PT CITRA SAWIT CEMERLANG

KETAPANG REGENCY

WEST KALIMANTAN PROVINCE

INDONESIA

SUMMARY OF HCV AND SEIA REPORTS

MAY 2014

RSPO

RSPO NEW PLANTING PROCEDURES
Summary Report of HCV Assessment and SEIA

1. Executive Summary

PT. Citra Sawit Cemerlang (PT CSC) has obtained the license area of 19,400 ha based on Sanggau Regent Decree dated 27th April 2005. This was then revised through Sanggau Regent Decree No. 384 dated 23rd October 2009 for the license area of 15,119 ha. PT CSC concession area status was formerly classified as Convertible Production Forest (HPK) but was thereafter changed to Area outside the forest zone (APL) through principal permit of Forestry Ministry No. S.667/Menhut-II/2009 and Forest Area Deliverance Permit No. SK.344/Menhut-II/2011.

After obtaining the license area, PT CSC hired a team led by Wibowo A. Djatmiko (of Aksenta), an RSPO-accredited HCV lead assessor to conduct HCV assessments and SEIA. Villages where the assessments conducted were are : Desa Demit, Cinta Manis, Randau Jungkal, Aur Gading.

Based on the HCV identification, the land cover within the Management Unit (MU) area still consists of some primary forest which is found at the hilly areas since the area were inaccessible by logging activities. However the size and location must be re-evaluated. It was also found that there were five types of vegetation within the MU area which are: forest and old mix-garden around 11,036.5 ha(70,3 %), mix-garden of 2,107.0 ha(13.4 %), old-field and shrubs of 1,990.5 ha(12.7 %), open space and crop field of 101.7 ha(0.6 %), and paddy-field of 470.2 ha(3.0 %). The definition of forest based on HCV document is the ex-logging forest; except the forest at the hilly area with very steep slopes.

The HCV identification showed that the MU area contains High Conservation Value Areas (HCVA) that must be managed properly. The total size of HCV area is 1,751.1 ha (11.1 % from the total concession area of 15,705.7 ha). The HCVA consists of the forest at the hilly area of around 951.2 ha, upstream part of riparian river of 14.8 ha in size, forest and water source of 71.6 ha, other Riparian of rivers at 691.8 ha in size and water source of 17.7 ha. Based on the HCV identification document, it was noted that all of the HCVA contains the HCV which are linked with one or part of HCV 1-3.

The soil type within PT CSC concession area is largely dominated by Ultisol and Oxisol.

The HCV assessment was conducted based on the license area with reference to Sanggau Regent Decree dated 27th April 2005 for 19,400 ha which was then revised with the Decree No. 384 dated 23rd October 2009 for the area of 15,119 ha. Since the initial land status was Convertible Production Forest (HP), PT CSC also refers to the principal permit of Forestry Ministry No. S.667/Menhut-II/2009 and Forest Area Deliverance Permit No. SK.344/Menhut-II/2011 Principal Permitt of Ministry as the legal base for managing the area.

The AMDAL (Socio-environmental Impact Assessment), Izin Lingkungan (Environmental licence) and IUP (Plantation Operational licence)have been obtained.

2. Scope of the HCV Assessment and SEIA

- Company: PT Citra Sawit Cemerlang
- Location: Sandai, Hulu Sungai, Nanga Tayap District, Ketapang Regency, West Kalimantan Province
- Geographical Location: Latitude 110°37'6.726" to 110°48'4.292"
  Longitude 01°10'51.927" - 01°17'54.488"
- Surrounding Area:
  a. North : Oil palm plantation and community land
  b. East : Community land and Conversion Forest
  c. West : Transmigration resettlement and oil palm plantation
  d. South : Community land and oil palm plantation
- Permits:
  a. Land Permit: First license area for oil palm plantations covering an area of 19,400 ha through the Regent Decree of Ketapang on 27th April 2005. Based on a new Regent Decree of Ketapang No: 384, 2009 on 23rd October 2009, the permit covered an area of 15,119 ha.
  Renewal No.503/PEM/2012 dated 5th December 2012.
  b. Plantation Operational License/IUP: through the Regent Decree of Ketapang No : 551.31/0706 /DISBUN-D/2005, on 11th April 2005

- Location Map:

