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PT AGRO MUARA RUPIT

(SIPEF GROUP)

KABUPATEN MUSI RAWAS

SOUTH SUMATRA PROVINCE

INDONESIA

SUMMARY REPORT OF SEIA AND HCV ASSESSMENT

DECEMBER 2013

RSPO NEW PLANTINGS PROCEDURE

Summary Report of SEIA and HCV Assessment

1. Executive Summary

PT Agro Muara Rupit (PT AMR) is a subsidiary of SIPEF (Societe Internationale de Plantations et de Finance), a member of RSPO and committed to responsible to the communities and environment in its operation by maintaining best practices management and sustainable agricultural principles that compliances with regulations and company policies.

PT AMR has obtained an "izin lokasi" for oil palm plantations covering an area of \pm 4,811 ha. For the assessment of HCV and SIA, PT AMR hired a team lead by Mr. Kresno Dwi Santosa (of PT SAN), an RSPO-accredited HCV lead assessor, to conduct HCV and SIA assessments.

Based on the results of the HCV assessment in the area and map over lay against Peta Kawasan Hutan BAPLAN DEPHUT 2009, Peta Indikatif Penundaan Pemberian Izin Baru Revisi III (SK.6315/MENHUT-VII/IPSDH/2012), there is no primary forest. The forests that still exist in the form of a young secondary forest that has been turned into rubber plantation by local community.

Villages where the assessments were conducted are: Sungai Kijang, Remban, Lesung Batu Muda, and Lubuk Kemang. The village of Tebing Tinggi, being down stream from the licenced area, was also surveyed. Based on the assessment, there is no any indigenous people in the area.

In general, HCV identification showed that HCV 1 was found on 167.11 ha or 3.47% of the area, HCV 2 was found on 167.11 ha or 3.47% of the area (overlap with HCV 1), HCV 4 was found on 179.21 ha or 3.72% of the area, and HCV 5 was found on 87.07 ha or 1.81% of the area. As some areas have been found to contain more than one HCV, the total HCV area identified in PT AMR is 281.16 ha or 5.84% of the "izin lokasi" issued to PT AMR. HCV peer review assessment is completed.

Table 1. Summary of HCV findings at PT. Agro Muara Rupit

		HCV Attribute	Ha
River and buffer zone.	Buffer zone S. Kijang	1.3, 1.4, 2.3, 4.1	41.44
	Buffer zone S. Punti	4.1	90.87
	Buffer zone S. Tingkip	1.3, 1.4, 2.3, 4.1, 5	87.07
	Buffer zone S. Payau Lebar	4.1	23.18
	Buffer zone S. Kunyit	1.3, 1.4, 2.3, 4.1	23.72
	Forested area Lesung Batu	1.1, 1.3, 1.4, 2.3	6.17
	Forested area Lubuk Kemang	1.1, 1.3, 1.4, 2.3	8.71
Total			281,16

Based on the observation in the field survey (10-14 June 2013), over lapping map with Peta Indikatif Penundaan Pemberian Izin Baru Revisi III (SK.6315/MENHUT-VII/IPSDH/2012, it is found out that no peat is present in the "izin lokasi" of PT AMR.

A desktop historical HCV assessment did not find primary forest in November 2005 within the PT AMR area, and stated that since before 1997 the AMR area was "no longer a natural forest ecosystem", with only "small scattered patches of secondary forest".

A soil survey concluded that there are two main soil series in the concession area of PT. AMR, namely Tolan/Kesuma association (TLN/KSM), and Berlian Jaya (BJA).

Table 2. Land System of PT. AMR Plantation Area

SYMBOL	NAME	DESCRIPTION	Area (ha)	%
TLN/KSM	Tolan/Kesuma association	Low lying flat. From shale.	1,439	30%
BJA	Berlian Jaya	Raised flat to gently undulating. From sub-recent riverine alluvium.	3,360	70%
Jumlah			4,799	100%

(Note : there is a small discrepancy in the size of the area covered by the soil survey and the area licenced, due to small differences in coordinates used by the soil survey team. The size of the discrepancy is 12 ha out of 4,811ha licenced, or 0.25%, which is immaterial.)

