

**Summary Report of Planning and Management
PT Kalimantan Sawit Abadi
Kotawaringin Barat Regency, Central Kalimantan Province**

1. Executive Summary

PT Kalimantan Sawit Abadi (PT KSA), a subsidiary of PT Sawit Sumbermas Sarana, is an oil palm company with its Permitted Area (*Izin Lokasi*) located in Kotawaringin Barat Regency, Central Kalimantan Province, Indonesia. Geographically, the PT KSA Permitted Area is located at 111°27'18.5151"-111°31'19.1759" East and 2°18'16.1018"-2°21'0.5150" South. Administratively, it is located in Kondang Village, Kotawaringin Lama District, Kotawaringin Barat Regency.

The Location Permit (*Izin Lokasi*) for PT KSA covering an area of 1,800 hectares was issued by the Regent of Kotawaringin Barat, No. Ek.525/67/XII/2012 dated December 11, 2012. This is an extension to the existing Location Permit of PT KSA that has previously been issued by the Regent of Kotawaringin Barat which its Permitted Area is located to the east of this new Permitted Area.

This area was previously located in the Forest Area with Convertible Forest Area status (*Hutan Produksi yang Dapat Dikonversi - HPK*), therefore was under jurisdiction of the Ministry of Forestry. The approval of the Forestry Minister for the release of Forest Area status to be "Other Uses Area" (*Areal Penggunaan Lain-APL*) was issued on February 21, 2014, through the Forestry Ministerial Decree No. SK.184/Menhut-II/2014. There is no part of the Permitted Area of PT KSA located in the Moratorium Area, according to the Indicative Map of New Permits Suspension (*Peta Indikatif Penundaan Pemberian Izin Baru*) Revision VI (May 2014), Sheet 1513.

PT KSA has conducted HCV assessment and Social Impact Assessment (SIA) and developed an Environmental Management and Monitoring Document (*Upaya Pengelolaan Lingkungan dan Upaya Pemantauan Lingkungan -UKL-UPL*). The HCV assessment and the Social Impact Assessment (SIA) were conducted in February 2014 by Aksenta (PT Gagas Dinamiga Aksenta) whose team members are RSPO approved HCV assessor and experienced SIA assessors. While the UKL-UPL was developed by the management of PT KSA and has been endorsed by the Office of Environmental Affair (*Badan Lingkungan Hidup*) of Kotawaringin Barat Regency, followed up by the issuing of the Plantation Business License (*Izin Usaha Perkebunan-IUP*) from the Regent of Kotawaringin Barat.

The HCV assessment revealed that there are HCV areas identified in the Permitted Area of PT KSA which cover a total area of 335,7 hectares or 18.7% of the total area size of the Permitted Area. The HCV areas identified consist of HCV 1, HCV 3 and HCV 4. There are no HCV 2, HCV 5 and HCV 6 (cultural values) found in the Permitted Area.

The key elements of HCV 1 are threatened species of wildlife (HCV 1.2), endemic and/or restricted-range species of wildlife (HCV 1.3) and a wildlife corridor or stepping-stones(HCV 1.4).The key element of HCV 3 is a threatened ecosystem of peat swamp forest. Whereas HCV 4 is related to peat swamp forest as a water retention and flood control (HCV 4.1) and riparianbufferalongthe main river of Sungai Asam as an erosionand sedimentation control (HCV 4.2).

The Social Impact Assessment (SIA) revealed that the presence and operations of PT KSA and the general plan of the company has important social impacts on social sustainability of the local community. Since the company has not commenced all its operations, the impact of the company's presence and operational plans plantation can be divided into “the social impact that has happened so far” and “the social impacts that are predicted to occur”.

