degree in Social Studies from the Faculty of Social and Political Studies at UGM in 2010. He has performed several social impact assessments for plantations and mills managed by PT SMART. He is also trained in the fields of Free, Prior, Informed Consent (FPIC) and social mapping.

Veranita Mei Pratiwi S. Ant.

A CSR staff specialising in social and cultural anthropology, she obtained a bachelor's degree in Anthropology from the Cultural Anthropology Study Programmeme of UGM in 2010. She is involved in several SIAs for PT SMART's plantations and mills.

Suma Nugraha, S.E.

A CSR staff specialising in socio-economics and politics, he earned a bachelor's degree in Economics from Bogor Agricultural University (IPB) in 2008. He previously worked as a supervisor in the World Bank Survey Project and Bravo Media Centre where he was assigned as a special staff for Vice President of Republic Indonesia. He has also worked as a supervisor in media relations and monitoring at PT FOX Indonesia Political and Strategic Consulting. He has been involved in social data collection and social impact management and monitoring at several of PT SMART's plantations and mills.

Widodo C Yuwono

Currently the Social Impact Assessment & Grievance Section Head at PT SMART, he previously pioneered CSR activities as the CSR Section Head. He obtained his bachelor's degree from Institut Keguruan Ilmu Pendidikan

Assessment Methods

a. SIA Assessment

To obtain data on the social, economic and cultural conditions in the villages around the plantation / palm oil mill of PT ATM, an indirect collection system was used. The data were collected by reviewing literature like the EIA study, HCV Assessment report, and supporting literature from official sources.

The primary data were collecting through the literature study, containing items already gathered and able to represent the data required. Secondary data were also collected from local maps and the records of PT ATM's CSR activities. Based on the literature, the data were analysed according to the relevant RSPO principles.

b. HCV Assessment

The identification of HCV was conducted by the Research Center for Bioresources and Biotechnology of the Institute of Research and Community Services, IPB. The team consisted of:

1. Dr. Ir. Machmud Thohari DEA, as Team Leader.

A lecturer in the Postgraduate Programme and a Researcher in the Department of Forest Resource Conservation and Ecotourism of the Faculty of Forestry, Bogor Agricultural Institute, he is the Chairman of R&D for Indonesia Bird Conservationist and Vice Chairman of Indonesia Palm Oil Society (MAKSI). His various

research areas have included biodiversity, development of forestry and the environment, SEIAs, national parks and forest conservation, and studies for the Ministry of the Environment, State Ministry of Research and Technology, Agricultural Department, and Animal Rescue Centre. He is in charge of preparing the HCVA documentation.

2. Dr. Ir. Harnios Arief, MScF, Expert in Fauna (Wildlife Ecology).

A lecturer in the Department of Forest Resource Conservation and Ecotourism of the Faculty of Forestry, Bogor Agricultural Institute, he is also Head of Forest Conservation Management. He has done various studies on Initial Environmental Examination, Preparation of Area Spatial Planning, SEIAs, Preparation of Certification System and Ecolabel Certification Assessment in various forest management units in Sumatra, Java, Kalimantan, Sulawesi, Maluku and Papua. He has been registered as an RSPO-approved HCV assessor since 2010.

3. Ir. Rachmad Hermawan, MSc. Expert in Environment Services.

A lecturer in the Department of Forest Resource Conservation and Ecotourism of the Faculty of Forestry, Bogor Agricultural Institute, he is actively involved in various HCV studies. These include High Conservation Value Forest studies at PT Sumalindo Lestari Jaya II Site Batu Putih, Berau East Kalimantan; Pontianai Block PT RAPP, Riau; PT Andalas Lestari Permai, West Sumatra; and Rupert Island Bengkalis District, Riau. He has been registered as an RSPO-approved HCV assessor since 2010.

