

**Summary Report of SEIA and HCV Assessment of PT Buana Adhitama
Sub-Districts of Mentaya Hulu and Antang Kalang,
Kotawaringin Timur District, Central Kalimantan Province.**

Executive Summary

PT Buana Adhitama (PT BAT) is located in The Sub-Districts of Mentaya Hulu and Antang Kalang, Kotawaringin Timur District, Central Kalimantan Province. The business activities of PT BAT are based on the land permit from the Head of Kotawaringin Timur District under Decree no.854.460.42 of 2004 dated 30 December 2004 for a total plantation area of ± 14,300 ha and processing mill with capacity of 60 tonnes FFB/hour. On 2008 the permit was extended based on an approval letter from Kotawaringin Timur National Land Agency decree number 169.460.42 dated 18 March 2008.

PT BAT is acknowledged as environmentally feasible with the issuance of Decree of the Governor of Central Kalimantan No. 188.44/387/2007 for its oil palm plantation with a total area of 14,300 ha and processing mill with capacity of 60 tonnes FFB/hour situated in Seruyan Tengah Sub-District, Seruyan District, Central Kalimantan Province. PT BAT also received a Plantation Business Permit for ± 14,300 ha from the Head of Kotawaringin Timur District under the Decree of the Kotawaringin Timur District Head No. 525.26/210/III/EKBANG/2007 dated 6 March 2007.

PT BAT possesses a Social Impact Assessment (SIA). In order to collect data on the social, economic and cultural conditions of the villages around the estates or processing mill of PT BAT, an indirect collection system was employed. This involved conducting a literature review of the Environmental Impact Assessment (EIA) documentation and High Conservation Value (HCV) Identification reports as well as analysis of the supporting data collected from government sources such as local government websites.

The Management Unit (*Unit Pengelola*—UP) of PT BAT has identified HCV in its concession area. The exercise concluded that there is no primary forest in PT BAT's concession but identified eight HCV areas: HCV 1.1, HCV 1.2, HCV 1.3, HCV 2.3, HCV 4.1, HCV 4.2, HCV 5 and HCV 6. In addition, the smallholder plantation areas totalling 481.30 ha contain the following four HCV: HCV 1.1, HCV 1.2, HCV 2.3 and HCV 4.1. The total HCV areas consist of 1.323,22 ha.

Reference

Scope of SEIA and HCV Assessment

- Company : PT Buana Adhitama
- Location : The villages of Bawan, Tumbang Tilap, Tanjung Jarangau, and Tukang Langi, Rantau Kantang, Dampang, Tumbang Mangkup, Rantau Tampang, Luwuk Kuan, Tumbang Bajanei, and Tumbang Boloi, Sub-Districts of Mentaya Hulu, Tumbang Sangai and Antang Kalang, Kotawaringin Timur District, Central Kalimantan Province.
- Geographical Location : 112° 26'38.072" - 112° 34'32.690 E dan 1°40'23.159" – 1°56'49.578"
- Surrounding Area
 - a. North : Transmigration area, concession forest of PT Berkat Cahaya Timber, palm oil plantation of PT Unggul Lestari and Kuayan River
 - b. East : Local community land, Mentaya River, palm oil plantation of PT Karya