PT KSA's programs and plan that has created or are considered would create significant positive impacts to the local community are: (i) the land compensation scheme, (ii) the development and management of partnership small-holders plantation, (iii) the development and management of “Tanah Kas Desa” plantation, and (iv) the financial assistances (soft loan) to the local community for the development and management of their own small holder plantation, through “Kemitraan Swadaya” or “Kemitraan Binaan”.Two activities are considered will create significant negative impactsto the local community: (i) the land acquisition and (ii) the land clearing and plantation development. The first activity will obviously reduce thesize of the local community lands which have been a backbone of the local community livelihood and local economy, and an important natural asset for future development of their livelihood and economy. The second activity would create a significant environmental impact by destroying aquatic habitats which have been an income sources for 5-10% of the local community (their livelihood rely on fishing in pond, swamp and rivers).

The results of both the HCV and SIA have been incorporated in the oil palm development plan of PT KSA (1,800 hectaresextension) which includes the HCV and SIA management and monitoring plans which was developed by PT KSA.

2. Reference Documents

2.1. Reports

1. *Dokumen Upaya Pengelolaan Lingkungan dan Upaya Pemantauan Lingkungan* (UKL-UPL; the Environmental Management and Monitoring Document) of PT KSA, developed by PT KSA and endorsed by the Head of Environmental Affair Office (*KepalaBadan Lingkungan Hidup*) of Kotawaringin Barat Regency (No. 660/158/BLH.II/ III/2013 dated March 28, 2103).
2. The HCV Assessment Report for PT KSA, developed by Aksenta (August 2014).
3. The Social Impact Assessment Report for PT KSA, developed by Aksenta (August 2014).

2.2. List of Legal Documents, Regulatory Permits and Property Deeds

Table 1. List of legal documents, permits and property deeds of PT KSA

| Requirements | Issuing institution and date |
|---|--|
| Deed of establishment | July 9, 2012. Teguh Hendrawan, S.H., M.kn. |
| Adjustment article of association | June 18, 2013. H. Eko Soemarno, S.H. |
| Taxpayer notification number | The Tax Service Office, 02.225.164.9-713.000 |
| Company registration | The Industry and Trade Office of Kotawaringin Barat Regency, No. 150510100193, dated 23 July 2012. |
| Business License | The Head of Integrated Permits Service Office (Kantor Pelayanan Terpadu Perijinan) of Kotawaringin Barat Regency, No. 0010/15.02/KPTP/PB/VII/2013, dated July 1, 2013. |
| Location Permit | The Regent of Kotawaringin Barat (Bupati), No. Ek.525/67/XII/2012 dated December 11, 2012, 1,800 hectares. |
| Endorsement to the Environmental Management and Monitoring Document (UKL-UPL) | The Head of Environment Affair Office (<i>Badan Lingkungan Hidup</i>) Kotawaringin Barat Regency, No. 660/158/BLH.III/III/2013 dated March 28, 2103. |
| Environmental Permit | The Regent of Kotawaringin Barat (Bupati), to be issued. |
| Plantation Business License (IUP) | The Regent of Kotawaringin Barat (Bupati), No. 525/190/Ek, dated June 14, 2013, 6,989.76 hectares (included in the PT KSA previous license for the area). |
| Approval for Release of Forest Area | The Forestry Minister, No. SK.184/Menhut-II/2014 dated February 21, 2014, 1,774.93 hectares. |