2. Scope of the SIA and HCV Assessment

The SIA and HCV assessment covered the location of PT Agro Muara Rupit, and identified existing HCV areas and social situation and challenges at the time of the assessment.

Organizational information and contact person of PT AMR :

- Contact Person : Mr.Roni Paslah (Estate Manager, PT Agro Muara Rupit)
- Personnel involved in planning and implementation
 1. Mr.Olivier Robert Tichit (Director)
 2. Mr.Timbul J. Sinaga (General Manager, South Sumatra Regional Management Office)
 3. Mrs.Anita Ridhani (Manager, Corporate Affairs)
 4. Mr.Robinson Gultom (Environment, Health and Safety officer, South Sumatra RMO)
- Stakeholders involved during implementation
 1. Government officers in charge of Environment and Agriculture: Department of Waters (Dinas Pengairan), Dinas PU, Forestry Department (Dinas Kehutanan), Dinas Tanaman Pangan (Food Crops Department), Police of Rawas Ulu.
 2. Local government representatives (at Kabupaten, Kecamatan and Village levels) : Head Village of Sungai Kijang, Lesung Batu Muda, Lubuk Kemang, Remban, Pasar Surulangun, Head of District.
 3. Local community leaders and other stakeholders: Karang Taruna Musi Rawas Regency: LMR-RI, Leaders of Lesung Batu Muda village.
 4. Local NGO: LSM JMI, LSM Ratu
 5. Plasma cooperatives members and their representatives.
 6. Company employees and their representatives.

Legal documents already obtained and on progress for this new planting are the table 3 below.