4. Sad Hasto Agus S, S.Hut. Expert in Flora.

Currently an independent consultant in the field of biodiversity, ecology and biology, SEIA, environmental audit in ecology, assessment of sustainable forest management and HCV constituent for palm oil plantation, he was previously active in Biodiversity Conservation Indonesia from 1994 to 1998. He has a bachelor's degree in Forest Resource Conservation from the Faculty of Forestry, Bogor Agricultural Institute.

5. Mulyadi Kamad, S.Hut. Expert in Social, Economy and Cultural.

Executive Director of Biodiversity Conservation Indonesia and a member of the Committee on Environmental Care in Bogor District, he has been involved in HCVA identification, Assessment of Sustainable Forest Management Certification, environmental education, and community empowerment. He was previously a lecturer in Ecotourism at the Department of Forest Resource Conservation and Ecotourism of the Faculty of Forestry, Bogor Agricultural Institute. He has a bachelor's degree from the Faculty of Forestry of Bogor Agricultural Institute.

6. Kasuma Wijaya, S.Hut. Expert in Mapping and GIS.

Permanent Assistant in the Project for the Support of Forest Resources Management through Leveraging Satellite Image Information – Alos PALSAR, JICA and Faculty of Forestry, Bogor Agricultural Institute. He has a bachelor's degree in Forest Management Study from the Faculty of Forestry of Bogor Agricultural Institute.

The HCV Assessment Phases

The preparation phase was made by the collection of secondary data and analysis of satellite images to determine the locations potentially having HCV and that would be observed in the field survey. The field data was collected in June 2010 by coordination between the Study Team and Management Unit of PT ATM. A public consultation was held with stakeholders on 5 June 2010 in SD C-III Sukamandang, Sukamandang, Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan.

Summary of Assessment Findings

a. SEIA Assessment

The conclusions of the SIA were as follows:

1. The existence of PT ATM has had a positive impact on social conditions in communities around its concession.
2. The positive social impact generated by PT ATM is in the form of improved economic conditions and community welfare, and contribution to regional development. Economic improvement has in turn raised

living standards and increased money circulation, thus providing considerable opportunities for regional development.

3. Acquisition and land compensation have been accomplished through prior notification and mutual agreement between the company and members of the community who received compensation. The compensation process is in line with existing procedures of PT ATM.
4. The company has implemented Occupational Health and Safety (OHS) policies, which have had a positive impact on its employees who benefit from work safety insurance.
5. The negative impacts found by the SIA are the community's attitude and perception, social anxiety and jealousy related to the land clearing and local labour quota; another negative impact is the community's health, which has frequently suffered because of water quality degradation, air-borne diseases caused by air pollution and overall poor environmental sanitation.

The Social Impact of PT Aditunggal Mahajaya

No.	Social Impact	Social Issues
1.	Community's Attitude and Perception	The involvement of government, public officials and traditional institutions in every land acquisition and pre-construction phase activity.
		Land acquisition activity potentially generates unrest or polemic when there is no agreement on land acquisition price.
		Clarity of plasma programmeme as well as the planned CSR programmeme
2.	Social Anxiety	Local manpower quota should be taken into account and adjusted to the company's labour requirements.
		Land acquisition activity potentially generates unrest or polemic when it is not in accordance with proper procedures and with the price previously agreed, or when the wrong person is compensated.
3.	Job Vacancy and business opportunity	Increase in community income compared to before the construction of the company's infrastructure. Through the company's operational activities, members of the community earn a steady ncome.
		Provision of supporting facilities supports employees' quality of life.
		The company works with selected contractors in accordance with normal workload.
		The company meets its obligations in looking after employee welfare, improving employee competency, and protecting workers' rights through the implementation of OHS.
		The emergence of shops selling everyday necessities is driven by growing economic activity in the community.
4.	Social Jealousy	Difference in number of local and migrant workers.
5.	Quality of Community Health	The waste resulting from the company's operations is re-used in a responsible manner to support the company's operations, and waste categorised as hazardous (B3) is managed in collaboration with a third party.
		Poor environmental sanitation in the community, causes many endemic diseases. The company may perform community outreach on good environmental sanitation. The company through health, safety and environment management is expected to be able to control the