2.3. Location Map

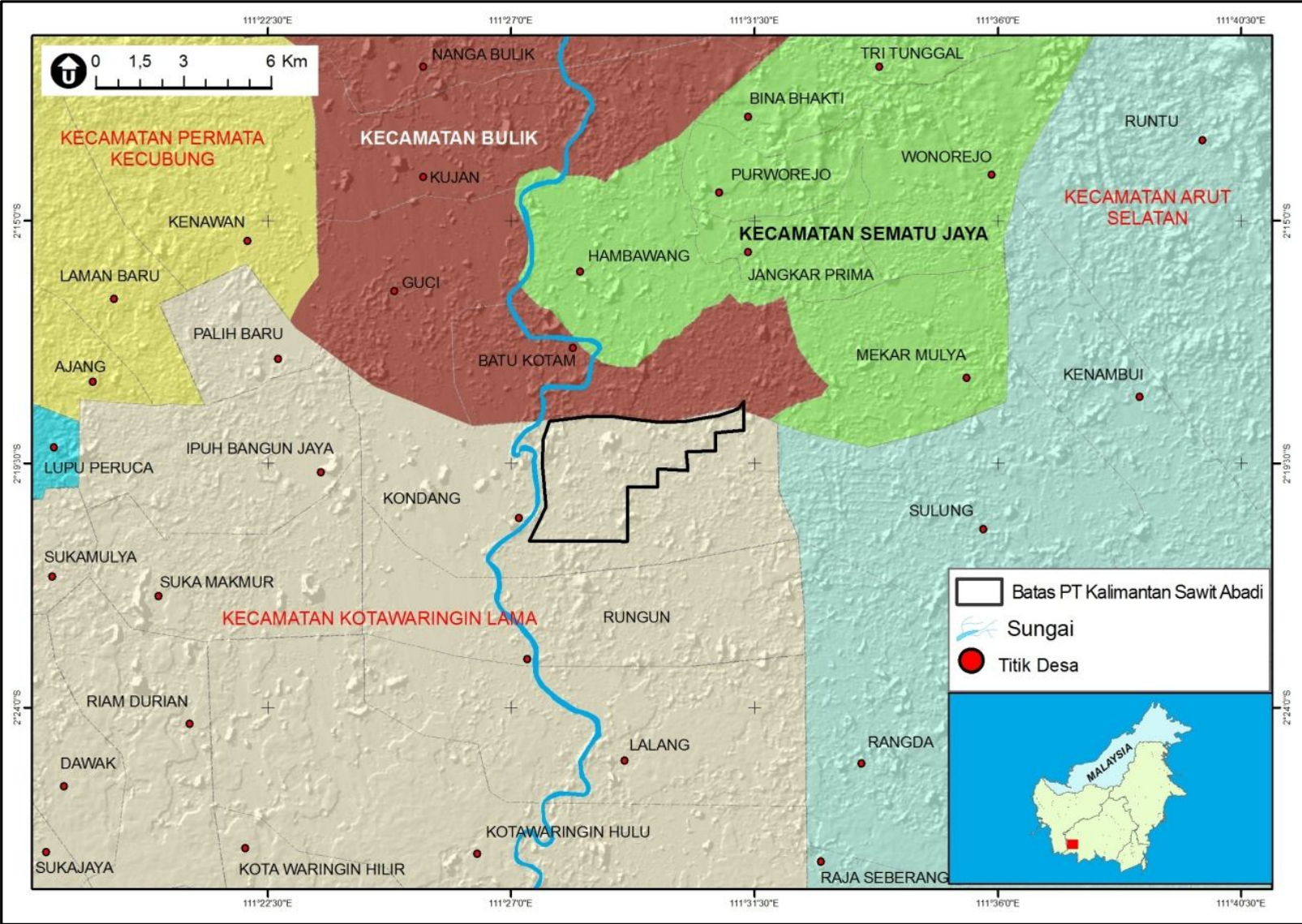


Figure 1. Location of the Permitted Area of PT KSA and its surrounding entities

2.4. Area and time-plan for new plantings

The proposed new planting area of PT KSA will be within the area permitted in the Plantation Business License (*Izin Usaha Perkebunan-IUP*) that has been issued by the Regent of Kotawaringin Barat (1,800 hectares) and agreed by the owners of the land through the Free, Prior and Informed Consent (FPIC) process. The development of the oil palm plantation will take place in a smaller area of 1,744,93 hectares according to the area released by the Ministry of Forestry. About 400 hectares (22.5%) of the Permitted Area will be allocated for community plantation through a partnership smallholder scheme (*Kebun Masyarakat* or *Kebun Plasma*) and the other 77.5% (1,344.93 hectares) will be developed as the company plantation (*Kebun Inti*), which both will be managed by PT KSA Estate Management.