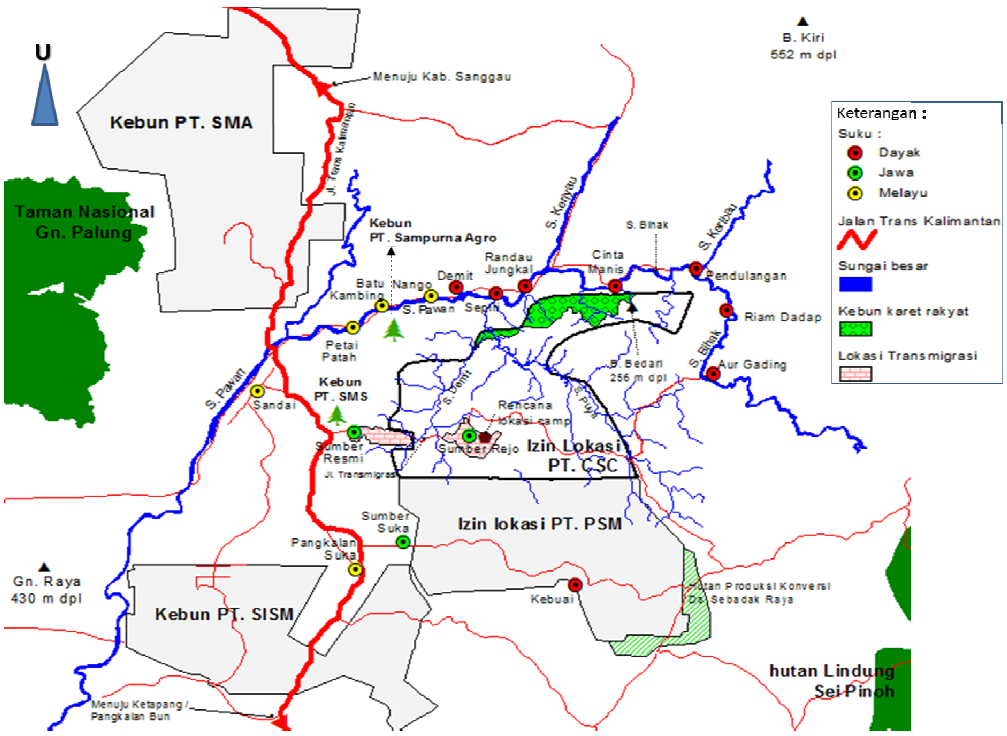

Figure 1. Location map of PT CSC

3. Assessment Methodology

a. HCV Assessment

The HCV assessor team, which involved experts in Biodiversity, Environmental Services, Social and Culture and supported by GIS expert, had conducted field data collection on 20th – 26th March 2012. Data collection was facilitated by the staff of the company and assisted by the village community. The SEIA assessment was also conducted at the same time.

HCV Team Leader: Wibowo A. Djatmiko (RSPO Approved HCV Assessor-Team Leader and Discipline Specialist on Biodiversity and Conservation)

Members : Idung Rusdiyanto, RSPO Approved HCV Assessor on Environmental Services.

Muayat Ali Muhshi, Approved HCV Assessor on Social and Cultural

Yanto Ardiyanto, GIS Specialist

HCV 1, 2 and 3 identification

The target of HCV 1, 2 and 3 identification is to find important area defined by the biodiversity context. To find out whether an area is defined as protected area or not, an analysis is conducted based on the TGHK (Forest Zone Concensus) Map and formal government document on Forest Area Status. The originality of community or ecosystem is checked through map analysis and ground checking. A method of *reconnaissance survey* is used to examine the presence of important flora and fauna.

HCV 4 Identification

HCV 4 areas are important areas in related with water and land resources. To identify the presence of HCV 4, two approaches were taken, i.e (1) an analysis to find out the interaction and relation between water system and plantation land area within the wider landscape context; and (2) an analysis to find out the importance of specific areas and their influence to the plantation area.

HCV 5 and HCV 6 Identification

HCV 5 assesment will focus on the places or areas within the plantation which are important for the local community's fulfillment of basic needs. The manifestation of areas defined as HCV 5 consists of areas of proper delienation and ownership which are legitimated by local tradition and custom e.g. mix-gardens where the main sources of food are obtained. HCV 5 area can also be an area outside the delienation borders and/or collective ownership. . These can be wildlife hunting or fishing areas. It can also be a source of traditional medicines as long as the area still available and there is no other option or valued compensation, such as health care clinic which is affordable by the locals. The second example is usually outside the communities' land areas.