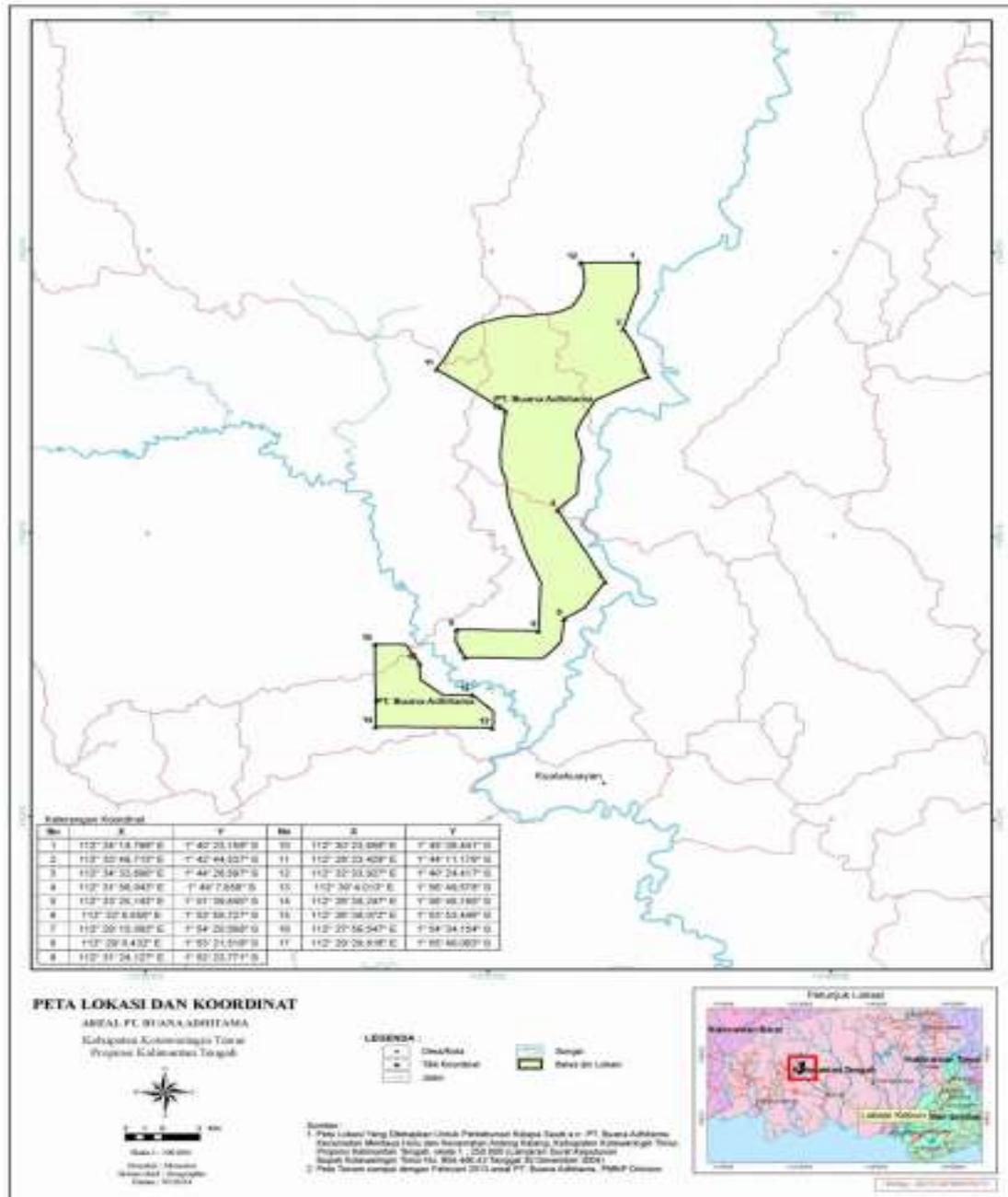
- Makmur Bahagia, PT Tunas Agro Sumberkencana,
PT Katingan Indah Utama and Kuayan River.
- c. West : Concession forest of PT Berkat Cahaya Timber, palm oil plantation of PT Agro Wana Lestari and PT Agro Sebuluh and Kuayan River.
- d. South : Local community land, Mentaya and Kuayan River, palm oil plantation of PT Harita, PT Katingan Indah Utama and PT Karya Makmur Abadi.

- Permits

- a. Land permit from the Head of Kotawaringin Timur District under Decree of the Kotawaringin Timur District Head 854.460.42 of 2004 dated 30 December 2004 for a total plantation area of \pm 14,300 ha.
- b. Land permit extension from Kotawaringin Timur National Land Agency Decree number 169.460.42 dated 18 March 2008.
- c. Plantation Business License (Izin Usah Perkebunan-IUP): Decree of the District Head of Kotawaringin Timur No. 525.26/210/III/EKBANG/2007 dated 6 March 2007 for a total area of 14.300 Ha.
- d. Land Use Title (HGU): In process.