The land development and planting of oil palm will continue in 2014 following the RSPO New Planting Procedures (NPP). PT KSA's development plan has incorporated the results of SEIA (UKL-UPL), HCV Assessments and Social Impact Assessments. As part of the process of free, prior and informed consent (FPIC), PT KSA has established standard operating procedures for land acquisition and compensation that has taken into account the principle of FPIC. The company has also developed the complaint and grievance procedures to ensure the reconciliation process for any land dispute is done through discussion and mutual deliberation.

In accordance with the operational management of PT KSA, the land development in 2014 will cover a total area of 733.96 hectares, of which 333.96 hectares in company plantation area (estate; *kebun inti*) and 400 hectares in community plantation area (partnership small holders; *kebun masyarakat/plasma*). The detail of area statements and time-plan for new plantings are presented in **Table 2**.

Table 2. New planting area of PT KSA (extension area)

| Description | Plantable area (ha) - estimate | | | Unplantable (area) - estimate | | | Total |
|-------------|--------------------------------|--------------|-------|-------------------------------|--------|---------|---------|
| | Estate | Small-holder | Total | HCV area | Others | Total | |
| Area (ha) | 334.0 | 400.0 | 734.0 | 335.7 | 705.3 | 1,041.0 | 1,774.9 |
| % | 18.8 | 22.5 | 41.4 | 18.9 | 39.7 | 58.6 | 100.0 |

Notes: The total area to develop is following the Released Forest Area of 1.774.93 ha out of 1,800 ha of the Permitted Area.

3. SEIA and HCV Management & Planning Personnel

3.1. Organizational information and contact persons

| | |
|-----------------------|---|
| Company name | PT Kalimantan Sawit Abadi |
| Parent company | PT Sawit Sumbermas Sarana |
| Capital status | Domestic Investment (<i>Penanaman Modal Dalam Negeri-PMDN</i>) |
| Taxpayer notification | 02.225.164.9-713.000 |
| Type of business | Oil Palm Plantation & Processing |
| Company address | Jalan H. Udan Said, No. 47, RT 11 Kelurahan Baru, Pangkalan Bun 20152 |

| | |
|---------------------------|---|
| Office contact number | +62 532 2197 |
| RSPO membership | 1-0111-07-000-00. April 18, 2007 |
| Contact person | Rudy Hendrarto |
| Email | Rudy.hendrarto@citraborneo.co.id |
| Position | QHSE Manager |
| Status of concession area | Permitted Area (<i>Izin Lokasi</i>), Released Forest Area, Plantation Business License (IUP). |
| New planting area | 1,774.93 hectares |

3.2. Personnel involved in planning and implementation

The documents of HCV and Social Management and Monitoring Plans are developed by QHSE Department through a process that involve all working units that will be involved in the implementation of the plans, which are Estate Managers, QHSE Representative.

The implementation of the HCV and Social Management and Monitoring Plans in the field will be implemented by experienced personnel who possessed a high level of dedication of knowledge and special technical skills. QHSE Representative, stationed at the location, will provide support in these activities. The Estate Manager is directly responsible on the implementation of the plans of management and monitoring and accountable in fulfilling of the requirements for the plan and as well as responsible in analyzing the input results from the monitoring plans. The QHSE Manager & Regional Head is accountable and responsible to ensure that the Overall Development Plan including the management and monitoring of HCV and social is implemented according to the time plan and budget. The management team is supported and supervised by the Director. The Head of Operational Department, CSR Department and QHSE Department will provide the overall support in the implementation of the development plan.

3.3. Stakeholders to be involved

Stakeholders to be involved are local communities who will be affected by the plantation development of PT KSA as identified in the Social Impact Assessment report, relevant government offices, land-clearing contractors, HCV & SIA assessors and the management unit of PT KSA. PT KSA has conducted a public consultation on February 17, 2014, attended by the local community representatives, village chiefs from three villages (Kondang, Batu Kotam, Batu Hambawang), local government officials from two districts (Camat Bulik and Camat Kondang and their staffs) and from the regency(Head of Environmental Affair Office of Kotawaringin Barat Regency),and the PT KSA's staffs.

