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RSPO NOTIFICATION OF PROPOSED NEW PLANTING

This notification shall be on RSPO website for 30 days as required by the RSPO procedures for new plantings (<http://www.rspo.otg/?q=page/535>). It has also been posted on local on site notice boards.

Date of notification :

Tick whichever is appropriate

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

Company : PT Sawit Sumber Rejo

Subsidiary : Kulim (Malaysia) Berhard

RSPO Membership No. : 1-0006-04-000-00

Location of Proposed New Planting : Lahei, West Lahei & Teweh Baru District, North Barito Regency, Central Kalimantan Province, Indonesia

GPS Reference : 0° 44' 03.33" to 0° 58' 17.62" South and 114° 04' 30.45" to 114° 57' 30.00" East

Location of the Proposed New Planting

PT Sawit Sumber Rejo, a subsidiary of Kulim (Malaysia) Berhard, is developing approximately 14,816 ha of oil palm plantation located at Lahei I, Lahei II, Muara Barkah, Luwe Hulu, Luwe Hilir, Juju Baru, Hurung Enep, Muara Inu, Bengahon, Jambu Malawaken, Hajak and Liang Naga Village, Lahei, West Lahei and Teweh Baru District, North Barito Regency, Central Kalimantan Province, Indonesia.

The shareholder of PT SSR are PT Wisesa Inspirasi Nusantara (95%) and PT Graha Sumber Berkah (5%) (based on change of certificate of incorporation no. 18 dated on July 26, 2013 by notary of Firdhonal,SH) while Kulim (Malaysia) Berhard is one of the shareholders in PT Wisesa Inspirasi Nusantara amount of 74% (based on change of certificate of incorporation no. 5 dated on December 11, 2011 by notary of Firdhonal,SH).

General company location information is :

| Description | | Information |
|------------------------------------|--------|---|
| Geography | : | S 0° 44' 03.33" to 0° 58' 17.62" and E 114° 04' 30.45" to 114° 57' 30.00" |
| Altitude | : | 25-200 meters above sea level |
| Government Administration | : | Lahei, West Lahei and Teweh Baru District, North Barito Regency, Central Kalimantan Province. |
| Forestry/Plantation Administration | : | Dinas Kehutanan dan Perkebunan Kabupaten Barito Utara / Forestry and Plantation Service North Barito Regency |
| Watersheed (DAS) Boundary | : | Barito Watersheed |
| Northwest – North - Northeast | - : | Permit : IUPHHK-HT PT Rimba Berlian Hijau, IUP PT Mitra Barito Gemilang and IOP-OP PT Victor Dua Tiga Mega, CV Sinar Barito Global, PT Global Artha Perkasa, PT Pada Idi Administrative : Lahei Barat and Lahei Sub District |
| Northeast - East - Southeast | - : | Permit : PT Mitra Barito Gemilang, PT Bangun Batara Jaya & IUP PT Alam Lestari Indah I Plantation and PT Cakrawala Cendana Putra, PT Tambang Berkah Utama, PT Duta Sejahtera 1, PT Duta Gemilang, PT Suryabara Tambang Andalas & PT Bangun Tiara Coal Mining. Administrative : Lahei and Teweh Baru Sub District |
| South | : | Permit : IUP PT Pakumas Indo, PT Energitama Bumi Arum Coal Mining & Teweh River Administrative : Teweh Tengah Sub District |
| Southwest - West | : | Permit : IUP PT Wahana Semesta Kharisma Blok II, IUP PT Berkat Sawit Lestari Plantation and PT Byna Karya & PT Maruco Indonesia Coal Mining. Administrative : Lahei and Teweh Baru Sub District |

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PT SSR has obtained Cultivation Business Permit (Izin Usaha Perkebunan (IUP)) issued by Head of North Barito Regency No.188.45/51/2013 on February 12, 2013 covering an area of \pm 15,229 Ha and has obtained location permit (Izin Lokasi) for oil palm plantation issued by Head of North Barito Regency No.188.45/289/2013 on May 16, 2013 covering an area of \pm 14,816 Ha.

Land use classification in the PT SSR are :

- In the letter of forestry and plantation service of North Barito Regency no. 522.13/1142/HUTBUN II that PT SSR areas is zoned for non-forest uses (KPP : 4,615 Ha and KPPL : 4,071 Ha) and production forest amount of 444 Ha where based on Central Kalimantan provincial spatial plans (RTRWP) map (local government regulation no.8 year 2003).
- Based on the map of forest lands on Central Kalimantan Province (appendix Ministry of Forestry decree no. 529/Menhut-II/2012) that PT SSR areas is production forest for conversion to other forestry uses (HPK) amount of 13,219 Ha.
- Based on indicative map revision IV (appendix Ministry of Forestry decree no.2796/Menhut-VII/IPSDH/2013 dated on May 16,2013 about moratorium of new concession permit for forest use and utilization) that there is no peat land and or natural primary forest within proposed concession area.
- Based on forest utilization permit map from forestry and plantation service of North Barito Regency that PT SSR areas is partially located in IUPHHK PT Austral Byna areas amount of 5,855 Ha and ex. IUPHHK PT Djayanti Djaya areas.
- Based on map of approval in principle for the use of production forest (HP/HPK) for mining exploitation that there is the use of production forest permit on behalf PT Kekal Adidaya (Ministry of Forestry decree No.S.479/Menhut-VII/2012 dated on October 5, 2012 amount of 14.99 Ha) in PT SSR areas (location permit).
- Based on letter of forest area consolidation centers of regional XXI (no.S.21/BPKH XXI-2/2014 dated on January 15, 2014) that PT SSR areas overlapping with IUPHHK-HT PT Rimba Berlian Hijau areas (plantation forest) amount of 101 Ha.

PT SSR has submitted a letter to local government (No.004/REBUP/SSR/VII/2013 dated on July 4, 2013) about recommendation of forest land (HPK) released request for the cultivation of oil palm plantation. It request has received a letter from Head of North Barito Regency (No. 525/146/Adm.Ek.SDA dated on September 20, 2013) about recommendation of forest land (HPK) released and letter from forestry and plantation service of North Barito Regency no. 522.13/1142/HUTBUN II about technical consideration for forest land released request. PT SSR has submitted a letter to the Governor of Central Kalimantan (No. 018/SRGUB/SSR/XII/2013) about recommendation of forest land released request also and has submitted a letter to Head of North Barito Regency about permission to land clearing permit on land for other uses (APL) (location on Malawaken, Hurung Enep and Lahei I Village).

The total area for the new development, \pm 14,816 ha (based on Head of North Barito Regency decree No.188.45/289/2013 dated on May 16, 2013 about Location Permit). The company will build smallholder estate of at least 20% of land area that can be cultivated (accordance with Local Regulation Central Kalimantan Province no.5 year 2011).

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A comprehensive and participatory independent Social and Environmental Impact Assessment (SEIA) and High Conservation Value (HCV) Assessment which include internal and external stakeholders were completed by RSPO approved assessor from PT Daemeter Consulting. The results are incorporated into the operational management planning to develop the new planting. The Independent assessment by RSPO approved assessors results are :

- The area is categorized as logged over forest, zoned for non-forest uses, production forest (Hutan Produksi) and production forest for conversion to other forestry uses (Hutan Produksi yang dapat dikonversi)
- All areas required to maintain or enhance one or more HCV were identified as conservation area.
- All local people's land were recognized

Location maps were prepared and presented in the SEIA and HCV assessment report to include all the above findings and recommendation from the assessor. Location maps showing the project location and HCV are in the attached figure below. The SEIA and HCV summary report includes additional maps showing the topography, landscape, HCV and land compensated. HCV maps prepared to include area for buffer and riparian reserve.