- Site Map: Figure 1

Figure 1 : Map location of PT Buana Adhitama in Kotawaringin Timur District



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

Assessment Process and Procedures

a. SEIA

The EIA documents had been approved by the Governor of Central Kalimantan through the issuance of Decree of the Governor of Central Kalimantan No. 188.44/378/2007 dated 24 September 2007 regarding Environmental Feasibility for the Activities in the Oil Palm Plantation and Palm Oil Processing Mill of PT BAT in Central Seruyan Sub-District, Seruyan District, Central Kalimantan Province. PT BAT also received a Plantation Business Permit for ± 14,300 ha from the Head of Kotawaringin Timur District under Decree of the Kotawaringin Timur District Head No. 525.26/210/III/EKBANG/2007 dated 6 March 2007. 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 Method

a. SIA

The methodology used to identify social, economic and cultural conditions in the villages located in the vicinity of PT BAT's estates and mill included: a social survey with questionnaire, in-depth interviews and focus group

discussions. Secondary data was collected through a literature review of references like the EIA study, HCV Assessment report and official data sources.

Primary data was collected through field visits using several methods as mentioned above, with the literature review considered as a satisfactory source of secondary data. The other source of secondary data was records of the company's CSR programme and local maps. Data were analysed according to relevant RSPO principles.

b. HCV Assessment

The HCV assessment was conducted by a team from the forestry faculty of IPB comprising:

Team Leader

Ir. H. Nyoto Santoso, MS

The Leader of HCV Team from IPB's Forestry Faculty, he obtained his master's degree from the Natural Resources and Environment Management Study Programme of IPB in 1992. He is an expert in biodiversity management and conservation. Since 1987 he has specialised in EIA, mangrove ecosystem management, inventory of flora and fauna of mangrove ecosystems, peat land, tropical rainforest and biodiversity management planning for the plantation industry, and management planning for forest conservation.

Team Members

Ir. Siswoyo, MSi

One of the HCV Team members from the Forestry Faculty of IPB, he obtained his Master of Science from the Forest Management Science Study Programme of IPB in 1999. Since 2000, he has specialised in flora ecology. He teaches conservation of biological resources, conservation of medicinal plants, ethnobiology and ex-situ biodiversity conservation at the IPB Forestry Faculty.

Dadan Mulyana, S.Hut, M.Si

A member of the HCV Team from the IPB Forestry Faculty, he specialises in environmental services. He obtained his bachelor's degree from the Forestry Faculty of IPB in 1998, and is now on the teaching staff of IPB's Silviculture Department, teaching on the impact of forests, forest ecology and management of forest nutrients.

Ahmad Faisal Siregar, S. Hut

Involved in social studies since 1997, his area of expertise is social and cultural. He gained his bachelor's degree in Forestry at IPB in 1998. He continued with post-graduate studies at IPB, specialising in Tropical Biodiversity Conservation. In addition, he is the current Executive Director of Research and Development at the Institute of Mangrove Indonesia.

M. Sayidina Ali, AMd

A member of the HCV Team from the Forestry Faculty of IPB, his area of expertise is geographical information systems. He obtained his diploma from the Ecotourism study programme at the Natural Resource and Ecotourism Conservation Department of the Forestry Faculty of IPB in 2007. He has been involved in HCV studies as a GIS specialist since 2006. He is currently undertaking a bachelor's degree from the Forestry Faculty of Nusa Bangsa University, Bogor.

Sulfan Ardiansyah, S.Hut

A member of the HCV Team from IPB's Forestry Faculty, he is an expert assistant in flora ecology. He obtained his bachelor's degree in Forest Resource Conservation and Ecotourism from the Forestry Faculty of IPB in 2008. He has specialised in flora ecology since 2009.

