

Summary Report of Planning and Management PT Sawit Mandiri Lestari
Lamandau Regency, Central Kalimantan Province

1. Executive Summary

PT Sawit Mandiri Lestari (PT SML) a subsidiary of PT Sawit Sumbermas Sarana (member of RSPO). PT SML is an oil palm company with its Permitted Area (Izin Lokasi) located in Lamandau Regency, Central Kalimantan Province, Indonesia. Geographically, PT SML Permitted Area is located at 01° 40' 54" - 01° 56' 31" South and 111° 05' 14" - 111° 19' 12" East. Administratively, it is located in Kinipan Village, Ginih Village, Batu Tambun Village, Sungai Tuat Village, Tanjung Beringin Village, Cuhai Village, Kawa Village, Karang Taba Village, Penopa Village, Suja Village and Tapin Bini Village, in three districts namely Delang District, Batang Kawa District and Lamandau District, Lamandau Regency, Central Kalimantan Province.

PT SML has obtained a licence area for oil palm plantations covering an area of 26,995.46 ha (nucleus estate amount of ±12,561.52 ha and smallholder estate amount of ±14,433.94 ha) through the Regent Decree of Lamandau EK. 525.26/15/SK-IL/VI/2012, dated June 26, 2012., about the Location Permit for Oil Palm Plantation's PT Sawit Lestari Mandiri In Delang District, Batang Kawa District, Lamandau District, Lamandau Regency, Central Kalimantan Province.

Based on the Decree of the Forestry Minister No. 292/KPTS-II/2011, status area PT SML Oil Palm Plantation is a Convertible Production Forest (HPK) and Other Use Areas (APL). Therefore, to ensure certainty area and business, PT SML need to make changes area HPK into other use area (APL). The effort began with received licence associated with the area designation based on Decree of the Minister of Forestry No. S.335/Menhut-II/2014 dated August 29, 2014, about Reserve Production Forest Areas Can Convert To Oil Palm Plantation area in the name of PT SML in Lamandau Regency, Central Kalimantan Province covering area ± 19,240 ha.

PT SML has a EIA (AMDAL) document based on Head of Lamandau Regency number Ek.525.26/15/SH-IL/VI/2012 dated on June 26, 2014 with 26,995.46 Ha covered area and has been approved by the Environmental Impact Assessment Commission of Central Kalimantan accordance to the letter of environmental feasibility number 660/247/Kom-AMDAL/VIII/2014 dated on August 27, 2014.

A comprehensive and participatory independent High Conservation Value (HCV)

Assessment and Social and Environmental Impact Assessment (SEIA) which include internal and external stakeholders were completed by RSPO approved assessor from PT Sonokeling Akreditasi Nusantara (PT SAN). The results are incorporated into the operational management planning to develop the new planting.

The HCV assessment revealed that there are HCV areas identified in the Permitted Area of PT SML which cover a total area of 4.832,83 Hectares or 18% from the total area ± 26.995,46 Hectares. The HCV areas identified consist of HCV 1, HCV 2, HCV 4, HCV 5 and HCV 6. There is no HCV 3 (endangered ecosystems) found in the Permitted Area.

The key elements of HCV 1 are Areas that contain or provide biodiversity support function to protection or conservation areas (HCV 1.1), Critically endangered species (HCV 1.2), habitat for viable populations of endangered, restricted range or protected species (HCV 1.3), habitat of temporary use by species or congregations of species (HCV 1.4). The key elements of HCV 2 are representative populations of most naturally occurring species (HCV 2.3). HCV 4 (HCV 4.1, HCV 4.2 and HCV 4.3) is related to rivers, hills, water pond as a water retention and flood control, erosion and sedimentation control and as a barriers to the spread of forest or ground fire. HCV 5 is related to rivers as fulfillment basic needs of local people. HCV 6 related to Hamlet as cultural identity of the local community.

The Social Impact Assessment (SIA) revealed that the presence and operations of PT SML 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 classified as the social impacts that are predicted to occur.