		spread of disease internally, and to prevent epidemics by coordinating with the local health authorities.
		FFB delivery to the palm oil mill frequently generates dust and air pollution. The company has a programme to minimise pollution that may cause respiratory disease.
6.	Increase in Community Welfare and Contribution to Regional Development	In every aspect of its operations, the company does it best to comply with relevant law and regulations, including paying tax.
		The number of graduates of higher education is steadily increasing in the study area. The higher level of education in the local community demonstrates the company's contribution to the community.
		Villagers living in the vicinity of the company's operations receive various kinds of social and cultural support from the company.

General Recommendations from the SIA

1. Community's Attitude and Perception

Based on the socialisation during the investment stage, PT ATM will run its operations in accordance with the EIA documents. The company has applied free, prior, informed consent (FPIC) procedures and methods to the land acquisition as well as compensation. The socialisation and FPIC processes help PT ATM to clarify and promote the investment climate for its oil palm plantation business.

Zoning as the initial step towards land compensation is important and useful in dealing with problems that may occur in the future regarding land that has been acquired by the company. This is in accordance with PT ATM's procedures relating to land compensation. In addition, the company is required to confirm and explain the progress of its plasma scheme. This is crucial when the company is working on its CSR programmes, as implementation of the plasma scheme will reduce social unrest and potential conflict.

2. Social Anxiety

PT ATM needs to conduct socialisation regarding its manpower needs in keeping with the quota for hiring labourers and types of workers currently needed, and to provide the local government or local village authorities with up-to-date data. Proactive communication with stakeholders, conducting initial socialisation on land acquisition to the relevant stakeholders and using local labourers constitute important priorities and are perceived as a cost effective method in that the Company does not need to bring in workers from outside the region.

3. Employment and Business Opportunities

Efforts towards economic development for the community are made through several actions as follows: providing information regarding manpower needs to the local government in accordance with the requirements and qualifications established by the company, setting up employee salaries in accordance with or above the standard minimum wages, implementing community development programmes through local partnerships and purchasing of local commodities, implementing OHS policies, providing training to employees in order to improve their competence. In addition to internal programmes, PT ATM carries out activities under the plasma scheme that have the potential to improve the economy of the community and farmers involved in the programme.

4. Social Jealousy

PT ATM needs to conduct socialisation concerning its manpower needs in accordance with the quota of workforce and types of workers currently needed, and to provide the local government or local village authorities with up-to-date data. The company needs to conduct entrepreneurship training for the communities so that people do not rely on just one means of livelihood. This can be done in collaboration with the relevant agencies so that the training programme can be implemented by competent parties in the

field of entrepreneurship.

5. Community Health.

Proactive communication with stakeholders around the study area is needed for environmental and health management. The company needs to conduct socialisation and perform strict supervision of contractors in order to achieve environmental management in its operations, implement best practices in the management of oil palm waste and hazardous waste and report on social and environmental impact monitoring to the relevant agencies. This represents a series of efforts to manage significant negative impacts, specifically on public health.

6. Community Welfare and Regional Development.

Synergy between this management programme and long-term CSR programmes can be established and the supporting components included in a strategic plan. Efforts that should make the list in the strategic planning include improved educational efforts such as extending scholarship programmes to children who excel in school, and providing support for a number of traditional ceremonies held by the local communities.

The company's compliance in paying taxes has indirectly assisted or contributed to regional development. Public consultation on the management of social impacts that PT ATM has on the communities was held on 17 April 2013 at the home of every Village Head. Attendees included the Village Heads, community representatives and representatives of the management of PT ATM.