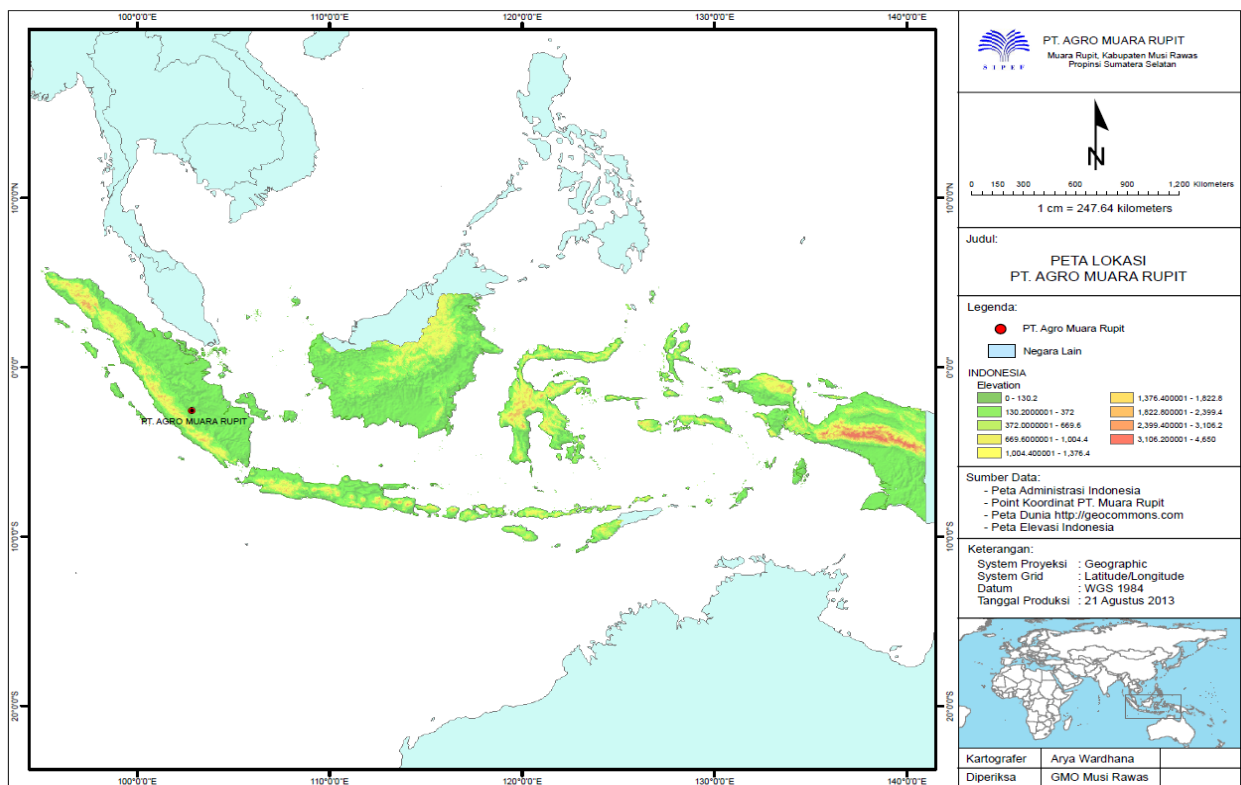
Table 3. Legal Documents of PT AMR

No	Legal Documents	Numbers	Remarks
1	Location Permit (“Izin Lokasi”)	No. 224/KPTS/BPM-PTP/2013	Signed by Bupati Musi Rawas, dated 18 March 2013.
2	AMDAL (Analysis Impact of Environment)	No. 667/KPTS/BLHD/2013	Signed by Bupati Musi Rawas, dated 16 October 2013.
3	Environment Permit (“Izin Lingkungan”)	No. 668/KPTS/BLHD/2013	Signed by Bupati Musi Rawas, dated 18 October 2013.
4	Company Registered Number (“Tanda Daftar Perusahaan”)	No. 06055012241	Signed by Head of Company Registered, dated 26 July 2013. Expired on 26 July 2018.