The utilization of available natural resources for the fulfillment of basic needs can be conducted directly or by conversion. Examples of direct utilization are hunting or fishing for animal protein, gathering medicinal plant for meeting the basic needs of health, and collecting firewood for cooking. Meanwhile the example of conversion utilization includes rubber tapping from the gardens and selling the latex for purchasing rice (staple food) or paying for their childrens' school tuition.

The focus of HCV6 identification and assessment is at places or areas within the plantation area which are important for the identity and continuity of tradition and culture of the local communities.

b. SEIA Assessment

The SEI assessment was conducted in three stages. The first stage was the desktop study to collect existing data from public sources. Further collection of data was also conducted in the villages, sub-district and district administration offices, The information collected includes data on public health data, villages/sub-district and districts monographies.

The second stage involves the field work which included in-depth interviews, as well as Focus Groups Discussions (FGD) and direct observations. The field work was conducted over ten days in the field, in the ten villages around PT CSC [Petai Patah, Demit, Cinta Manis, Riam Dadap, Sekukun, Sebadak Raya, Pangkalan Suka, and Sandai villages).

The third stage was the analysis of the data and preparation of the report. The report was submitted to PT CSC for review and comments before being finalised.

The methods used for social impact assessment was consist of:

The methods used for social impact assessment consists of:

1. Literature Review; used to gain understanding on the social and environmental context of the study area.
2. Primary Data Collection; used to obtain village demography data as background for understanding the social life of local community
3. Dialogues; used to identify the parties, to explore the issue of impacts, to explore hopes, ideas and aspirations to find out solution of occurring issues, conducted through both formal and non-formal meetings.
4. Field Observation; used to gain direct understanding on the facts which are an indication of the occurring social impacts and issues.
5. In depth interviews; to explore and gain deeper understanding on the emerging issues from the chosen key figures as resource persons.
6. Triangulation; integration of the above methods to verify the emerging issues, opinions and ideas.
7. Social Learning Cycle; social impact assessment is not completely a linear process but it is a process cycle which functions as an understanding to social changes in response to the environmental changes that occurs.

A HCV and SEIA public consultation, which took place on 25th March 2012 at the Sandai village. The public consultation was conducted to obtain feedback of the HCV and SEIA findings from the related parties. The process of public consultation, and the feedback and commentary from the participants were documented to provide inputs in finalization of the HCV and SEIA reports.

The public consultation was attended by the PT Aksenta team, PT CSC employees, community and traditional leaders, Head of villages around of PT CSC area, Sandai and Hulu Sungai Sub Districts, Environmental Agency, Forestry Agency, local NGO, local press, 16 village heads and the local Agricultural Agency.

SIA Team Leader:	Andri Novi Hendrarto
Members :	Dyah Indrapati
	Miranty Magetsari

4. Summary

a. Summary of HCV Assessment Findings

The licence area of PT CSC which is 15,119 Ha contains HCV areas covering 1,751.1 ha (11.1 % from the total concession area) (please see Table 1 and Figure 2 below).