Company's location in North Barito Regency :

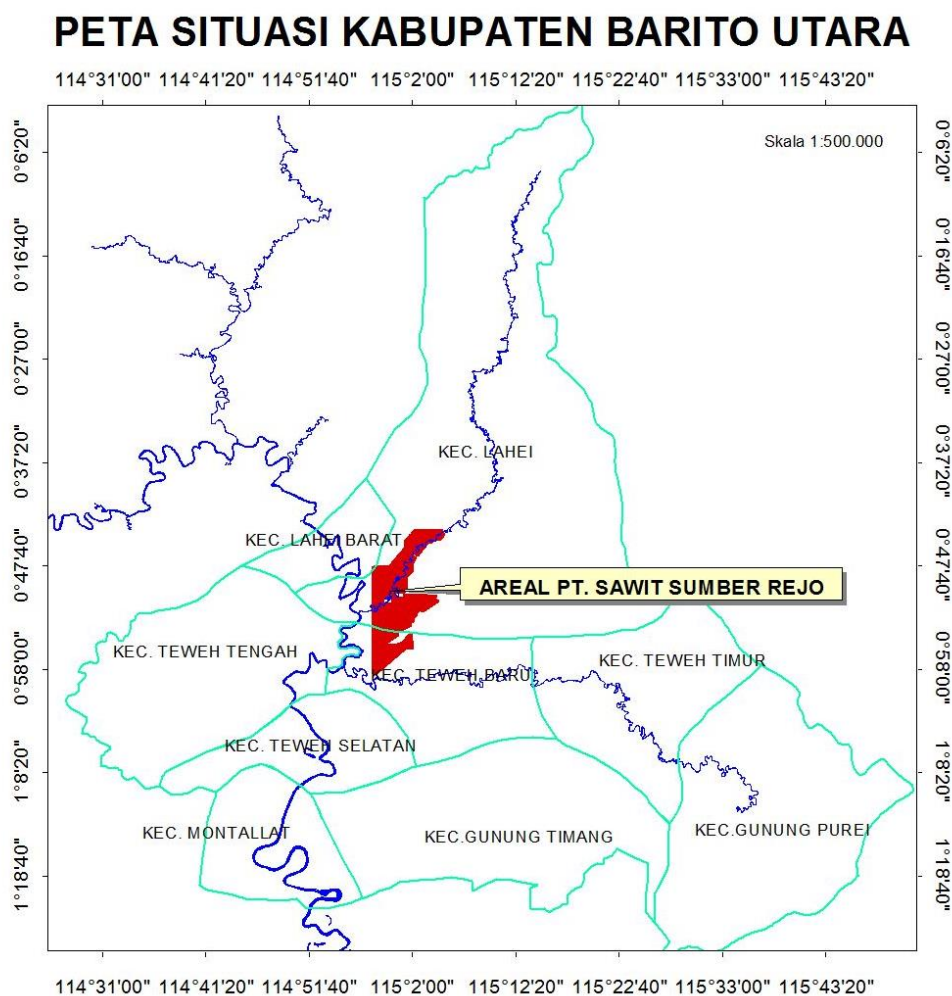


Figure 1. Location of PT Sawit Sumber Rejo oil palm plantation as shown in North Barito Regency

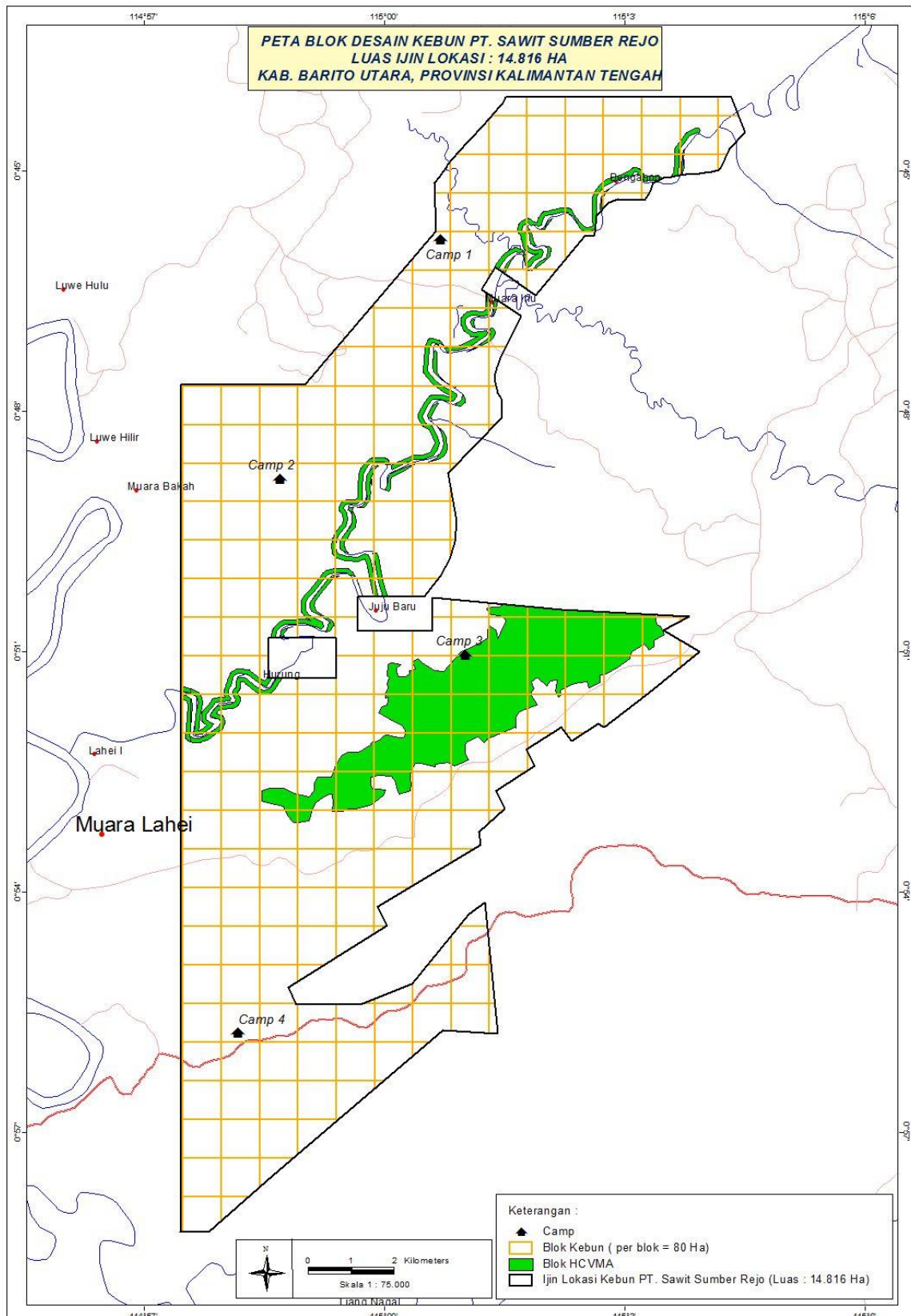


Figure 2. Estate design block map PT Sawit Sumber Rejo, North Barito Regency, Central Kalimantan Province