The program and plan of PT SML 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) infrastructure, (iv) employment opportunities, and (v) Business opportunities.

The existence of infrastructure that will be built by oil palm company, will have a positive impact on local communities. Mobility of people and goods will increase so that economic activity grows more dynamic. Some people are keen to see economic opportunities and will develop businesses such as shops, small market in the roadside. Thus indirectly the existence of oil palm plantations PT

SML will increasing income per capita household economy of local residents by increasing access to and utilization of the infrastructure that will built or improved by the company.

At the time of oil palm plantations PT SML starts (construction phase), the company will prioritize employment from the local area. Thus, the existence of oil palm plantations PT SML has a positive impact with regard to employment opportunities for local populations. Employment opportunities are available to the public, including infrastructure development and nursery. Job opportunities posed by the activities of oil palm plantations in turn will result in increased income to local communities who then form a positive public perception and support of the company.

Business opportunities will also open the informal sector such as food stalls, workshops, bike transportation (Ojek) or other business with increasing population density and the velocity of money in the surrounding oil palm plantation area. The growth of new economic actors with a new type of business, can create centers of local economic growth. When all of the efforts mentioned above can be set from the start to go well, it would be a good synergy between the company and the community, mutually beneficial to both parties. Opening a business opportunity society will ultimately result in self-reliance that makes society no longer depends on the company, especially as laborers.

PT SML also has conducted Land Use Change Analysis were completed by RSPO approved assessor from PT Sonokeling Akreditasi Nusantara (PT SAN) in December 2014. Current conditions, the company has not carried out land clearing operations and has carried out HCV identification on August 2014 where the period of November 2005 to 30 November 2007, 1 December 2007 to 31 December 2009 and 1 January 2014 to 9 May 2014 was not found change of cover land use in PT SML areas or land clearing activities for oil palm development by PT SML.

2. Reference Documents

2.1. Reports

- a. Environmental Impact Assessment (AMDAL) of PT Sawit Mandiri Lestari has been approved by the Environmentan Impact Assessment Commision of Central Kalimantan accordance to the letter of environmental feasibility number 660/247/Kom-AMDAL/VIII/2014 dated on August 27, 2014.
- b. The HCV Assessment Report for PT Sawit Mandiri Lestari, developed by PT Sonokeling Akreditasi Nusantara (August 2014).

- c. The Social Impact Assessment Report for PT Sawit Mandiri Lestari, developed by PT Sonokeling Akreditas Nusantara (August 2014).
- d. Land Use Change Analysis (LUC) report developed by PT Sonokeling Akreditas Nusantara (December 2014).

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

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

No	Legal Documents	Numbers	Remarks
1	Environmental Permit	188.45/478/XI/HUK/2014	Signed by Lamandau Regent, November 21, 2014
2	Location Permit	EK. 525.26/15/SK-IL/VI/2012	Signed by Lamandau Regent, Juni 26, 2012
3	Approval Reserve Production Forest Areas Can Convert To Oil Palm Plantation area	No. S.335/Menhut-II/2014	Signed by Minister of Forestry
4	Approval for Release of Forest Area		On progress
5	AMDAL (Environment Impact Analysis)	660/247/Kom-AMDAL/VIII/2014	Signed by Lamandau Regent, August 27, 2014
6	Environment Permit	On Progress	-
7	Company Registered Number	15.05.1.46.00170	Signed by Head of Company Registered, dated 17/07/2014. Expired on 04/05/2019.
8	Tax Registration Number (NPWP)	02.917.066.9-713.000	-
9	Plantation Business Permit	Ek.525.26/01/SK-IUP/IV/2014	Signed by Lamandau Regent, April 07, 2014