4. Summary of Management and Mitigation Plans

4.1. Social Management and Mitigation Plans

The results of the Social Impact Assessment concluded that there are existing and potential social impacts on local community due to the plantation development of PT KSA. The social management and mitigation plan objectives are to mitigate negative social impacts, to enhance positive social impacts and to mitigate company's social risks. The summary of the social management and mitigation plan of PT KSA is presented in Table 3.

Table 3. Summary of the social management and mitigation plan of PT KSA

| No. | Issues | Management measures | Person in charge |
|-----|--|---|--------------------------------|
| 1 | Local community has a high expectation to the partnership smallholders scheme | <ul style="list-style-type: none"> • Submit the proposal for smallholders scheme (participants and the locations) to the Regency Government for approval. • Put priority to develop the partnership smallholders area at the first place or at least in parallel with the development of the company's estate. • Manage the expectation of the local community by updating the progress (and obstacles) of the development to the local community and local government officials. • Facilitate the establishment of community cooperatives for the smallholders scheme and equip the cooperative management units with relevant knowledge and skills in managing cooperative. | Estate Manager, CSR Manager |
| 2 | Local community and local government at village level are looking forward to the establishment of "Tanah Kas Desa" | <ul style="list-style-type: none"> • Put priority to develop the "Tanah Kas Desa" (10 hectares for each village) at the first place or at least in parallel with the development of the company's estate and the smallholders area. • Manage the expectation of the local community by updating the progress (and obstacles) of the development to the local community and local government officials. | Estate Manager, Plasma Manager |
| 3 | Local communities are expecting positive contributions of the company to their livelihood | <ul style="list-style-type: none"> • Identify the local communities who has owned the smallholder plantations and who would like to develop a smallholder plantations. • In line with the company's policy and plan, give financial assistances (soft loan) to the local community for the development and management of their own small-holder plantation, through "Kemitraan Swadaya" (a scheme for the local community who would like to develop their plantations) and/or (ii) "Kemitraan Binaan" (a scheme for the local community who has owned plantations and would like to receive a soft loan to cover the maintenance cost. | CSR Manager, Plasma Manager |

| No. | Issues | Management measures | Person in charge |
|-----|--|---|--------------------------------|
| 4 | Land acquisition for plantation development will reduce the local community assets of lands for their future livelihood and economy | <ul style="list-style-type: none"> • Conduct a systematic and well-planned outreach program to the surrounding villages on the development of partnership smallholders scheme (<i>kebun masyarakat/plasma</i>), "Tanah Kas Desa", as well as "Kemitraan Swadaya" and "Kemitraan Binaan" as PT KSA's initiative for alternative sources of income development dedicated to the local communities and villages. | Plasma manager |
| 5 | Land clearings and plantings that potentially destroy aquatic habitats that have been an income source for part of the local communities (5-10%) | <ul style="list-style-type: none"> • Identify the local communities whose livelihood rely on fishing in pond, swamp and rivers in the permitted area and potentially impacted areas at the downstream. • Facilitate a dialogue with the local communities identified in the first activity to participatory explore the options for solutions. • Ensure and manage access for the local communities to fish in the agreed fishing ground in the plantation area. • Ensure and manage a water level and land subsidence to minimize impact to the environment. | CSR Manager, Estate Manager |
| 6 | Community Development (CD) | <ul style="list-style-type: none"> • Establish communication and maintain relationships with the surrounding community area of PT. KSA • Providing teacher from kindergarten up to the Elementary Level • Empowerment of women with increasing of sewing skills include providing of sew equipment | CSR Manager |