SUMMARY FROM SEI ASSESSMENTS :

The social impact assessment of PT Sawit Sumber Rejo was carried out by an independent consultant from Daemeter Consulting which is located at Jl. Tangkuban Perahu No. 6 Bogor, West Java 16151 Indonesia; Telephone/fax: +62 2521 833697, E-mail: info@daemeter.org. The team members consist of consultants accredited and approved by the RSPO includes :

- a. **Iwan Kurnia Rosyid.** He is graduated Strata 1 on Bachelor of Forestry. He is experienced much focused on the preparation of management plan and Environmental Impact Assessment especially the socio-economic and cultural survey for forest companies. With Daemeter, he has done over 20 HCV assessments and 10 social impact assessments.
- b. **Cepy Haryadi.** He is graduated Strata 1 on Bachelor of Forestry. He is experienced in preparing management plan for forest management system and third party certification for both mandatory and voluntary. He has recently completed HCV assessments for forest and oil palm plantation especially for looking at environmental and social services. He has done the survey for many different consulting companies.
- c. **Muhamad Asrar Iqbal– Anggota Tim Penilaian Sosial Budaya.** He is graduated Strata 1 on Bachelor of Land Resources of Bogor Agriculture University. He is experienced in community empowerment in West Java and conducted several surveys of HCV and social impact in Kalimantan.
- d. **Andre Febriant R – Anggota Tim Penilaian Sosial Budaya.** He is graduated Strata 1 on Bachelor of accounting programm of Bogor Agriculture University. He is experienced as student organisation activist especially on community empowerment in West java. He also has experienced in micro enterprenuer empowering at cooperative organisation.
- e. **Naka Yuliansyah – Anggota Tim Penilaian Sosial Budaya.** He is graduated on Marine Technology Programm of Bogor Agriculture University. He is experienced in social study and coastal community empowerment and conducted HCV study and social impact in Kalimantan.
- f. **Muhamad Fahrudin – Anggota Tim Penilaian Sosial Budaya.** He is graduated Strata 1 on Bachelor on Marine Technolocy Programm Bogor Agriculture University. He has experienced in student organisation activity especially on community empowerment programm surround Java area. He had joined some companies in conduct social study and community empowerment in coastal area and HCV survey and social impact in Kalimantan.
- g. **Legistiana Pranita – Anggota Tim Penilaian Sosial Budaya.** She is graduated Strata 1 on Bachelor of Forestry. She has experienced in student organisation activity especially on community empowerment programm surround Java area. She had joined and become consutant in some agriculture companies.
- h. **Iqbal Afryanto – Anggota Tim Penilaian Sosial Budaya.** He is graduated Strata 1 on Bachelor of Forestry. He has experienced in community empowerment programm in West Java.
- i. **Yunensih – Anggota Tim Penilaian Sosial Budaya.** She is graduated Strata 1 on Bachelor of Forestry. She has experienced in community empowerment programm in West Java.

- j. **Zakky Ihsan – Anggota Tim Penilaian Sosial Budaya.** He is graduated Strata 1 on Bachelor of Phisic Science in The University of Indonesia. He has experienced in community empowerment programm in Jakarta, Bogor and Bekasi regions.

Social Impact Assessment on the ground was carried out as follow :

1. **Villages Selection :** There are five villages in management unit PT SSR area. The villages are located in and around the location permit PT SSR. The villages are located around the site location permit are native villages that had existed before the presence of the company in the land. The villages are usually dominated by the local population Dayak Taboyan, Bakumpay and Maanyan. However, there are another ethnics such as Javanesse, Bugis, Timor, Banjar, Minang and Batak in minority.
2. **Participative :** Issues identification and information searching were done in a participative way. This participative approach enabled the participants as the relevant subjects in mapping the social issues they are facing, expressing their opinions and ideas, as well as being involved in designing the management and mitigation of issues. (The list of stakeholders in participative process is presented in the SIA Report).
3. **Multiparty:** Issues identification and information searching were done in multiparty way by involving related parties directly or indirectly impacted by the development of oil palm plantation in the area.
4. **Rapid and Extant:** Issues identification and information searching were done in rapid way and based on the forecast of the impacts from changes that will take place from the feedback as the approach to the Social Impact Assessment within the time allocation.
5. **Appreciative:** Issues identification and information searching were guided positively, not only to find out the gap at the location but also to collect the data on expectations, potentials problems, and ideas for identification of solutions and social issues that may arise.
6. **Social Learning Cycles:** The Social Impact Assessment is not a linear process which is instantly created but a cycled and process which functions as the social learning processes to respond the changes in the environment.

The methods and techniques applied in the Social Impact Assessment were :

1. **Literature Study:** This method was used for the purpose of gathering information on the socio-context and environmental aspect of the location which was evaluated. It was carried out in the early phase-before going to the field and at the result analysis phase
2. **Dialogue:** This method was used to identify the nature of the parties, identify the potential issues and impacts, gathering information about expectations, ideas, and opinions to enable identification of potential solutions to address these potential issues and impacts. The process was carried out through meetings both in formal and in non-formal sequence focusing on specific topics (Focus Group Discussion or FGD);
3. **on-the-Spot Observation:** This method was used to understand directly the actual facts on the grounds which serve as indicators of the issues and social impacts;
4. **In-depth Interview:** This technique was used to get a deeper understanding about the issues. It was done in-depth by interviewing the key people who will be affected by the

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development of plantation. The criteria of choosing the respondents were based on the knowledge possessed or their direct experience over the impact or impacts.

5. **Triangulations:** This method was carried out in integrated way to reciprocally verify the actual issues, opinions and ideas.
6. **Social Learning Cycle:** The Social Impact Assessment is not a linear process which is instantly created but a cycled process which functions as the social learning processes to respond the changes in the environment.

Summary of assessment findings for SEI assessments

The SIA (Social Impact Assessment) was conducted to determine the social-economic condition of community of surroundings area being affected by the company's activities including development of palm oil estate and mill in Lahei, Teweh Baru, and Lahei Barat Districts area.

The finding from the Environmental Impact Assessment in AMDAL/EIA dan UKL-UPL document and SIA assessment identifies both positive and negative impacts from the proposed operational activities of PT SSR. The positive impacts of the activities identified include increase in the local people's financial income, and opening of more job opportunities, among others, whilst the negative impacts that are possible to occur are the threats to the existence of the ecology as well as the potential conflict of workforce, socio-cultural disturbance, and others. The SIA study result by RSPO Accredited Assessors (Daemeter) stated that, in general, the existence of PT SSR has a significant social impact to the basic requirement to the social sustainability of local community. Those findings have defined how the company's business management influences the key issues in the respective components of the social sustainability of local community (details in the SIA report of PT SSR, December 2013 by Daemeter). The stakeholders mentioned in the context of Social Impact Assessment are those who may affect or being affected by the operation of the oil palm plantations and mills. The identification of those parties was carried out through a series of Focus Group Discussion (FGD) meetings within the management and local community as well as on site interviews such as in Mukut , Muara Bakah, Juju Baru, Muara Inu dan Bengahon villages placed in Lahei District, Jambu, Malawaken and Hajak inside Teweh Baru District area, Luwe Hulu dan Luwe Hilir villages within Lahei Barat District.