2.3. Location Map

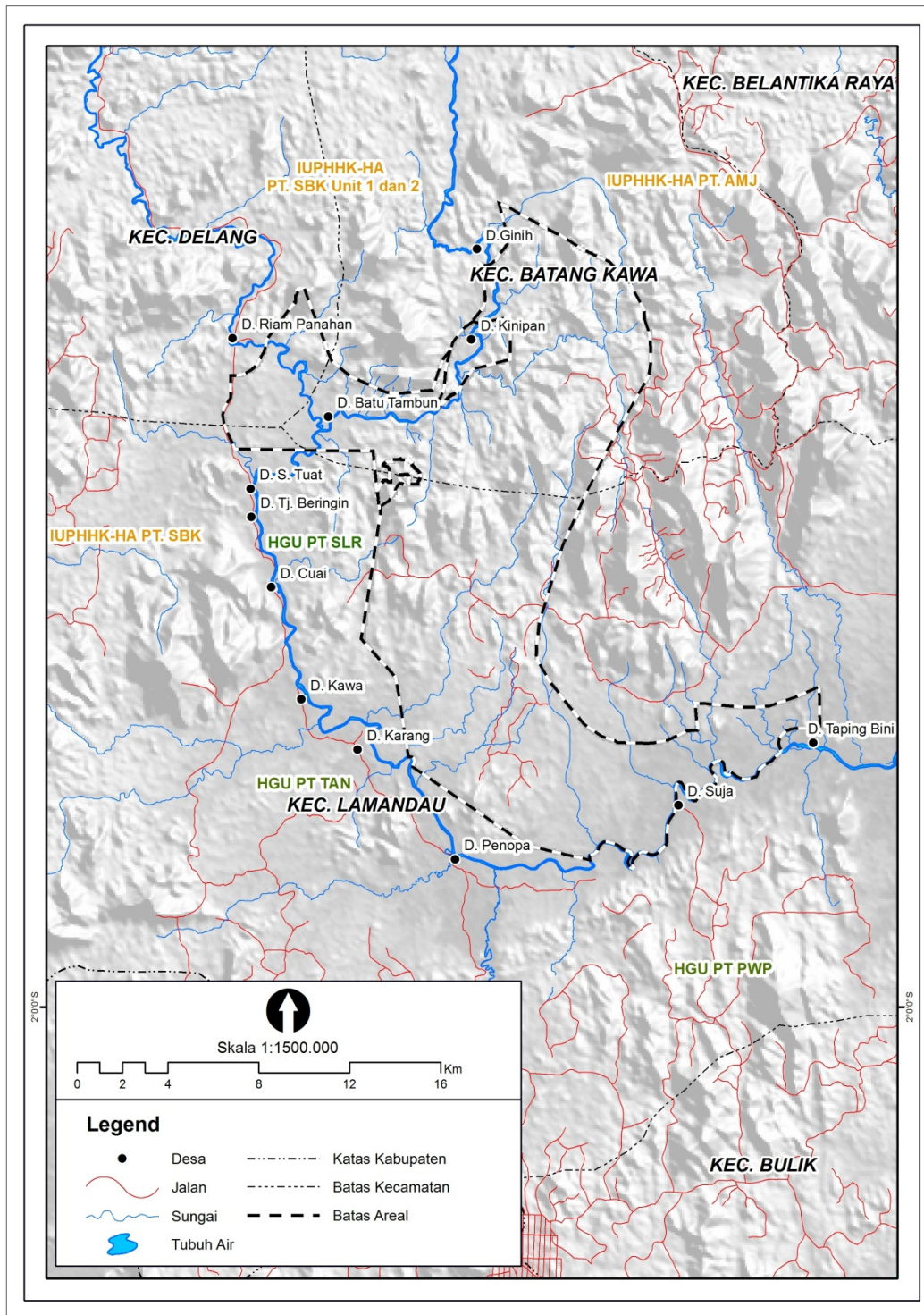


Figure 1. Map of PT Sawit Mandiri Lestari Oil Palm Plantation Area

2.4. Area and time-plan for new plantings

The proposed new planting area of PT SML will be within the area permitted in the Plantation Business License (Izin Usaha Perkebunan-IUP) that has been issued by the Regent of Lamandau and agreed by the owners of the land through the Free, Prior and Informed Consent (FPIC) process. The development of the oil palm plantation in permitted area will be allocated for community plantation through a partnership smallholder scheme (Kebun Plasma) amount of ±14,433.94 ha and nucleus estate amount of ± 12,561.52 ha, which both will be managed by PT SML Management.