Table 1. Summary of HCV assessment findings at PT CSC

No	High Conservation Value Area	HCV Attribute	Size (Ha)
1	Riparian of Semanan River	1.3., 1.4., 4.2.	58.8
2	Riparian and water source at Ayau River	1.3., 1.4., 4.1., 4.2.	4
3	Forest Area at Bedari Hill Complex	1.3., 1.4., 4.1., 4.2.	313.6
4	Forest Area at Layang Hill	1.2., 1.3., 4.1., 4.2.	39.2
5	Riparian of Pian River	1.3., 4.2.	9.2
6	Riparian of Sia River	1.3., 4.2.	36.8
7	Riparian of Jajulu River	1.3., 4.2.	9.7
8	Riparian of Siku River	1.3., 4.2.	3.3
9	Riparian of Dua River	1.3., 4.2.	2.8
10	Riparian and Water Body of Puya River	1.2., 1.3., 1.4., 4.2., 4.3.	169.9
11	Riparian and water body of Raya Hilir River	1.2,1.3., 1.4., 4.2.	4.2
12	Water Source (modified lake at the upstream of Kendawan River)	1.3.,1.4., 4.1.,4.1.	4.2
13	Riparian of Kendawan River	1.2,1.3., 1.4., 4.2.	28.1
14	Riparian of Dulang Batu River	1.2,1.3., 1.4., 4.2.	3.9
15	Riparian of Anak Puya River	1.2,1.3., 1.4., 4.2.	5.1
16	Riparian of Batu Ampai River	1.2,1.3., 1.4., 4.2.	33.4
17	Riparian of Raya Hulu River	1.2,1.3., 1.4., 4.2.	11.8
18	Riparian of Suja River	1.2,1.3., 1.4., 4.2.	4.1
19	Water source of modified lake (three lakes around Entarum River)	1.3.,1.4., 4.1.,4.1.	13.5
20	Riparian of Entarum River	1.2,1.3., 1.4., 4.2.	80.5
21	Upstream part of rivers which empty to the southern part of concession area	1.3., 1.4., 4.2.	9.4
22	Upstream part river's riparian area which empty to the southern part of concession area	1.3., 1.4., 4.2.	5.4
23	Forest and water source of Mentaus River	1.2., 1.3.,3., 4.1., 4.2.	71.6
24	Hilly forest area at the southern part of ex-logging road (Km 18)	1.2., 1.3.,3., 4.1., 4.2.	50.4
25	Forest at Cempedak Hill	1.2., 1.3.,3., 4.1., 4.2.	70.3
26	Forest at Lancang Balang Hill	1.2., 1.3.,3., 4.1., 4.2.	172
27	Forest at the southern part of Lancang Balang Hill	1.2., 1.3.,3., 4.1., 4.2.	56.6

No	High Conservation Value Area	HCV Attribute	Size (Ha)
28	Hilly forest area at the southern part of Lancang Balang Hill	1.2., 1.3.,3., 4.1., 4.2.	22.9
29	Hilly forest area at the southern part of ex-logging road (Km 18 - 23)	1.2., 1.3.,3., 4.1., 4.2.	226.2
30	Riparian of Demit River	1.3., 1.4., 4.2., 4.3.	124.9
31	Lake around the road	1.3., 1.4., 4.1.	3.8
32	Riparian of Papada River and sub-stream of Papada	1.3., 1.4., 4.2.	31
33	Riparian of Kiakon Demit River	1.3., 1.4., 4.2.	16.5
34	Riparian of Mentaur River	1.3., 1.4., 4.2.	18.3
35	Riparian of Uang sub-stream River	1.3., 1.4., 4.2.	7.4
36	Riparian of Uang River	1.3., 1.4., 4.2.	28.1
	Total of HCV area		1751.1