There is a detail stakeholders consulted during the assessments and this is presented in the SIA report of PT SSR, December 2013. There were several FGD activities conducted during Social Impact Assessment process i.e.:

| Location | Dated | Attended by |
|---------------------|-------------------|--------------|
| Luwe Hulu village | November 24, 2013 | 43 villagers |
| Luwe Hilir village | November 25, 2013 | 41 villagers |
| Muara Bakah village | November 26, 2013 | 11 villagers |
| Mukut village | November 23, 2013 | 39 villagers |
| Jambu village | November 22, 2013 | 29 villagers |
| Hajak village | November 23, 2013 | 28 villagers |
| Malawaken village | November 21, 2013 | 18 villagers |
| Juju Baru village | November 28, 2013 | 34 villagers |
| Muara Inu village | November 24, 2013 | 30 villagers |
| Bengahon village | November 22, 2013 | 24 villagers |

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Awareness and socialization sessions were held by the company in villages and with other stakeholder on stakeholder related matters (dispute settling, environmental issues etc.). Hereby the customary traditions were recognized by involving the communities' representatives and village leaders including village heads, hamlet heads and customary heads. Other meetings are to be held to further publication to new plantings in any areas where awareness needs to be improved.

Files are available showing the involved discussion process, decision making process and if needed a settlement process and the consent process of involved stakeholders. Of the meetings already held sample records are provided indicating who were present and their title. The minutes also outline what was discussed. All the stakeholders are informed with regards to ongoing negotiations in regards to the proposed development areas.

Records indicate that presentations were made to the local villages throughout the development areas as these areas came under consideration. This is included for all areas which will be part of the Planting area and will be ongoing until all negotiations are completed. There are records of meetings and includes participants from the company and community representatives for each area. There are also records of the history of communication on the proposed development and all meetings held with local people and their representatives.

Altogether many members of the local communities and villages attended this session. Both the benefits and negative impacts were discussed at each of these meetings. All attendance registers were completed and available for each session. Minutes of all meetings held were viewed and indicated widespread attendance and included all the agenda items discussed. PT SSR is aware about the FPIC and transparency in relation to dealings with customary landowners and has incorporated this in its procedures. They have developed systems for handling compensation claims and have integrated the FPIC principle in all negotiations. The communities are represented by Local Administrators of each community group including Village Head, Hamlet head and customary chiefs. Also the communities have given their consent based on a full understanding of the matter/proposal and sufficient information is provided. Land acquisition is ongoing. The company has appointed a spokesperson to address these issues and to discuss on behalf of the each village and community within the new concessions.

All landowners can demonstrate ownership of land to be developed through history of tenure. Boundaries are normally natural such as roads, rivers and customary land. At time of audit, boundary pegs was not being established since the company still in negotiation and socialization phase with the community. So, there was no disputes have been occurred so far. However, the company has established a system to negotiate with the parties in dispute before legal means. Dispute resolution mechanisms are established through open and consensual agreements with relevant affected parties using either legal means or negotiation with the party in dispute. This will need to be explained to ensure they all benefit from the plantation activities.

PT SSR has a participatory conflict resolution method. The company has appointed a person, i.e. Corporate Social Responsibility Department to deal with any issues arising from land compensation issues and disputes.

SUMMARY FROM HCV ASSESSMENT :

The HCV assessment at PT. Sawit Sumber Rejo was carried out by a consultant from Daemeter Consulting which is located in Jl. Tangkuban Perahu No.6, Kotamadya Bogor - Provinsi Jawa Barat Indonesia 16151, Telepon/Fax : 62-251-8336973. The team members consist of consultants accredited and approved by the RSPO include :

- a. Philip Wells. (RSPO approved HCV assessor) is GIS and landscape ecology specialist and a director of Daemeter Consulting where he was responsible for leading all aspect of GIS and landscape ecological analyses including planning, data acquisition, analysis, interpretation and reporting. He has a Master of Research Degree in Ecology and Environmental Management from The University of New York. He has worked with government and non-government organizations for the conservation of large mammals and their habitat.
- b. Gary D Paoli (RSPO approved HCV assessor) is coordinator of the biodiversity team & reporting oversight (Co-team leader of Daemeter Consulting) and a director of Daemeter Consulting where he was responsible for overall coordination of the HCV assessment process and reporting, as well as for data acquisition and analysis in relation to biodiversity values and for consultation with the HCV Network and other stakeholders. He is a specialist on the community ecology of tree species in the Dipterocarpaceae, especially in Kalimantan, and also has experience applying forest certification standards to improve forest management, especially the identification and management of HCV areas. He holds a PhD in Biology from The University of Michigan in USA.
- c. Aisyah Sileuw (RSPO approved HCV assessor) is coordinator of socio-cultural assessment team (Co-team leader of Daemeter Consulting) and president director of Daemeter Consulting where she was responsible for planning, implementation. Collection and analysis of primary and secondary data for assessment of HCV 5 and 6 as well as stakeholder consultation in HCV assessment process. She has her first degree from faculty of forestry, Bogor Agricultural University and an MSc in applied development studies at University of Reading, UK. She also attended non-degree summer school on Linking forest resources to markets and societies organized by faculty of forestry, freiburg university-germany in 2004 and 2005.
- d. Felicia Lasmana (RSPO approved HCV assessor) is team leader of biodiversity survey. She is a biodiversity officer at Daemeter Consulting where she involved with biodiversity surveys (especially mammal expert) related with agriculture, forestry and mining sectors. She has 7 year's experience and lead biodiversity survey specialised in bats across Indonesia and Malaysi and has conducted biodiversity surveys for HCV.
- e. Ryan Avriandy is team member of biodiversity survey. He has helped national and international researchers to conduct mammal survey for baseline survey in upstream Citarum River and EIA in Java. He also actively conducts monitoring and animal rescue awareness together with IAR and WCS. In North Barito, assisted with survey and interview based mammal data collection carried out in village near and within the Kulim license areas.
- f. Kursani Sumantri is team member of biodiversity survey. He is a special expertise in the identification of trees in Kalimantan using reliable field botany characters. He has a broad range of field experience, including tree identification, habitat classification and behavioural research of gibbons, orangutans and red langurs. He is highly proficient in

the use of Latin nomenclature and botanical keys and it also familiar with local names in a number of regional dialects.