Summary of Assessment Findings

a. SEIA

The conclusions of the SIA were as follows:

1. PT BAT has had a positive impact on the communities living in the vicinity of the company's operations.
2. Positive impacts generated by PT BAT include the opportunity to work and do business, the improvement of community welfare and contribution to regional development. Economic development and income growth are contributing to improving standards of living, They also increase money circulation, creating substantial opportunities for more development in the region.
3. Acquisition and land compensation has been accomplished with prior notification and reached mutual agreement between the company and members of the community who received compensation. The compensation process is also in line with PT BAT's existing procedures.
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.

Social Impact of PT BAT

No.	Social Impact	Social Issues
1	Social Anxiety	Involvement of government officials, informal leaders and traditional institutions in every step of the land acquisition process and prior to construction.
		Land compensation activities can potentially create conflict due to disagreements over the amount of compensation for land acquisition or for crops planted by the community.
		The local employment quota needs to be considered and adjusted according to the company's labour requirements.

		Clarity over the company's plasma programme and a well-planned CSR programme.
2	Economic Improvement	Community income levels have risen since the company began to develop infrastructure. The company's operations provide the community with a steady income.
		The company provides facilities to support the workers' activities and needs in order to increase their quality of life.
		The company engages local contractors according to its needs.
		The company meets its obligations in looking after employee welfare, improving employee competency, and protecting workers' rights through the implementation of OHS.
		The growth of grocery stores, other local businesses and economic activity overall are generating more income for the community.

3	Decreased Environmental Quality	in	Waste produced by the company's operations needs to be reused responsibly. Hazardous waste should be properly managed in partnership with third parties.
			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.
4	Contribution Regional Development	to	By complying with tax requirements and paying taxes, the company indirectly contributes to local development.
			The number of graduates with higher education is increasing in the study area. The higher level of education in the local community demonstrates the company's contribution to the community.
			Local communities receive numerous contributions from the company towards social and cultural programmes. These have strengthened relations between the villagers.

General Recommendations from SIA

1. Social Anxiety

Socialisation in the early phase of PT BAT's operations has gone through the process of free, prior, informed consent (FPIC). This process started with socialisation of the company's investment plan, land compensation plan and EIA. The FPIC process helped the company to explain its oil palm plantation operations.

The process of delineating the area for land for compensation is an important process which will also be useful if there are any future claims over the land. This is in line with PT BAT's existing procedures for land compensation.

The company also needs to explain and provide updates to the community on the progress of its plasma and CSR programmes. This is important as these programmes will reduce the risk of social conflict. Communication on plasma development is also important because the local communities have high expectations of the programme. These expectations could potentially result in social conflict if the information given to the local communities is incorrect or misunderstood. The company managers should therefore be pro-active in this regard.

PT BAT needs to inform the local government about available job positions and qualifications, and to provide up-to-date employment data. Pro-active communication with local stakeholders, socialisation in the initial phase of the oil palm development and utilising local workers are actions that should be prioritised. These will make the company more cost efficient because it then need not import workers from other areas. The company also needs to provide training on entrepreneurship for the local community in order to diversify their sources of income. The delivery of this training can be done together with local officials who are competent in the field of entrepreneurship.

2. Employment and Community Income

The company can improve employment opportunities for the local community by providing the local government with adequate information on relevant job positions and qualifications to ensure that the local workforce is well-informed and can be recruited. Once employed, all workers benefit from the company's OSH policies.

Recommendations to increase community income levels include: stimulating the growth of local businesses (grocery stores and small shops) to fulfil the daily needs of local residents and company employees. In addition, the company can also partner local contractors to provide services that the company requires.

PT BAT also needs to proceed with plasma plantation development which can potentially generate economic value for the local community and smallholders who participate in the programme. Plasma plantation development would require transparency in communicating information to the community. This is essential to avoid uncertainty and conflict.