5	Tax Registration Number (“NPWP”)	No. 03.096.352.4-121-000	—

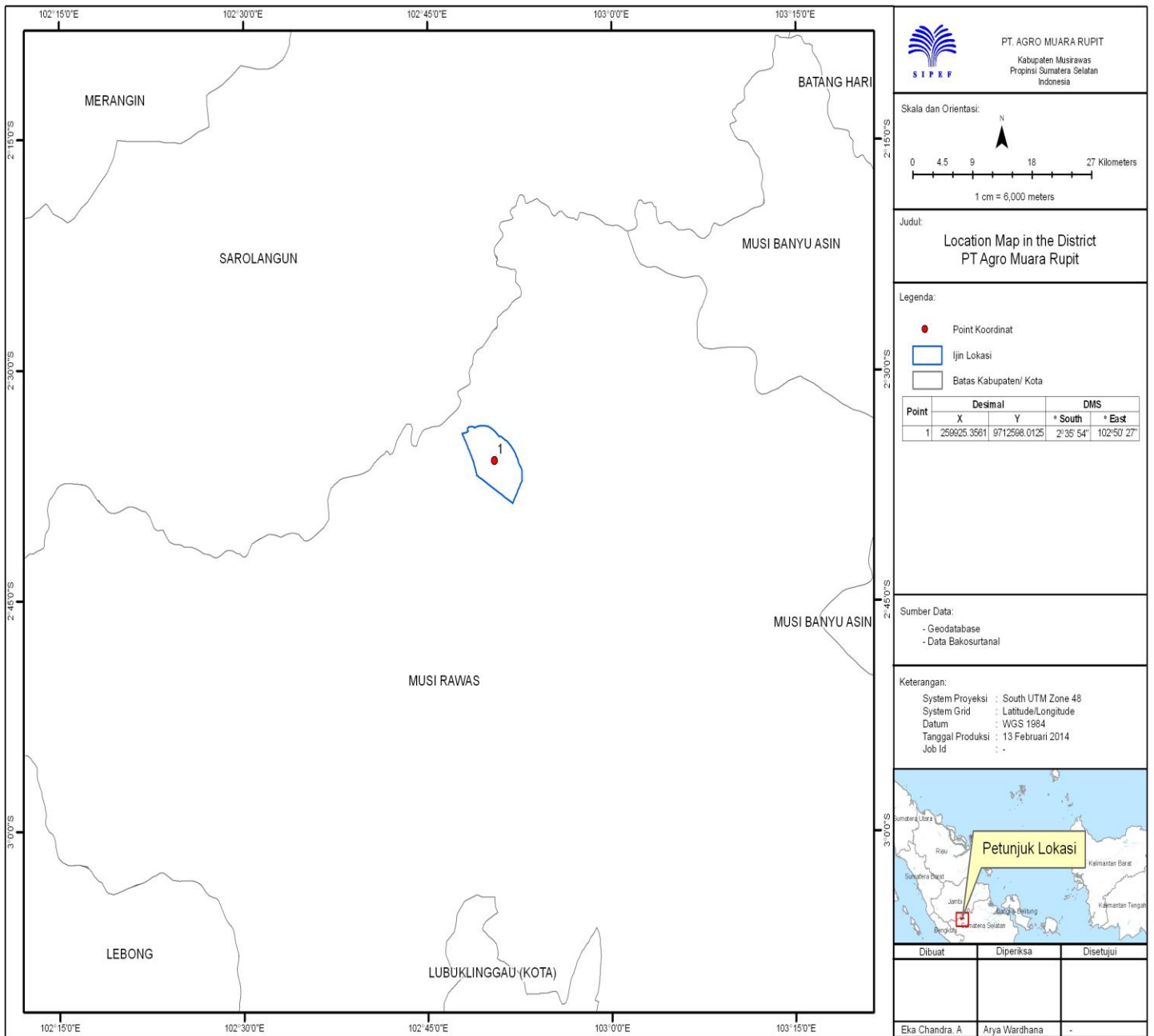
6	Plantation Business Permit (“Izin Usaha Perkebunan”)	No. 433/KPTS/DISBUN/2013	Signed by Bupati Musi Rawas, dated 21 May 2013.
7	Surat Izin Gangguan dan Izin Tempat Usaha	No. 02.04/571/BPM-PTP/VII/2013	Signed by Head of Investment Permit and Integrated Licensing, dated 26 July 2013.
8	Land Title	---	On Progress
9	Wood Utility Permit (“Izin Pemanfaatan Kayu”)	---	On Progress. CA (Coorporate Affairs) is arranging the application letter for the permit.