- g. Syapuri is team member of biodiversity survey. He is a Daemeter staff member specializing in field reconnaissance of project assessment areas, herbarium management and photographic documentation of plants to build a digital photographic library for plants of Kalimantan and Sumatera (especially trees in the Dipterocarpaceae, Southeast Asia's most important family of timber tree species).
- h. Muhammad Iqbal is team member of biodiversity survey. He is biodiversity expert in Daemeter Consulting and has conducted bird surveys for HCV assessment. He has regularly published work in various internationally journals of ornithology, including forktail, birding asia, wader study group bulletin, stilt, australian field ornithology and kukila.
- i. Iwan Kurnia Rosyid (RSPO approved HCV assessor) is team leader of socio-cultural survey. He having implemented many HCV assessment for social and cultural values and lead the data collection through community interviews and FGDs during primary data collection for HCV 5 and 6. He hold graduated from the forestry faculty of Bogor Agricultural University.
- j. Cepy Heryadi is team member of socio-cultural survey. He hold graduated from Forest Management Department of the Faculty of Forestry at Bogor Agricultural University. Cepy has joined with several environmental consulting firm that specializes in environmental impact assessment, especially of biological and social aspect.
- k. Aldio Dwicahyo is team member of socio-cultural survey. He hold graduated from the program of forest product technology, faculty of forestry, IPB. He also has several times conducted a survey of HCV and social impacts on the island of Borneo.
- l. Mohamad Asrar Iqbal is team member of socio-cultural survey. He hold graduated from Land Resources Management Program, Faculty of Agriculture-IPB. He also has several times conducted a survey of HCV and social impacts in Borneo.
- m. Mohamad Fahrudin is team member of socio-cultural survey. He hold graduated from Marine Science and Technology, Faculty of Fisheries. He has conducted studied social and empowerment of coastal communities.
- n. Naka Yuliansyah is team member of socio-cultural survey. He is student at Marine Science and Technology, Faculty of Fisheries. He has experience in community development in Java, studied social and empowerment of coastal communities.
- o. Febriangga Hermawan is team member of socio-cultural survey. He hold graduated from forest management studies program, faculty of forestry-IPB. He has conducted empowering communities in West Java.
- p. Aditia Agung Pradata is team member of socio-cultural survey. He hold graduated from forest management studies program, faculty of forestry-IPB. He has conducted empowering communities in West Java.
- q. Ika Puspitasari is team member of socio-cultural survey. She has conducted socio-cultural surveys for HCV assessment and assisted with FGD and interview-based social economic and cultural data collection carried out in village near and within plantation areas. She is student from Department of Land Resource Management at Faculty of Agriculture, Bogor Agricultural University.

- r. Nidya Bela Anggota is team member of socio-cultural survey. She hold graduated form the Department of the management of the faculty of forest. She has helped many researchers to the field of social and cultural research in Java.

HCV Identifying Methods on the ground was carried out as follow

The Indonesian HCV toolkit was employed for HCV assessment conducted at PT SSR. The assessment covers the permitted area which is included into the company's project area. The assessment was also expanded into villages and other areas which are of considerable importance to the surrounding proposed plantation area. The fieldwork and primary data collection (including direct stakeholder consultation) was conducted on 18-23 August 2013 (phase 1 for socio-economic/cultural survey), 18 Nov – 2 Dec 2013 (phase 2 for socio-economic/cultural survey) and 19-27 November 2013 (biodiversity and ecosystem services survey). In the process, each observation team was accompanied by field staff from the company and local representatives who are familiar with the site. Besides fieldwork and primary data collection, the team also collected information from the local community through individual interviews and Focus Group Discussion (FGD) as well as public consultations the list of stakeholders in the participative process is presented in HCV report of PT. SSR by consultant.

At the same time, confirmation and cross-checking of the findings were carried out with the local community using the technique of purposive sampling – which includes the communities, the enclaves' owners (where they existed), and the related interested/affected parties. The understanding and scope of HCV for the oil palm plantation is confined to the HCV definitions, criteria and methods which are applicable to the forestry sector as adopted by the RSPO. The Identification of High Conservation Value in Indonesia was developed by the Konsorsium Revisi HCV Toolkit Indonesia (version 2008) (the toolkit for the revision HCV consortium). Other references used include IUCN, CITES, and other guidelines as well as the relevant Laws of Indonesia were also taken into consideration.