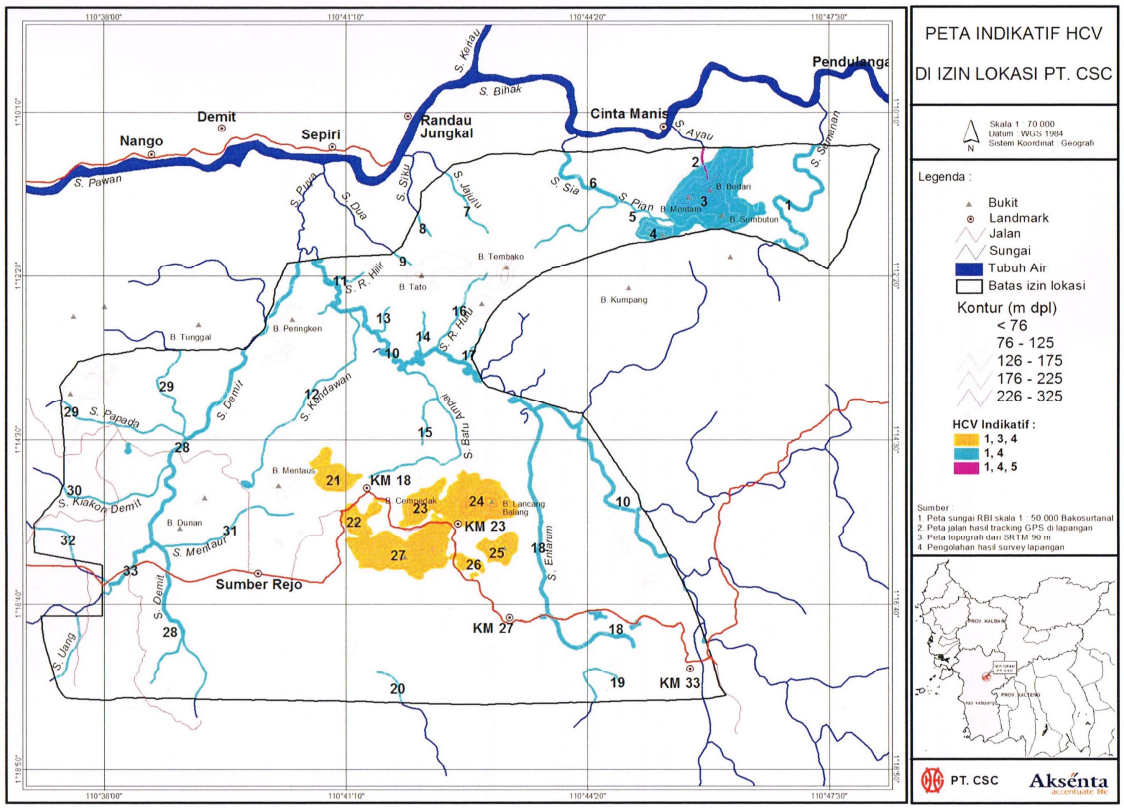

Figure 2. Location map and HCV map of PT CSC

b. Summary of SEIA Findings

Demography, PT CSC license area is located within the Sandai, Hulu Sungai and Nanga Tayap Districts, which are not densely populated.

Ethnically, the population consists of several etnic groups mainly of Dayak tribe (Dayak Kayong, Dayak Pawan, Dayak Bihak) and Malays and with significant numbers of people from other areas (mostly Java). A big number of the population are Christians.

Education is relatively good, with a good proportion of the younger generation having attended high school. However, higher education opportunities are very limited in the area.

Health facilities in the area are limited, but primary health services are available in each village of the area but doctor only can be found in the sub-districts capital and the government hospital only in the Regency capital, Ketapang. For clean water sources, the villages depend on several sources i.e. water from springs, wells and small rivers around of the village. A significant number of villagers are still using the river water, in particular during the dry season, when their wells are dry.

Economy. Most of the areas surrounding the licence area are covered by plots of rubber owned by villagers from the two villages.The villagers in these areas relies almost exclusively on small-scale rubber farming, and has done so for a long period of time, as this can be observed by the age of the rubber trees. The local population is familiar with rubber farming. Other sources of income are limited, with a few farming/collection activities on the side of rubber farming, some small trade, and a low number of public servants and private employees.

Potential positive and negative developments. The local populations will expect some positive outcomes from the development of PT CSC in the area. In general, the community is interested in the Partnership (Plasma-Core) scheme to improve thier welfare and livelihood. Among the positive outcomes includes the improvement of economic infrastructures to support community economic activities and access to school for the children. Improved education facilities would be also seen as a positive result of the presence of the company, with possibly better school buildings, support to the teachers (allowances) and/or scholarships for children in the area. Improvement in the health sector are also likely to be expected, considering the current isolation of the area in that aspect.

The long tradition of rubber cultivation in the area is likely to bring challenges to development of PT CSC. Farmers are reluctant to change from rubber to oil palm, and this is likely to reduce the number of farmers interested in joining the plasma programme of the company. Also, with the establishment of a plantation, and the numerous job opportunities,

mid-size rubber growers are likely to feel some competition between them and the company to obtain workers.

The villagers will also be very wary of any perceived water pollution or over-usage by the company, due to their reliance on the rivers to supply them with water for their daily needs.

The informal land ownership system in the area will be a challenge for the initial phases of land-rights acquisition by the company. As it is common in many other areas, there will likely be some land-rights ownership conflicts, with multiple people claiming ownership of the same plot of land.

Considering the low population density, CSR efforts by the company are expected to have a good impact. The relative amount of money spent per habitant will be relatively high, and if planned participatively, CSR activities are more likely to bring satisfaction to the villagers.

5. Internal Responsibility

Formal sign-off by Assessors and Company.

This document is the Summary of HCV (High Conservation Values) Assessment and SEIA (Social and Environment Impact Assessment) of PT CSC.

PT Aksenta

Wibowo A. Djatmiko
Team Leader HCV

Andri Novi
Team Coordinator SEIA

Statement of Acceptance of Responsibility for Assessments.

The assessment results of the High Conservation Value (HCV) Assessment and Social and Environment Impact Assessment (SEIA) of PT CSC by PT Aksenta will be applied as part of the guidelines in developing and managing PT CSC.

Prepared By	Approved By
	
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Group Sustainability Manager	Director