3. Community Health

The company needs to pro-actively communicate with stakeholders in the study area to educate them on environmental and health management. The company also needs to educate and monitor its contractors closely in terms of environmental management in its operations and applying best practices to handle palm oil mill effluent and hazardous wastes. Environmental and social impacts should be monitored and reported regularly to the relevant government office. These actions are recommended to address the negative impact on community health.

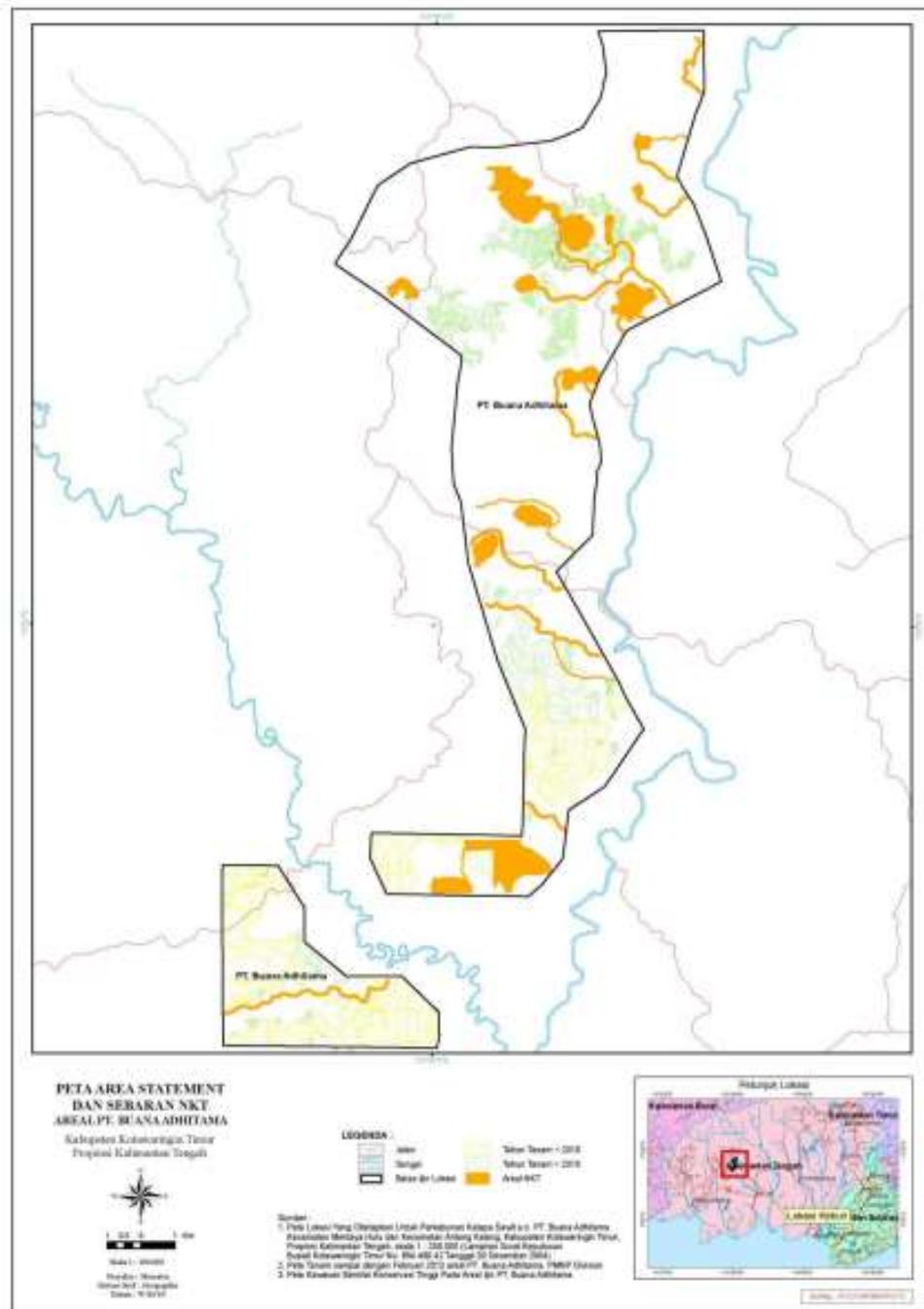
4. Contribution to Local Development.