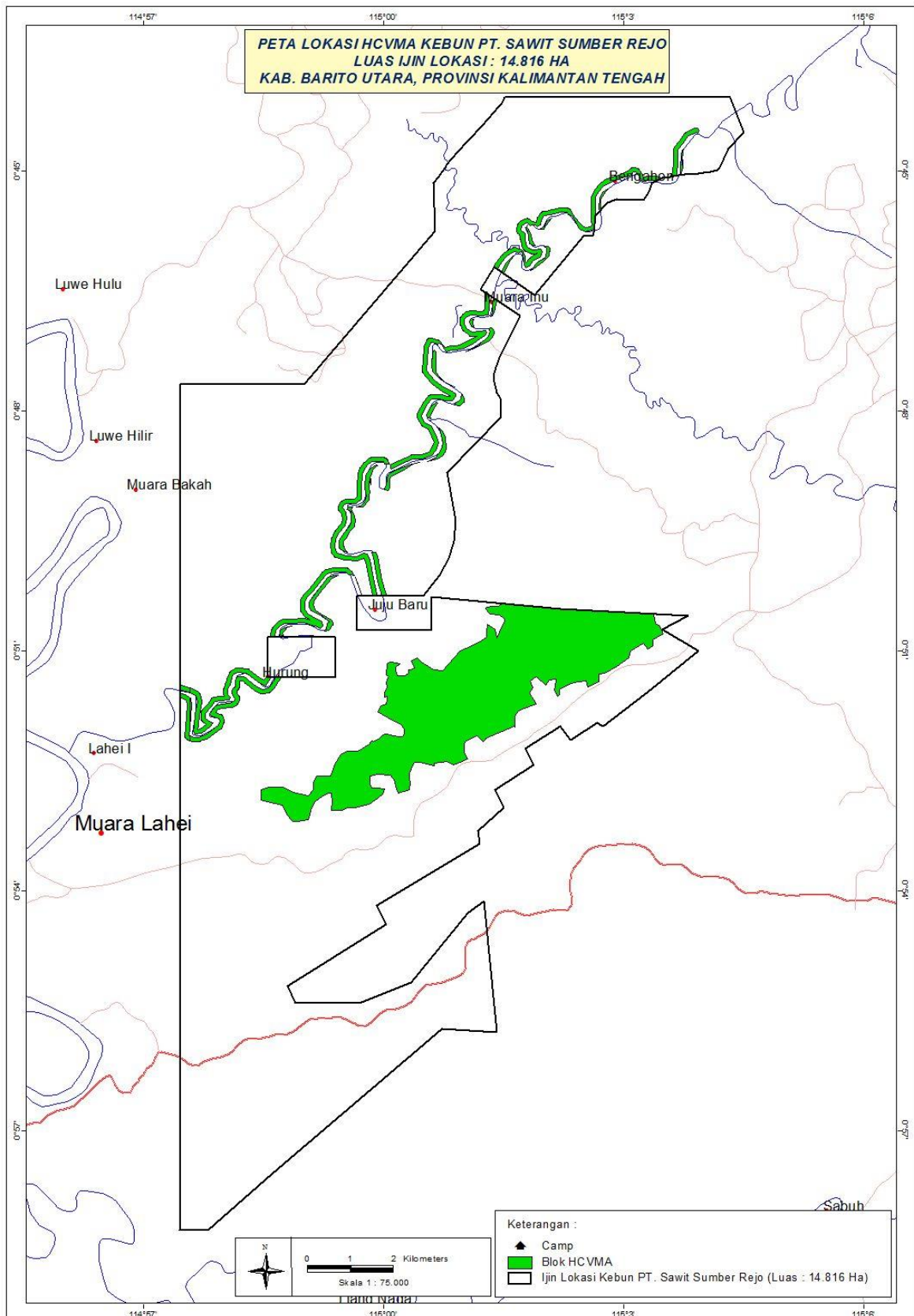


Figure 3. Overlay identified HCV area (HCV 1,3,4) and plantation area in PT SSR

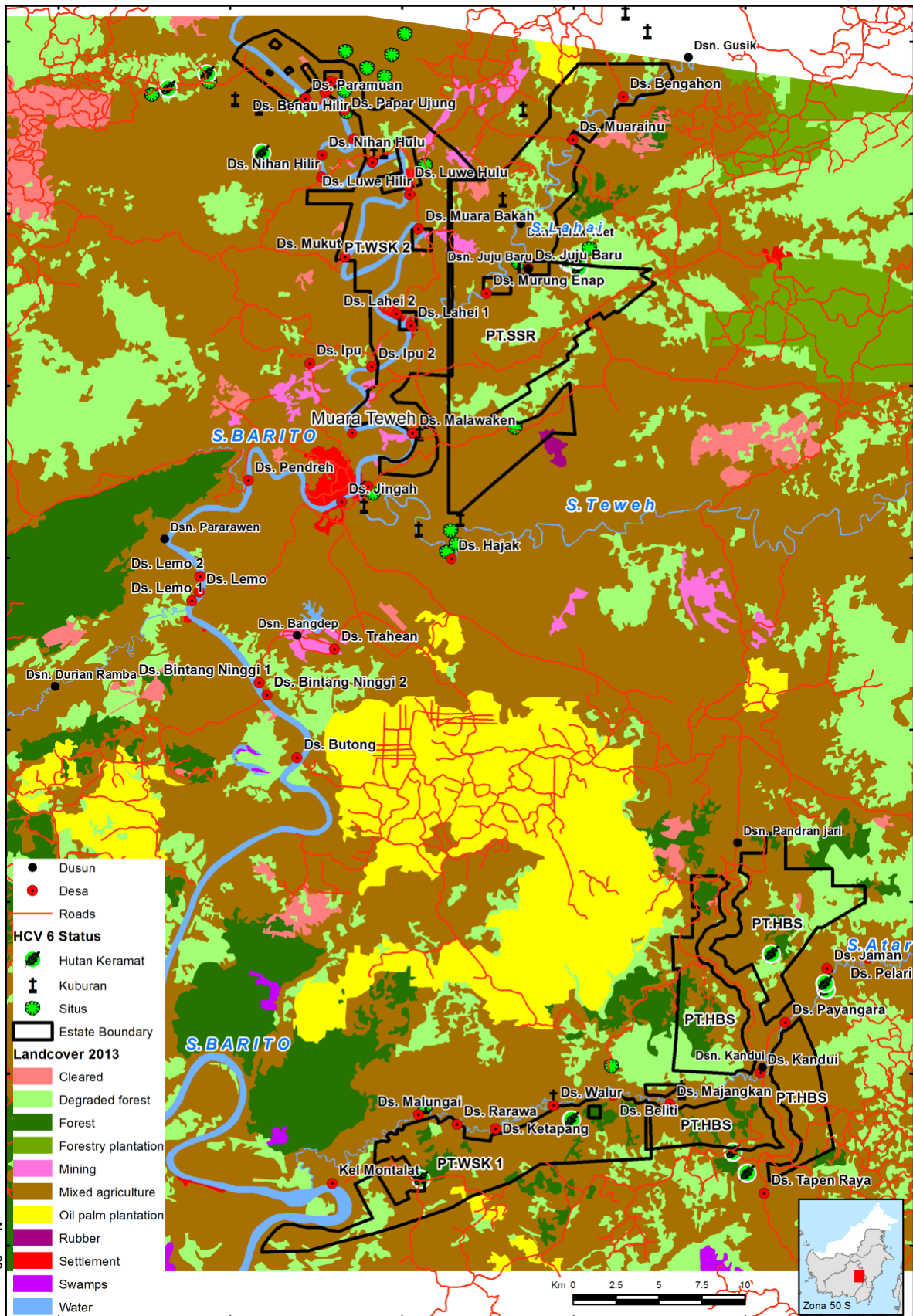


Figure 4. Overlay identified HCV area (HCV 5-6) and plantation area (one of them is PT SSR)

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Summary of assessment findings (For HCV assessments)

In HCV report, the condition of land cover throughout all concession areas is predominantly zoned for non-forest uses (Kawasan Pemukiman dan Penggunaan Lain (KPPL)) based on provincial spatial plans (Rencana Tata Ruang Wilayah Propinsi (RTRWP) Kalimantan Tengah) while based on the forest maps in Central Kalimantan Province (Ministry of Forestry decree No. 529/Menhut-II/2012) that license areas (location permit on behalf PT SSR) have large areas of overlap with production forest for conversion to other forestry uses (Hutan Produksi dapat dikonversi (HPK)) amount of 13,058 ha, production forest (Hutan Produksi (HP)) amount of 1.9 Ha and land for other uses (Areal Penggunaan Lain (APL)) amount of 1,589 ha. Production forest (HP) and production forest for conversion to other forestry uses (HPK) cannot be planted with oil palm unless auditee has received permit from the government for converted to land for other uses (forest exchange area permit (izin tukar menukar kawasan) for HP and forest land released permit (izin pelepasan kawasan hutan) for HPK) while land for other uses are currently legally available for conversion to palm oil.

According to soil and land system maps of PT Sawit Sumber Rejo attached on the HCV assessment and EIA document, there is no peatland present in all company's proposed new planting area. The Environmental Impact Assessment (EIA) document and HCVF assessments conducted in various concessions state explicitly that the majority of production forest for conversion to other forestry uses (HPK).

HCV locations are distributed in all the company's locations. There are 5 categorized HCV in the company's location, i.e. HCV 1, 3, 4, 5 and 6 with object are Lahei river, degraded forest / log over area (LOA), lake, spring, grave area (kuburan), and protected or sacred object.

The important element of HCV 1 especially HCV 1.2 and 1.3 are existence of species according to IUCN, CITES and Government of Indonesia (PP No. 7 year 1999) and its habitat. There are 6 bird species identified include in Red List IUCN / CITES / Gol i.e. *Loriculus galgulus* (LC, CITES App II), *Ceyx/Alcedo sp* (Gol), *Rhipidura javanica* (LC, Gol), *Anthreptes malacensis* (LC, Gol), *Arachnothera longirostra* (LC, Gol) and *Lonchura fuscans* (LC, Endemic to Borneo) and there are 19 mammal species identified include in Red List IUCN / CITES / Gol i.e. *Nycticebus menagensis* (VU, CITES App I, Gol), *Cynocephalus variegatus* (VU, CITES App I, Gol), *Tarsius bancanus* (VU, CITES App II, Gol), *Presbytis frontata* (VU, CITES App II, Gol), *Nasalis larvatus* (EN, CITES App I, Gol), *Macaca fascicularis* (LC, CITES App II), *Macaca nemestrina* (VU, CITES App II), *Hylobates muelleri* (EN), *Hylobates agilis/albibarbis* (EN, CITES App I, Gol), *Manis javanica* (EN, CITES App II, Gol), *Pteropus vampyrus* (LC, CITES App II), *Arctictis binturong* (VU, CITES III), *Sus barbatus* (VU), *Tragulus javanicus* (LC), *Tragulus napu* (LC), *Muntiacus muntjac* (LC), *Muntiacus atherodes* (LC), *Rusa unicolor* (VU), and *Cervus timorensis* (VU). There are 5 flora species potentially presence include in Red List IUCN / Gol i.e. *Dipterocarpus lowii* (CR, Gol), *Dipterocarpus grandiflorus* (CR, Gol), *Shorea lamellate* (CR), *Shorea myrionerva* (CR) and *Anisoptera costata* (EN).