4.2. Summary of HCV Management and Mitigation Plans

Table 3. HCV management and mitigation plan of PT KSA

| No. | Program | Management measures | Person in charge |
|-----|--|--|---------------------------------|
| 1 | HCV area demarcation | <ul style="list-style-type: none"> • Conduct the HCV area delineation on the ground. • Establish poles or marking along the boundaries of each HCV area. | QHSE Manager, Estate Manager |
| 2 | Building awareness on HCV conservation | <ul style="list-style-type: none"> • Conduct an awareness program to all employees and contractors, especially whose job related with land compensation and land clearing to ensure the operators of land clearing aware about boundary of the HCV areas and avoid destroying the HCV areas: No land clearings, No hunting or trapping of threatened wildlife, No timber felling, No encroachment. • Conduct an awareness program to the local communities on the existent of HCV areas in the operational area of PT KSA and importance of conserving HCV areas and their key elements. | QHSE Manager, Estate Manager |
| 3 | Building awareness | <ul style="list-style-type: none"> • Conduct an awareness program to all employees | QHSE Manager, |

| No. | Program | Management measures | Person in charge |
|-----|---|---|------------------------------|
| | on wildlife conservation | <p>and local community about wildlife species that are threatened by extinction and engage them in the collaborative conservation program: No animal hunting or trapping, No fish poisoning, No timber felling, No land burning.</p> <ul style="list-style-type: none"> • Establish signboards on prohibited activities in the operations area of PT KSA: No animal hunting or trapping, No fish poisoning, No timber felling, No land burning, at certain locations especially at sites that are used for access by local communities and company's workers and at the workers housings. | Estate Manager, CSR Manager |
| 4 | HCV protection for HCV Index No 1: downstream of Asam River | <ul style="list-style-type: none"> • Establish signboards on the HCV area notification to the public at certain sites along the boundaries of the HCV area. • Before land clearing, establish riparian zone along the Asam River identified and demarcated as HCV area and 50 meters of each side of the river. • Ensure no activities in riparian zone including open burning. • Enrich riparian zone by planting forest trees species. | Estate Manager, QHSE Manager |
| 5 | HCV protection for HCV Index No 2: peat swamp forest | <ul style="list-style-type: none"> • Establish signboards on the HCV area notification to the public at certain sites along the boundaries of the HCV area. • Establish signboards on prohibited activities in and adjacent to the HCV area: No animal hunting or trapping, No fish poisoning, No timber felling, No land burning, at certain locations especially at sites that are used for access by local communities and company's workers. • Apply the RSPO Manual on BMPs for Management and Rehabilitation of Natural Vegetation Associated with Oil Palm Cultivation on Peat and the RSPO Manual on BMPs for Existing Oil Palm Cultivation on Peat • Avoid connecting of canal or drainage system in the plantation areas with the existing peat swap forest and rivers. • Mitigate forest and land fire, especially during the dry season through routine patrol and establishing a fire detection tower. • Ensure no exploitation activities in the peat swamp forest. • Enrich the peat swamp forest by planting forest trees species. • Conduct biodiversity survey to identify wildlife species in the HCV area as baselines, focusing on key species: threatened species, endemic species. • Conduct regular biodiversity monitoring for key wildlife species (every six months and opportunistically at any occasions) and the | Estate Manager, QHSE Manager |

| No. | Program | Management measures | Person in charge |
|-----|------------------|---|---------------------------------|
| | | success of enrichment program. | |
| 6 | HCVMA protection | <ul style="list-style-type: none"> • Establish signboards on the HCVMA existence to the public at certain sites near the HCVMA. • Establish signboards on prohibited activities in and adjacent to the HCVMA: No hunting or trapping, No timber felling, No land burning, at certain locations especially at sites that are used for access by local communities and company's workers. • Conduct an orangutan regular monitoring program in HCVMA: existent, distribution, and population in and around the Permitted Area. • Ensure no exploitation activities in the HCVMA. • Enrich the HCVMA by planting forest trees species: food trees and sleeping trees. | Estate Manager, QHSE Manager |