The company's compliance in paying taxes indirectly contributes to local development. Synergy can be achieved between the social impact management programme and the company's CSR programme by integrating them together in a strategic plan. The strategic plan could include educational initiatives such as scholarships and support for social and cultural activities.

b. HCV Assessments

The HCV identification concluded that there is no primary forest in the PT BAT concession, but eight HCV areas were identified as follows: HCV 1.1, HCV 1.2, HCV 1.3, HCV 2.3, HCV 4.1, HCV 4.2, HCV 5 and HCV 6. In addition, the smallholder plantation areas totalling 481.30 ha contain the following four HCV: HCV 1.1, HCV 1.2, HCV 2.3 and HCV 4.1, with the total HCV area of 1.322,22 ha. A public consultation was conducted on 13 December 2010 in the public area of Mentaya Hulu Sub-District, Kotawaringin Timur District, Central Kalimantan Province. It was attended by 54 persons consisting of the Heads of surrounding Sub-Districts, informal leaders, plantation management, local NGOs and other stakeholders.

Figure 2 : Map of HCV Areas and Project Plan in PT Buana Adhitama

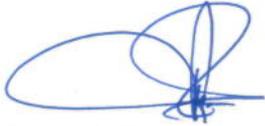


Note: Maps with higher resolution have been attached in appendix 1.

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.

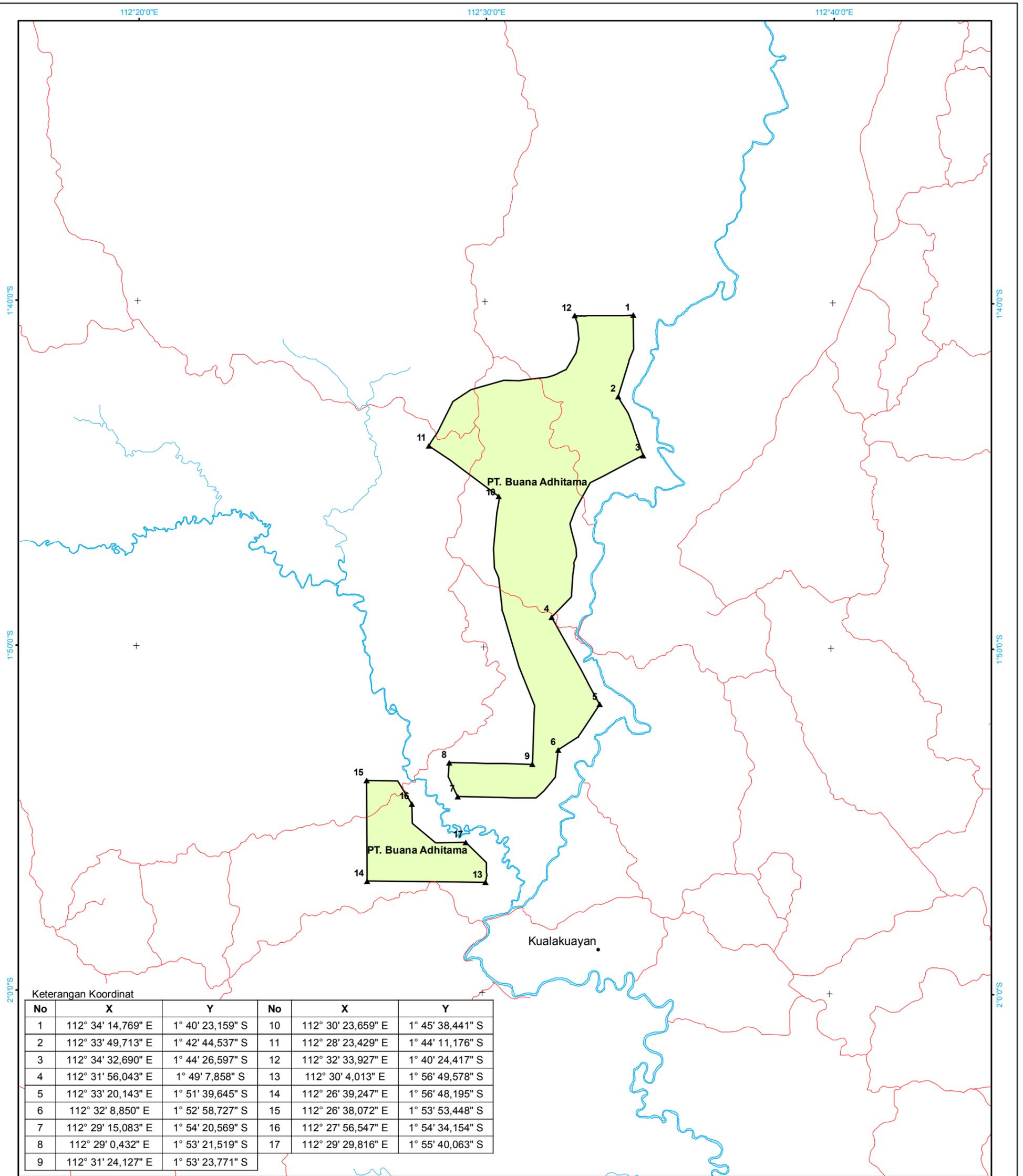
On behalf of the Management of **PT Buana Adhitama**,