The important elements for HCV 3 are Maput dan Lohai land systems are a hilly land system with amplitude of relief between 50-300 m when associated with open wetlands and lakes they are rare and endangered while Teweh dan Lawanguwang land systems are both considered endangered consisting of riparian and mixed and hill dipterocarp forest. They

are occur on alluvium in broad valleys with flat bottoms and where it is mixed or hill forest occurring over sedimentary rock.

The important elements for HCV 4 are environmental services (focused on water quality, soil conservation and land fire control). Two categories of environmental service values were present in the concession areas i.e (i) important areas or ecosystem for the provision of water and anticipation of floods in the downstream communities (HCV 4.1) and (ii) important areas for the prevention of erosion and sedimentation (HCV 4.2).

The important element for HCV 5 are their basic needs by cultivating them or purchasing them form mobile vendors, small grocery stores or markets in closest town or in Muara Teweh. Water was the most heavily relied on natural resource with rivers, lake and springs central to meeting community basic water needs. While three villages in PT SSR areas (Bengahon village, Juju Baru village and Muara Inu village) depend on local rivers to meet their fish protein needs.

The important element for HCV 6 is the areas that have important function for local communities culture are archeological sites (protected or sacred object therefore they have ancestral heritage or historical value) and cultural rituals (the location and materials necessary to perform them). Type of archeological sites in Bengahon village are rangga milio, kuburan rangga, rangga balai lambing; in Muara Inu village is tambak gantung; and in Juju Baru vilage is kuburan tamak. Type of ritual in Bengahon village are Belian, Bedewa, Deder and Tiwah; in Muara Inu village is tolak bala and in Juju Baru village are Belian, Tiwah and Wara.

Guarantee from PT SSR that PT SSR will not conduct land clearing on HCV areas where appropriate with SOP Land Preparation (poin 4). Based on the results of field visit that there are not activity land clearing on degraded forest/log over area (LOA) in Juju Baru village, riparian Lahei river, grave and scared.

Stakeholders' Consultation

The process of the HCV and SIA development and preparation of management plans and monitoring PT Sawit Sumber Rejo (PT SSR) involved consultation with the relevant stakeholders such as local community members, formal and informal community leaders, company staff and Government officials. A stakeholders' consultation of the HCV and SIA management plan involving the stakeholders from local community members, formal and informal community leaders, company staff, Government officials, PT SSR Management team and RSPO accreditation assessors from Daemeter Consulting was held at Malawaken village office on April 28, 2014.

SUMMARY OF PLANS :

a. Summary of Management and Mitigation Plans (SEIA)

Social Impact Mitigation Plan :

The most important impact of all of the negative impacts identified are the potential social conflicts that occur in the work area of the company to trigger a conflict that is almost the same, i.e. the company has not reached an agreement with the public relating to land

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compensation in the form of smallholder and land compensation have not been done to most of society. In addition, there is a negative perception of the company as a result of weak communication made by the company over the years.

Some of the steps to be taken to reduce and mitigate the negative impacts identified are :

1. The company begin to improve the way to communicate and good relationship with the community.
2. The company soon to socialize in detail regarding to positive and negative impacts of oil palm plantation, partnership and code of conduct for cooperation to be established with the community.
3. The company need to make coordination with traditional leaders, village leaders and community' key persons and another related parties when conduct area measurement or boundary peg activities will be held since the community still use the traditional law.
4. In order to avoid land ownership conflict the company need to involve the land owner, referee and village leader during land acquisition activities.
5. The company may use existing institution development i.e. village cooperative in order to have discussion pertaining to potential impact and together with local government to formulate option for problem solution.

Beside by formal manner, it is better for the company to established relation proactively with all affected community groups, to get information regarding to their interest and look for solution in participative way. This communication and relationship need to develop not only with the elite village or cooperative, but to all community members including who being assumed as non-welfare community.

Social Impact Monitoring Plan

To ensure that the activities can enhance the positive and mitigate the negative impact of running as planned, the company is already making plans monitoring activities. As described in the following table :

| Monitored Impact | Indicator | Method | Responsibility team | Frequency monitoirng |
|------------------------------------|---|--|--|--|
| Community Relocation | Number of moving people | Identify the affected relocated population in each hamlet / village, by asking officials villager, traditional leaders rearding the name, family size, location and relocation area. | General Affair and Corporate Social Responsibility | Every six month if any expansion activity |
| Land Acquisition and land clearing | Number of people who get land compensation from company | Identify land that was, is and will be released on, the owner of the extent and location of the village / hamlet | General section | Every six months or when there is extention activity |

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| Monitored Impact | Indicator | Method | Responsibility team | Frequency monitoring |
|--------------------------------|--|---|---|----------------------|
| Health and risk accident | Occupational safety and health; The number of patients at the clinic due to occupational accidents and diseases caused by the activities of management of oil palm plantation and palm oil mill | Identify accidents and diseases caused by company's operational both in plantation and mill, the types and frequency of occurrence, discuss with local / communities about appropriate solution. | Corporate Social Responsibility | Every six months |
| Community Perception | The existence of joint activities between communities and companies The existence of anti-palm oil protests and anti-corporation | Establish intensive communication with officials and the community leaders to discuss how to improve the quality of the village, aspiration from community and expected welfare from community and living harmony between company and community | General section and Corporate Social Responsibility | Every six months |
| Job vacancy | The number of job vacancy The number of local labor that can be absorbed in the company's activities | Provision of jobs vacancy especially for local labor and deliver openly job vacancy either through village officials / districts and through announcements / media | Human Resources Departement | |
| Marginalization of minor group | Originally workers absorbed in the company The existence of new economic activities involving community | Provide job opportunities for local people and inform job vacancies openly communicate with head of villages through announcements local news paper of another media to reach the remote village. | Human Resources Departement | Every six months |

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| Monitored Impact | Indicator | Method | Responsibility team | Frequency monitoirng |
|-------------------------|--|---|--|-----------------------------|
| Social conflict | 1.The number of complaint letters sent by residents to the company 2. Occurences of demonstrations by the community | Identify and respond all incoming issue from community by directly communication to the community / village officials. Responding all incoming complaints and grievance from comunity by doing good and intensive communication with officials and villagers leaders reagarding community performance in term of involvement on corporate activities in harmonious relationship with the community. | General section and Corporate Social Responsibility | Once e week |
| Increased Revenue | The number of children attending higher education, housing conditions are getting better and permanent | Visiting schools, markets and to the villages to see the physical changes. | Quality management and Corporate Social Responsibility | Every month |
| Human Resource Capacity | 1. The number of children are enrolled in higher education 2. Better housing conditions and permanent | Conduct training regarding development of oil palm plantation best management practice in plantation activitiies, coaching and skills training for entrepreneurship to the community and youth, award of assistance for entrepreneurship. | General section, partnership and Corporate Social Responsibility | Every six month. |

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| Monitored Impact | Indicator | Method | Responsibility team | Frequency monitoring |
|--------------------------------------|--|---|---|----------------------|
| Strengthening Organizations | <ul style="list-style-type: none"> - The number of existing institutions in villages and the position of the external interests - The number of members at the institution | Identify organizations that might be developed by the community in relation to a particular issue, such as cooperative for FFB collectors and so on. | General Section and Corporate Social Responsibility | Every three months |
| The changes of Habit and Environment | - total number of criminals (theft, illegal logging, etc) should be handled by the authorities with cooperation between community, company and security to protect their location. | <p>Visit to the Department of Agriculture or the Department of Plantations to find programs that will be developed.</p> <p>In cooperation with the public and the authorities performance provide security to community</p> | General section & Corporate Social Responsibility | Every month |

The company has Environmental Impact Assessment (EIA) document consist of Terms of Reference (Kerangka Acuan), Environmental Impact Statement (Analisa Dampak Lingkungan) and Environmental Management and Monitoring Plans (RKL & RPL). These document was submitted to Environmental Agency – North Barito Regency Government in January 2014, EIA commission meeting in February 4, 2014 and was approved in April 7, 2014 (Head of North Barito Regency decree no. 188.45/186/201).