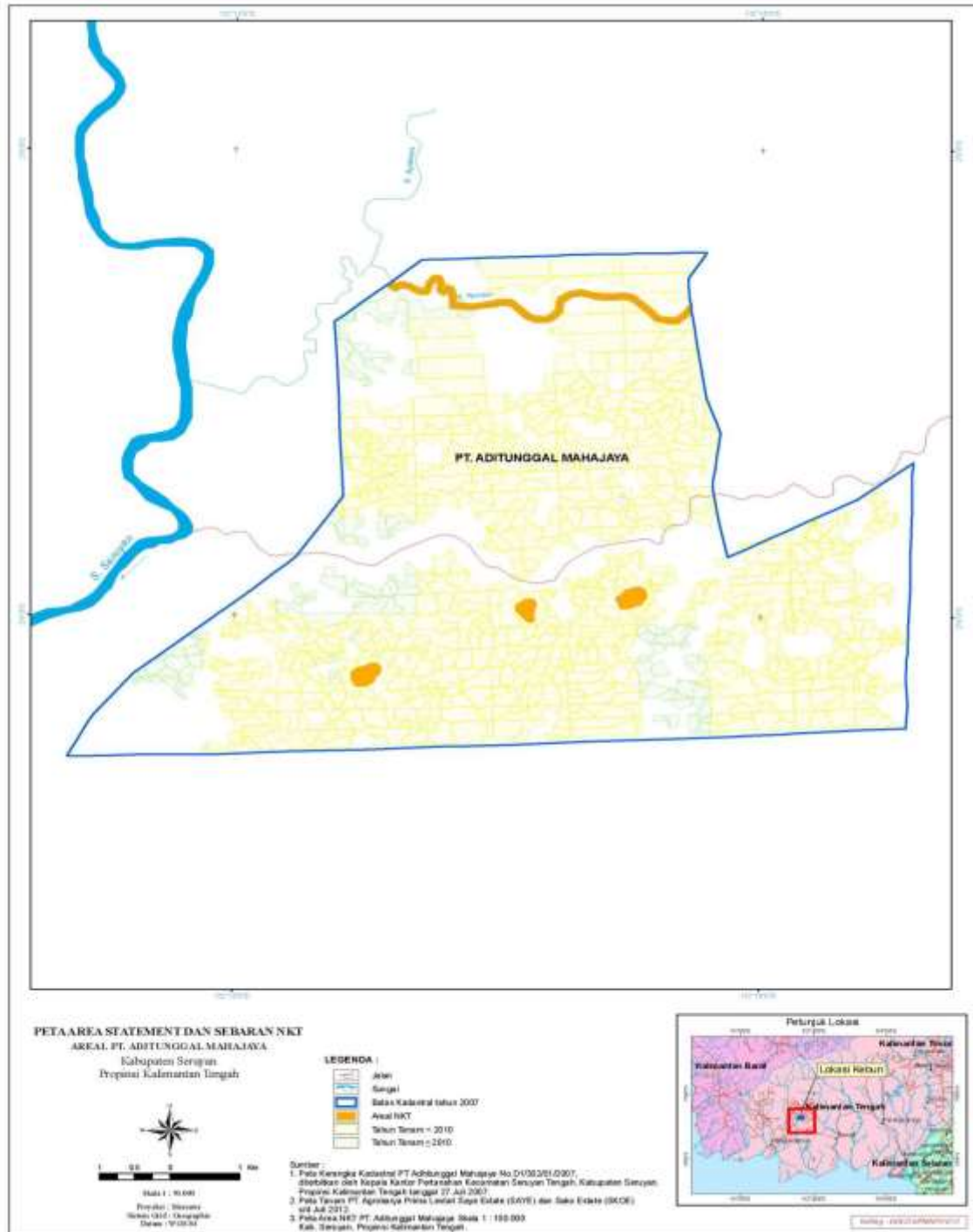
b. HCV Assessments

Six HCV have been identified in PT ATM's concession area, namely HCV 1.1, HCV 1.3, HCV 1.4, HCV 2.3, HCV 4.1 and HCV 4.2. Each is described below:

1. HCV 1.1 (areas that support biodiversity for protection and/or conservation) consisting of: a) the Pemail and Ayawan riparian zone covering 61.6 ha; b) A steep sloped area of >40% gradient serving as erosion and sedimentation control located on Pantau, Narudo and Aduhai Hills occupying 30.8 ha, c) springs covering 155.0 ha, d) Secondary forest in terms of *enclave* area that is still in form of a forest area covering 217,7 ha.
2. HCV 1.3 (an area constituting the habitat for a population of threatened species with limited or protected distribution that is able to survive) found in the Pemail and Ayawan riparian zone (each overlapping with the area of HCV 1.1). Flora species found are: ironwood/Ulin (*Eusideroxylon zwageri*), Jelutung (*Dyera costulata*), bird durio (*Durio carenatus*), Tengawang (*Shorea* sp.), Agarwood/Gaharu (*Aquilaria malacensis*) and Light Red Meranti (*Shorea leprosula*). Fauna species are Maroon Langur (*Presbytis rubicunda*), Müller's Bornean gibbon (*Hylobates muelleri*), Large Flying Fox (*Pteropus vampyrus*), Brahminy Kite (*Haliastur indus*), Besra (*Accipiter virgatus*), Black Hornbill (*Anthracoceros malayanus*) and Rhinoceros Hornbill (*Buceros rhinoceros*).
3. HCV 1.4 (an area constituting temporary habitat for a species or group of species) is found in the Pemail and Ayawan riparian zone. Fauna species found are Maroon Langur (*Presbytis rubicunda*), Müller's Bornean gibbon (*Hylobates muelleri*), Large Flying Fox (*Pteropus vampyrus*), Brahminy Kite (*Haliastur indus*), Besra (*Accipiter virgatus*), Black Hornbill (*Anthracoceros malayanus*) and Rhinoceros Hornbill (*Buceros rhinoceros*).
4. HCV 2.3 (an area home to surviving native species) is found in the Pemail and Ayawan riparian zone (each overlapping with the areas of HCV 1.1, 1.3 and 1.4). The population of representative predator bird species using this place for nesting, resting and/or foraging consists of: Brahminy Kite (*Haliastur indus*), Besra (*Accipiter virgatus*), Blyth's Hawk Eagle (*Spizaetus alboniger*), Black winged-Kite (*Elanus caeruleus*), Grey-headed Fish Eagle (*Ichthyophaga ichthyaetus*), Crested Goshawk (*Accipiter trivirgatus*). There are also reptile species present, namely Cobra (*Naja* sp.).
5. HCV 4.1 (an area that is important as a water supply and flood control for the downstream community) is found at: a) the Pemail and Ayawan riparian zone (each overlapping with areas of HCV 1.1, 1.3, 1.4, and 2.3), b) secondary forest in terms of the *enclave* area that still in form of forest (overlapping with the area of HCV 1.1).
6. HCV 4.2 (areas important for controlling erosion and sedimentation) are found in the steep sloped areas of >40% gradient, at Pantau Hill, Narudo Hill, and Aduhai Hill.

A public consultation on the HCV identification was held on 5 July 2010 in SD C-III Sukamandang, Sukamandang Village, Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province. It was attended by 48 participants consisting of representatives of PT ATM (Regional Controller, Estate Manager, and staff) and representatives of stakeholders consisting of village heads, village secretaries, public officials and the Sub-District head.

Figure 2 : Map of HCV Area and Project Plan Area of PT Aditunggal Mahajaya



Note: Maps with higher resolution have been attached in appendix 1.

Internal responsibility

We hereby sign off on the above Summary Report of SEIA and HCV, 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 Aditunggal Mahajaya**,