PT Agro Muara Rupit (PT AMR) has obtained an "izin lokasi" for oil palm plantations covering an area of 4,811 ha through the Decree No. Musi Rawas: 224/KPTS/BPM-PTP/2013 dated 18 March 2013, signed by Bupati of Musi Rawas. PT AMR is located in the Kecamatan Rawas Ulu, Kabupaten Musi Rawas, South Sumatra Province, Indonesia.

The AMDAL (Socio-environmental impact assessment), Izin Lingkungan (Environmental licence) and IUP (Plantation Operational permit) have been obtained. The HGU (land use title) will be processed afterwards, as per Indonesian regulations.

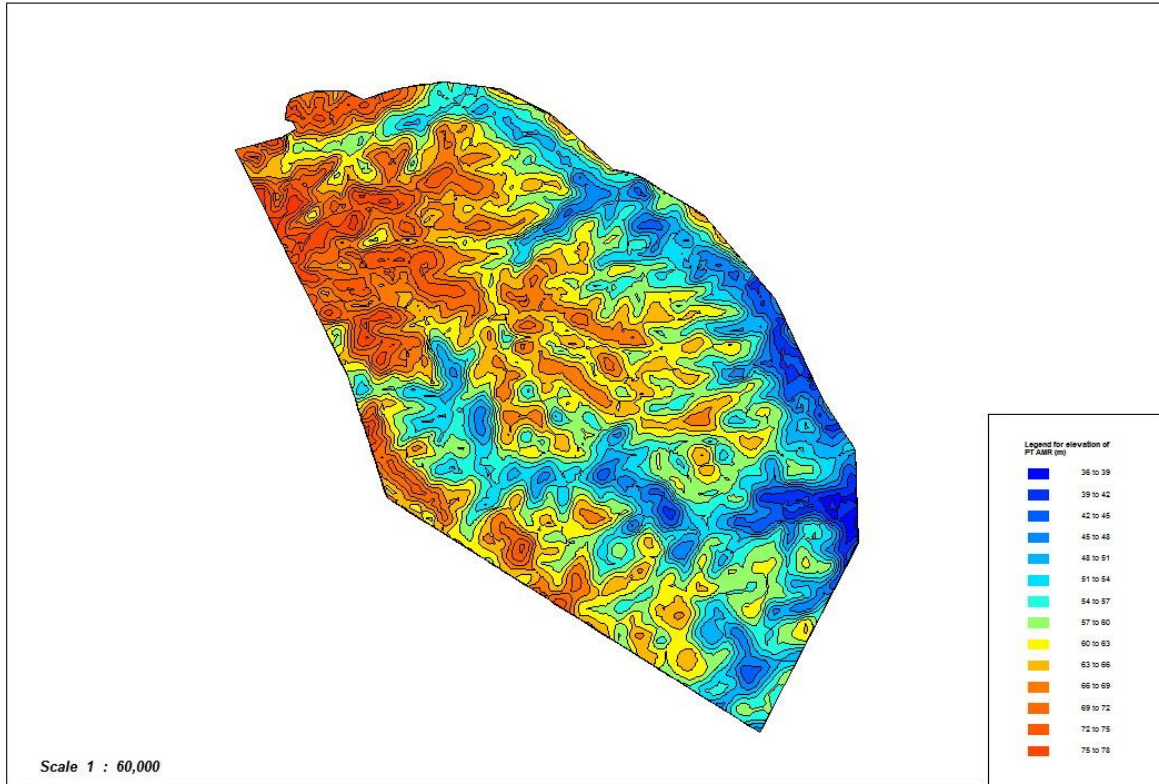


Map 1. Location map of PT AMR (country level)