The land development and planting of oil palm will begin in 2015 following the RSPO New Planting Procedures (NPP). PT SML's development plan has incorporated the results of EIA, HCV Assessments, Social Impact Assessments and LUC. As part of the process of free, prior and informed consent (FPIC), PT SML 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.

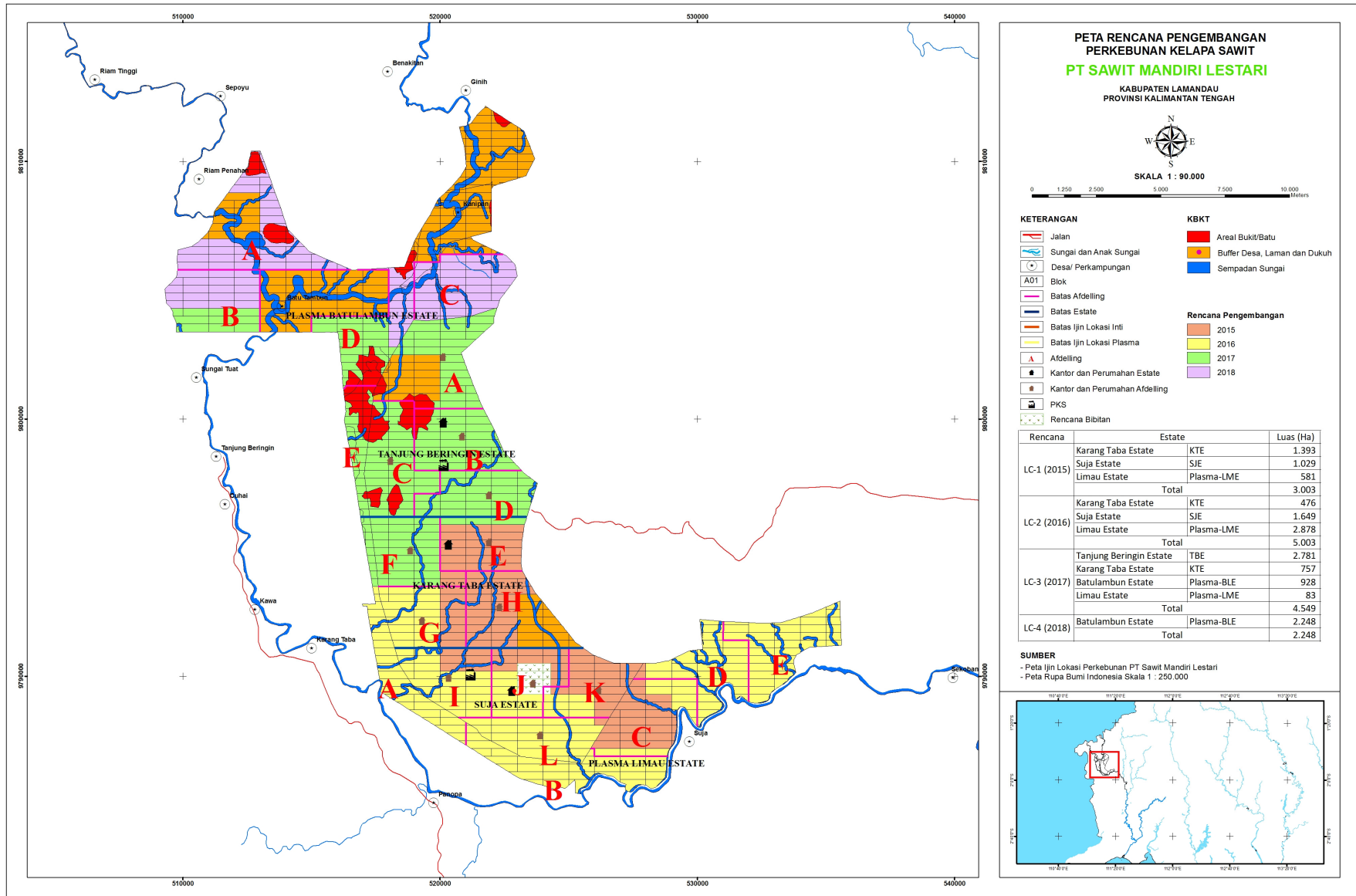


Figure 2. Block Map of PT Sawit Mandiri Lestari Oil Palm Plantation Area

3. HCV and SEIA Management & Planning Personnel

3.1. Organizational information and contact persons

Company name	: PT Sawit Mandiri Lestari
Parent company	: PT Sawit Sumbermas Sarana, Tbk
Capital status	: Domestic Investment
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 (Izin Lokasi), Reserve Production Forest Areas Can Convert To Oil Palm Plantation area, Plantation Business Permit (IUP).
New planting area	: 26.995,46 hectares to 19.240 hectares

3.2. Personnel involved in planning and implementation

The documents of HCV and Social Management and Monitoring Plans 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 SML as identified in the Social Impact Assessment report, relevant government offices, land-clearing contractors, HCV & SIA assessors and the management unit of PT SML.

PT SML has conducted a public consultation on May 07, 2014 at Tanjung Beringin village office (Balai Desa Tanjung Beringin), attended by the local community representatives, chiefs from Lamandau sub district, Cuhai village, Kawa village, Panopa village, Suja village, Tapin Bini village, Karang Taba village, Tanjung Beringin village, Sungai Tuat village, Batang Kawa sub district, Batu Tambun village, Kinipan village, Ginih village, Delang sub district, Riam Penahan village, from the regency (Head of Environmental Affair Office of Lamandau Regency), PT SML Management team and RSPO accreditation assessors from PT Sonokeling Akreditasi Nusantara.