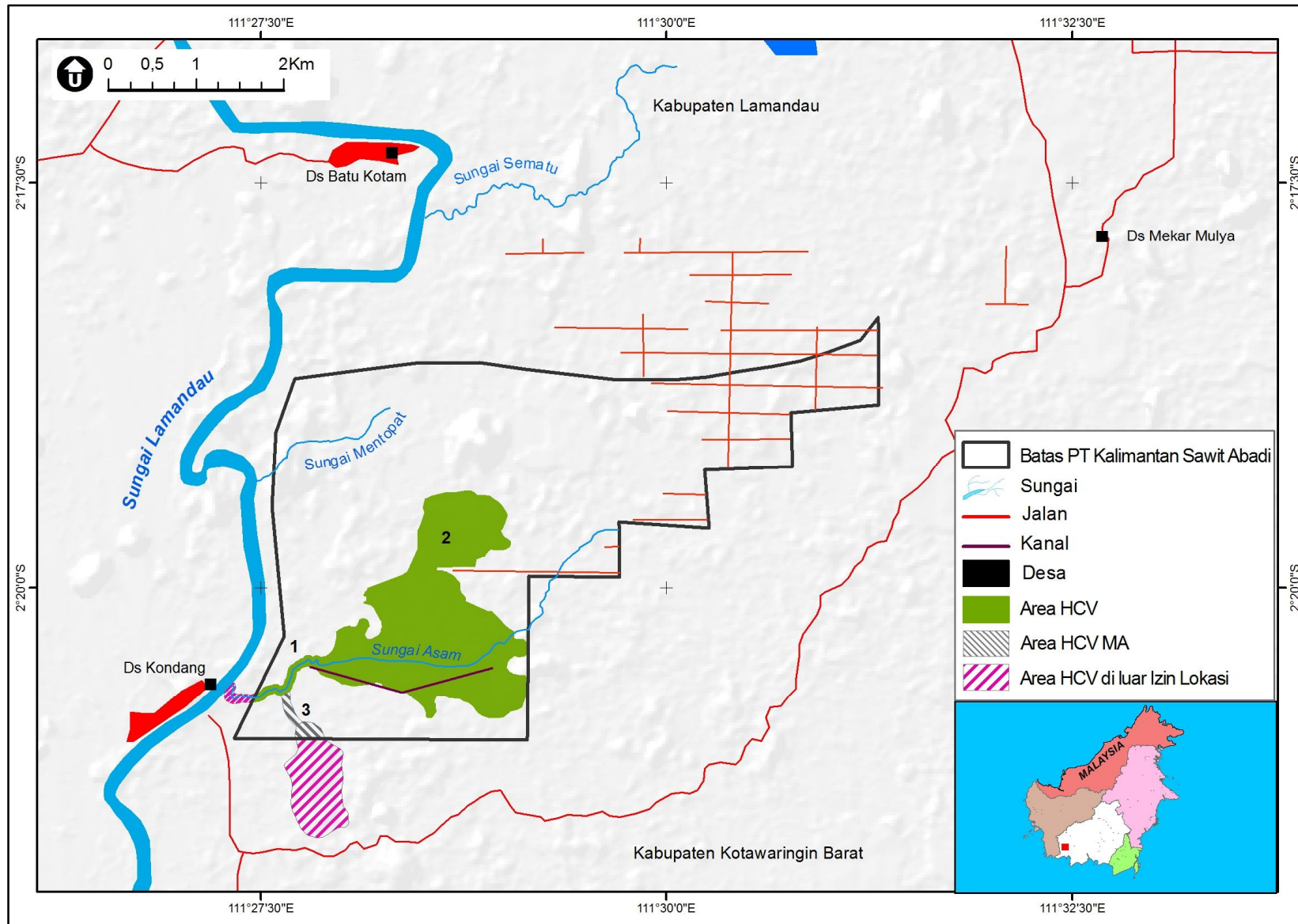


Figure 2. Map of HCV area in PT KSA Permitted Area (1,800 ha extension)

4. Internal responsibility

This document is the summary of the High Conservation Value (HCV) and Social Planning and Management of PT Kalimantan Sawit Abadi for its Permitted Area (extension) of 1,800 hectares in Kotawaringin Barat Regency, Central Kalimantan Province, and has been approved by the Management of PT Kalimantan Sawit Abadi.

Proposed by,




Rudy Hendrarto

QHSE Manager

Date: September 2014

Agreed by,



Irvan Pandjaitan

Head of Sustainability

Date: September 2014

Approved by,



Ramzi Sastra

Director

Date: September 2014