A handwritten signature in blue ink, consisting of several loops and a final horizontal stroke.

Dr. Haskarlianus Pasang

Head of Sustainability Division

Date: May 10th, 2013



PETA LOKASI DAN KOORDINAT

AREAL PT. BUANA ADHITAMA

Kabupaten Kotawaringin Timur
Propinsi Kalimantan Tengah



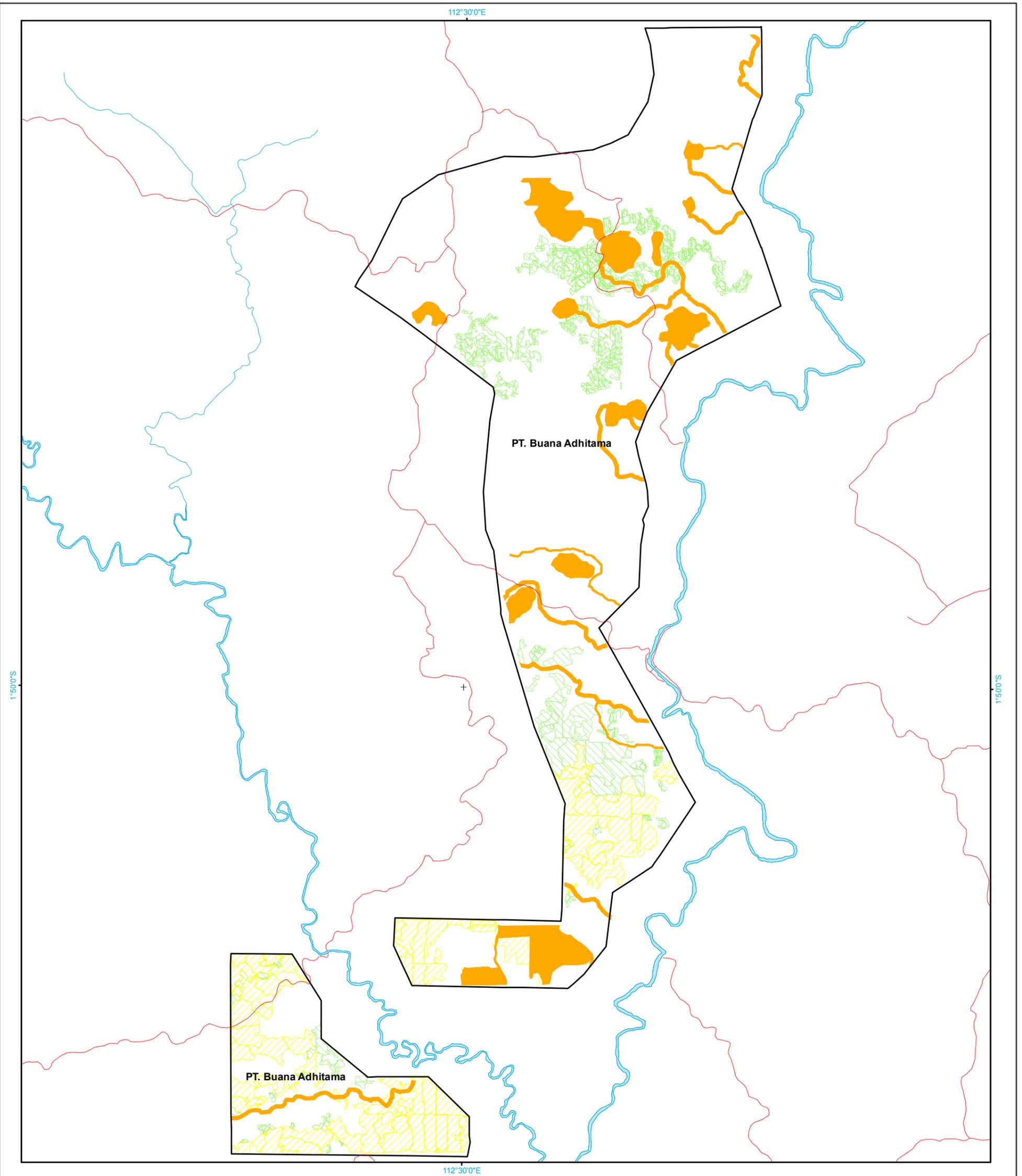
LEGENDA :

- Desa/Kota
- Titik Koordinat
- Jalan
- Sungai
- Batas Ijin Lokasi

Sumber :

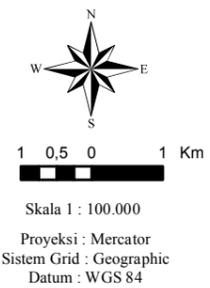
1. Peta Lokasi Yang Ditetapkan Untuk Perkebunan Kelapa Sawit a.n. PT. Buana Adhitama Kecamatan Mentaya Hulu dan Kecamatan Antang Kalang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, skala 1 : 250.000 (Lampiran Surat Keputusan Bupati Kotawaringin Timur No. 854.460.42 Tanggal 30 Desember 2004)
2. Peta Tanam sampai dengan Februari 2013 areal PT. Buana Adhitama, PMNP Division





**PETA AREA STATEMENT
DAN SEBARAN NKT
AREAL PT. BUANA ADHITAMA**

Kabupaten Kotawaringin Timur
Propinsi Kalimantan Tengah



LEGENDA :

- | | | | |
|--|-------------------|--|--------------------|
| | Jalan | | Tahun Tanam < 2010 |
| | Sungai | | Tahun Tanam > 2010 |
| | Batas Ijin Lokasi | | Areal NKT |

Sumber :

1. Peta Lokasi Yang Ditetapkan Untuk Perkebunan Kelapa Sawit a.n. PT. Buana Adhitama Kecamatan Mentaya Hulu dan Kecamatan Antang Kalang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, skala 1 : 250.000 (Lampiran Surat Keputusan Bupati Kotawaringin Timur No. 854.460.42 Tanggal 30 Desember 2004)
2. Peta Tanam sampai dengan Februari 2013 areal PT. Buana Adhitama, PMNP Division
3. Peta Kawasan Bernilai Konservasi Tinggi Pada Areal Ijin PT. Buana Adhitama