4. Summary HCV Management Plans

The HCV management plan has been constructed by the consultant (PT SAN), i.e.:

a. HCV 1

- Establish the conservation status for all of area was identified as a HCV area.
- Brief for all stakeholders to maintain and protect the HCV area.
- Prepare procedure for HCV 1.
- Demarcation and delineation of HCV area.
- Signboard installation
- Enrichment endemic species

b. HCV 2

- Prepare for habitat management plan for short-term and long-term
- Prepare for MoU with community for protect the HCV area together
- Demarcation and delineation with vegetation borders
- Installation of signboard
- Develop for integrated pest management
- Organic fertilizer for palm oil tree in along of riparian buffer zone
- Prepare procedure for HCV 2.
- Brief periodically for all stakeholders about HCV 2 management and protection

c. HCV 4

- Brief for all stakeholders about result of HCV assessment to inform about important functions from environmental services.
- Demarcation and delineation for all HCV 4 has been identified
- Periodically patrol to protect the HCV 4 area from illegal activity
- Control of chemical use
- Control of illegal gold mining from the local community
- Prepare the MoU collaboration for all stakeholder to protect and maintain together the HCV 4 area
- Prepare procedure for HCV 4

d. HCV 5

- Demarcation and prepare signboard and also borders for HCV 5 area
- Enrichment and also no land clearing activity in along of riparian buffer zone area accordance to national regulation
- Installation signboard to inform about illegal fishing

e. HCV 6

- Demarcation and delineation all of identified HCV 6 area
- Periodically patrol to protect the HCV 6 area
- Brief for all stakeholder to maintain and protect the HCV 6 area together