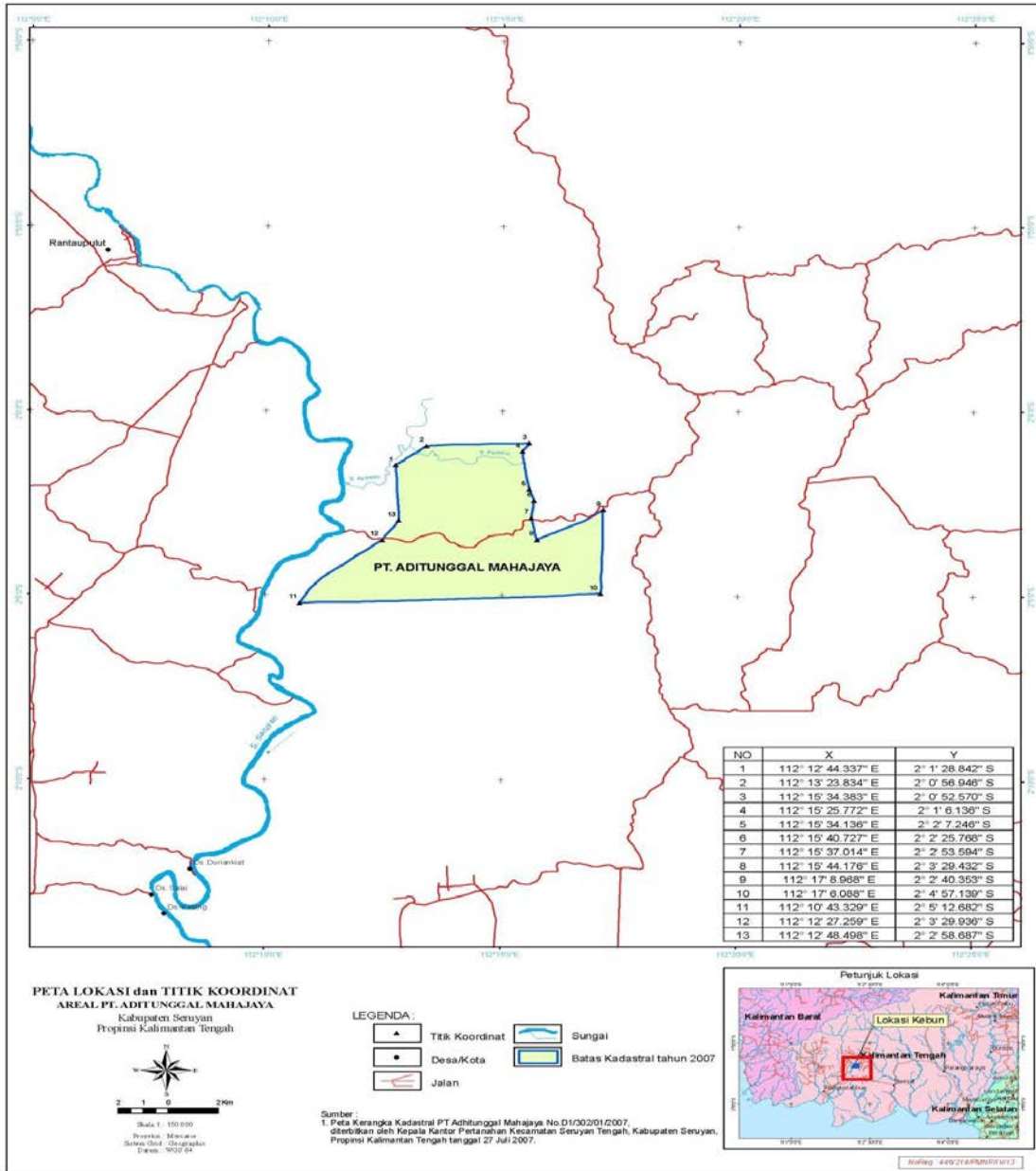
A handwritten signature in blue ink, consisting of several loops and a vertical stroke, positioned above the name of the signatory.

Dr. Haskarlianus Pasang

Head of Sustainability Division

Date: May 10th, 2013

Figure 1: Location Map of PT Aditunggal Mahajaya in Seruyan District
 (Page 3 – Summary Report of SEIA and HCV Assessments PT Aditunggal Mahajaya)



**Figure 2: Map of HCV Area and Project Plan of PT. Aditunggal Mahajaya
(Page 9 – Summary Report of SEIA and HCV Assessments PT Aditunggal Mahajaya)**