In Environmental Management and Monitoring Plans (RKL & RPL) consists of three phase consists of pre-construction, construction and operation with few parameter i.e 1). change attitudes and perception community, 2). public unrest and social conflict, 3). change population, 4). opportunity work and entrepreneur, 5). enhancement of income community, 6). enhancement of noise, 7). reduction of air quality, 8). soil damage, 9). disruption of aquatic biota, 10). the occurrence of fire land, 11). restlessness of community and social conflict potential, 12). attitudes and community perceptions, 13). decline in water quality, 14). micro climate changes, 15). reduction of water quality river, 16). hazardous and toxic waste (LB3), 17). social facilities and infrastructure and 18). domestic waste.

Currently, phase of operation auditee is pre-construction so environmental management plans (RKL) that is :

1. Conduct socialization to public related to positive and negative impacts that will arise,
2. Conduct socialization about activity plans,
3. Conduct an inventory and mapping of community land that there areas of the project together with local authorities,
4. Doing consensus agreement relating to the settlement of land together with related institutions,

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5. Conduct the process of data collection lands that will be the area of the plasma together with the local institutions,
6. Implement the process of land acquisition and compensation related with the agreement,
7. Doing enclave or expenditure area of the existing permit if there are not willing to release,
8. Socializing continuously both formal and non formal associated with the implementation of environmental management that have been, are being and will be done by the company.

While environmental monitoring plans (RPL) that is conducting observation and interviews with people around the location of the plantation and analysis data of quantitative and qualitative.

b. Summary of Management and Mitigation Plans (HCV).

The HCV development and preparation of management and monitoring plans was based on the result of the HCV assessment which was completed in May 2014 by the RSPO Accredited Assessors from Daemeter.Consulting i.e.:

| Category | Action | 1.1 | 1.2 | 1.3 | 3 | 4.1 | 4.2 | 5 | 6 | PIC | Time Plan |
|---------------------------------------|--|-----|-----|-----|---|-----|-----|---|---|--|---|
| HCV Identification | More detailed on identification and/or mapping of HCV / HCVA | √ | √ | √ | | √ | √ | √ | √ | Environmental Division supported with Consultant | 2014 prior land clearing |
| Socialization and delineation of HCVA | Participatory mapping to identify issues | √ | √ | √ | | √ | √ | √ | √ | Estate Manager & Environmental Division | July – Aug 2014 prior land clearing |
| | Develop MOUs with communities for collaborative protection of HCVA | √ | √ | √ | √ | √ | √ | √ | √ | Estate Manager & Environmental Division | July – Dec 2014 |
| | Develop community based on regulations for hunting | √ | √ | √ | | | | | | Estate Manager & Environmental Division | July – Dec 2014 |
| Protection/ Enforcement | Ban hunting and trapping by company staff | √ | √ | √ | | | | | | Estate Manager & Head Assistant | Continuously along operation activities |
| | Prevent coal slurry from spilling directly into the rivers and surrounding environment | √ | - | - | - | √ | √ | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Pest research to define sustainable 'take' of pest TRP species | √ | - | √ | - | - | - | - | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Prevent further illegal | √ | √ | √ | - | - | - | √ | - | Estate Manager & Head Assistant | Continuously along operation |

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| Category | Action | 1.1 | 1.2 | 1.3 | 3 | 4.1 | 4.2 | 5 | 6 | PIC | Time Plan |
|---------------------------------|--|-----|-----|-----|---|-----|-----|---|---|---------------------------------|---|
| | logging in the license areas | | | | | | | | | | activities |
| Restoration of degraded areas | Native tree species replanting program | √ | √ | √ | - | - | √ | - | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Silviculture to enhance regeneration (e.g., thinning of dominant pioneer species) | √ | √ | √ | - | - | - | - | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Mark and maintain riparian buffers | √ | √ | √ | - | √ | - | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Reestablish riparian buffers where they've been cleared | √ | √ | √ | - | √ | - | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| Plantation Management Practices | Prohibit use of fertilizer and agrochemical application close to riparian buffers | √ | - | - | - | √ | - | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Drain water management | √ | - | - | - | √ | √ | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Prohibit use of fertilizer and agrochemical application in flood prone areas during wet season | √ | - | - | - | √ | - | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Maintain cover-crops to prevent exposure of bare soils | - | - | - | - | √ | √ | - | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Evaluate erosion from roads and implement associated erosion prevention management | - | - | - | - | √ | √ | √ | - | Estate Manager & Head Assistant | Continuously along operation activities |
| | Prohibit land-clearing in all HCVMA | √ | √ | √ | √ | √ | √ | √ | √ | Estate Manager & Head Assistant | Continuously along operation activities |
| | | | | | | | | | | | |

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VERIFICATION STATEMENT :

The social and environmental assessments were detailed, comprehensive and professionally carried out. The management plan has included the findings of the SEIA (AMDAL) conducted by the government approved consultants as well as incorporating the HCV and SIA assessments findings by consultants accredited and approved by the RSPO. PT Sawit Sumber Rejo has adhered to the RSPO New Planting Procedures and has documented the assessments and plans according to the RSPO templates issued in May, 2010. TUV Rheinland auditors conducted desk study and review relevant documents was done on 26 & 28 May 2014 and verification to field on June 11-13, 2014 . Two TUV Rheinland auditors were present with the management team of PT Sawit Sumber Rejo at their head office in Jakarta on that time to verify the findings of the desk study and field visit and held further discussions on the review and verification conducted. It is the opinion of the TUV Rheinland auditors that PT Sawit Sumber Rejo has complied with the RSPO New Planting Procedures enforced on 1st January, 2010. TUV Rheinland confirmed that the assessment and plan are comprehensive, professional and compliant of RSPO principles, criteria and indicators for the ongoing plantation activities in PT Sawit Sumber Rejo.

**Signed on behalf of
TUV Rheinland Malaysia**

A handwritten signature in black ink, appearing to read 'Hendra Fachrurozy', with a stylized flourish at the end.

**Hendra Fachrurozy
Lead Auditor
Date: July 03, 2014**

On behalf of the company, I acknowledge the responsibilities of the company to implement the management and mitigations plans.

Signed on behalf of the company,

A handwritten signature in black ink, appearing to read 'Zulkifly Zakariah', with a stylized flourish at the end.

**Zulkifly Zakariah
Direktur Utama
Date : July 03, 2014**