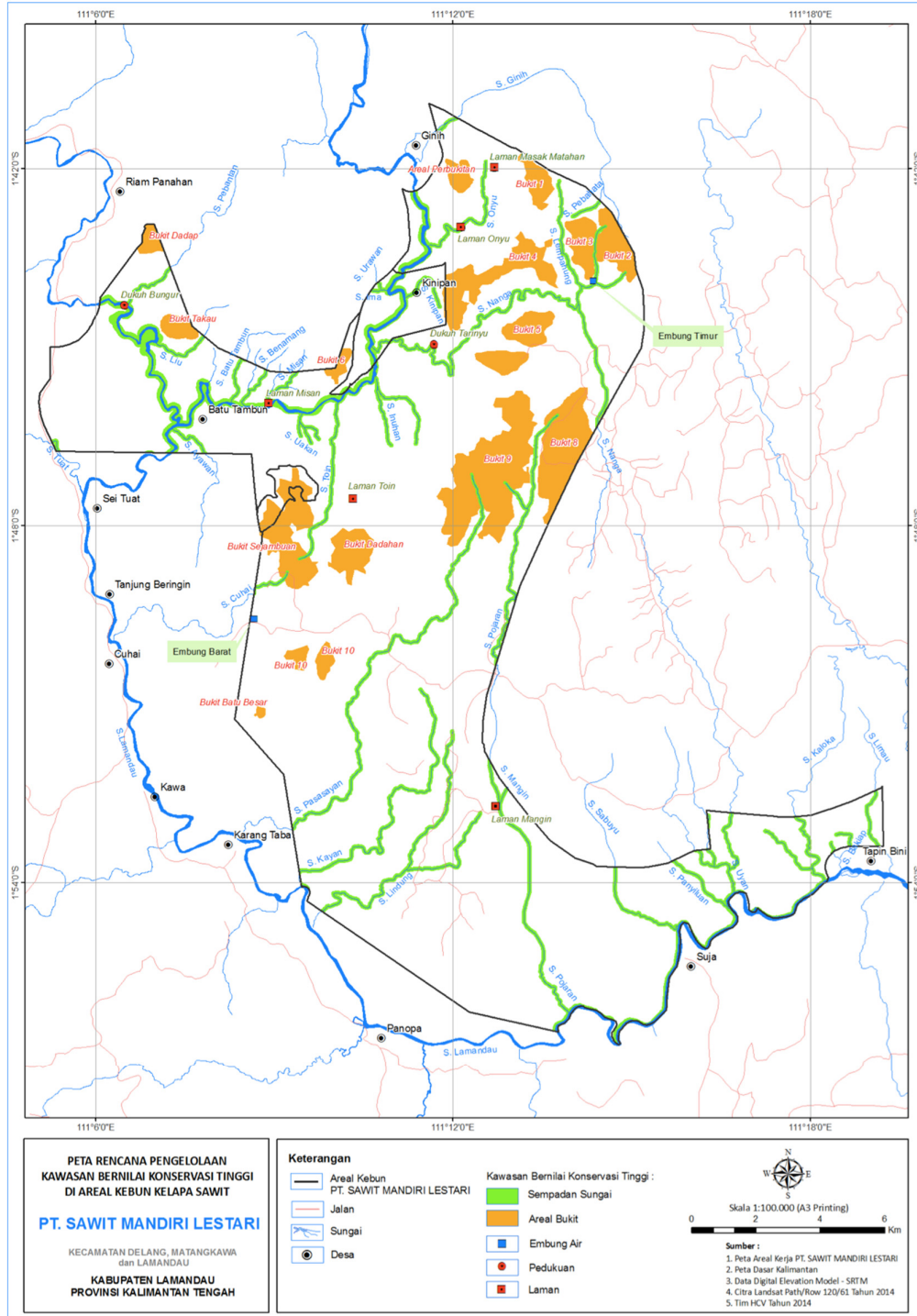


Figure 3. Map of HCV Management Plan in PT SML Oil Palm Plantation

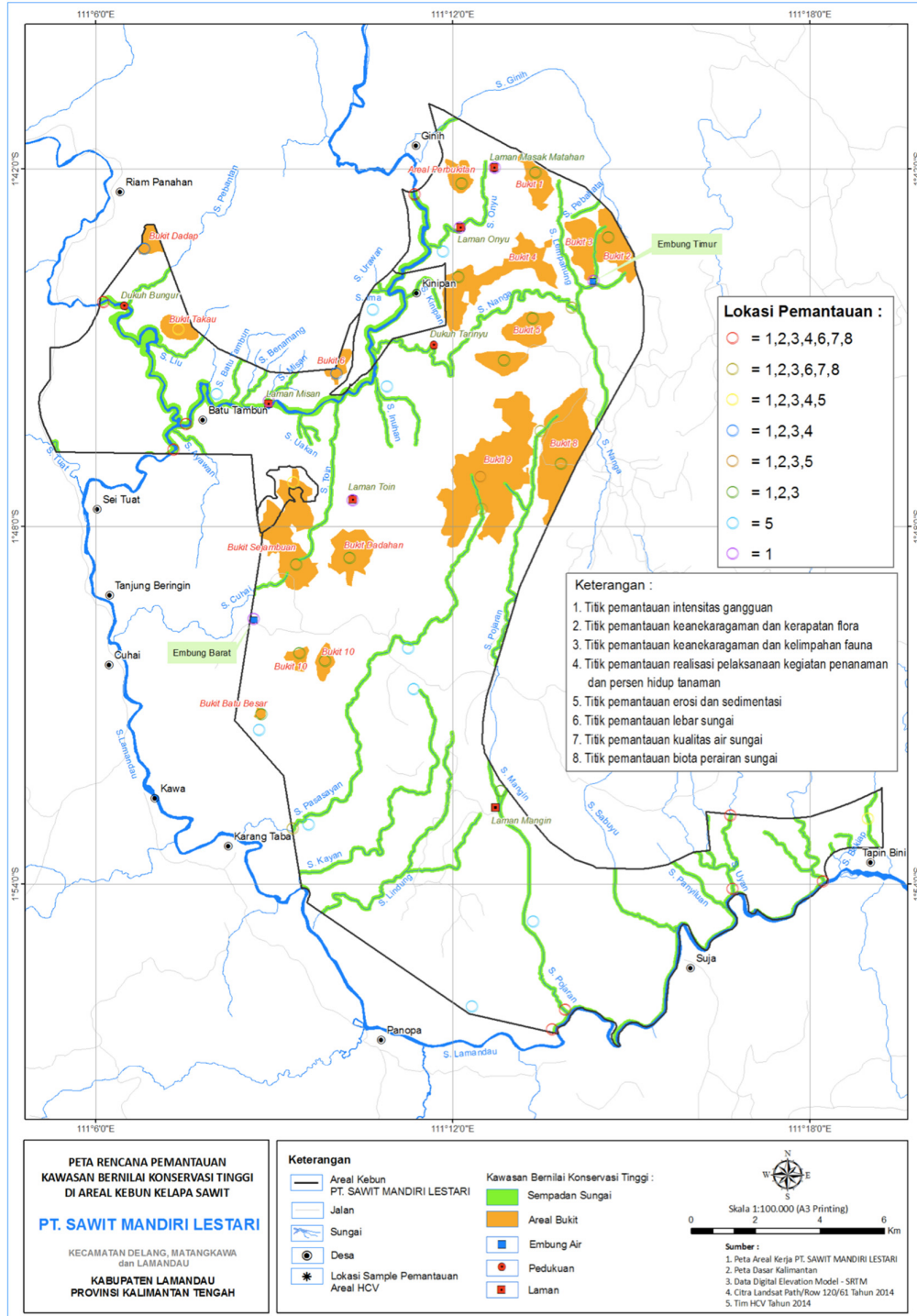


Figure 4. Map of HCV Monitoring Plan in PT SML Oil Palm Plantation

5. Internal responsibility

This document is the summary of the HCV Management Plan PT Sawit Mandiri Lestari for its Permitted Area 26.995,46 hectares in Lamandau Regency, Central Kalimantan Province, and has been approved by the Management of PT Sawit Mandiri Lestari.

Proposed By.



Rudy Hendrarto
Manager of QHSE
Date: December 2014

Agreed By.



Irvan Pandjaitan
Head of Sustainability
Date: December 2014

Approved By



Budi Setiawan
President Director
Date: December 2014