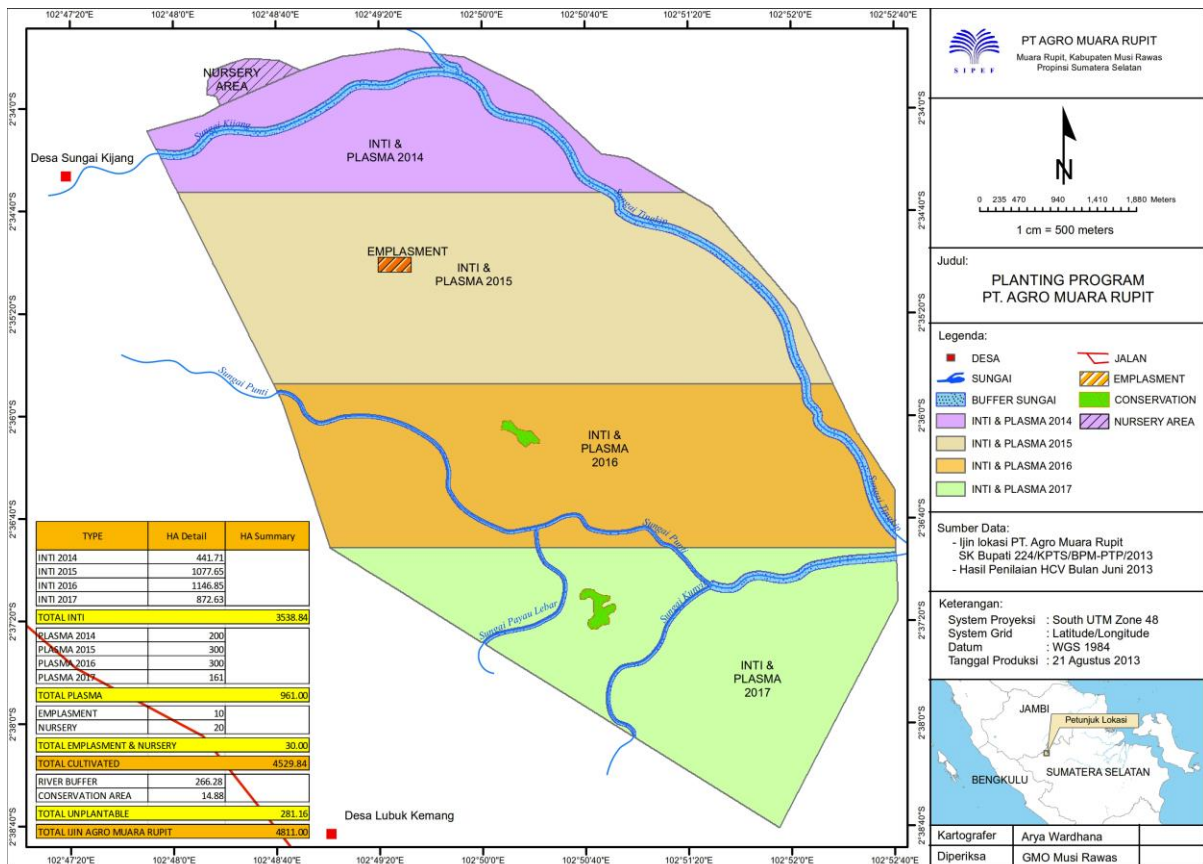


Map 2. Location PT AMR (Kabupaten Level)

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MAP 3 : ELEVATION MAP OF PT AGRO MUARA RUPIT



Map 4. Area with Development and Planting Program

3. Assessment Methodology

HCV assessor team, which involved experts in Biodiversity, Environmental Services, Social and Culture and supported by GIS expert, had conduct field data collection on 10 until 14 June , 2013. Data collection was facilitated by the staff of the enterprise and assisted by the village community. Likewise with SEIA assessments conducted in the same time.

The assessment of SIA and HCV of PT AMR was conducted by PT Sonokeling Akreditasi Nusantara (PT SAN).The brief of its profile is as follows:

Name of Institution : PT Sonokeling Akreditasi Nusantara

Address : Komplek Sari Inten No 44 RT 02 RW 09, Ciomas Rahayu
Ciomas District – Bogor Regency 16610
West Java

Responsible :Ir. Kresno Dwi Santosa, M.Si

Title : Head Director

The assessment team of PT Nusantara Sonokeling Accreditation consists of a Team Leader, Expert and Assistant Expert of the scientific field of ecology (flora/plants and fauna/wildlife), environmental services and socio-economic culture. The assessment team also supported Experts Mapping or GIS (Geographic Information Systems). In addition, the composition of the assessment team are presented in Table 2.

Table 4. Complete Team of PT SAN - Assessment for PT AMR

No	Name	Title	HCV Assessor Certified	RSPO Status
1	Ir. Kresno Dwi Santosa, M.Si Competed his Master of Science in Natural Resources Management and Environment at IPB in 1999. From 2008 until present, working with Tropenbos International Indonesia program as Forest Management Specialist and Coordinator HCVF.	Team Leader	<i>Certified</i>	<i>Registered</i>
2	Dr. Ir. Harnios Arief, M.Sc.F Had his first degree at IPB, Department of Forest Resources Conservation,	Biodiversity expert	<i>Certified</i>	<i>Registered</i>

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	<p>Faculty of Forestry, Second degree Wild Biologie, Fachbereich der Forstwissenschaftliche, Georg-August Universität Göttingen. Got his doctor degree from IPB in Forestry Science Institute. Currently a member of Supervisory Board of High Conservation Value Network Indonesia.</p>			
3	<p>Dr. Ir. Rachmad Hermawan, M.Sc.F</p> <p>His first degree at IPB, Forestry Management. Continue his study at Faculty of Forestry and Ecology Georg August University Göttingen, Germany. And Forestry Science at IPB for his doctoral. Currently, his daily activities is a lecturer and researcher at the Forestry Faculty of IPB.</p>	<p>Environmental Service expert</p>	<p><i>Certified</i></p>	<p><i>Registered</i></p>
4	<p>Syafrudin, SP.,M.Si</p> <p>Master Development Extension, Human Ecology College, IPB. Active in a variety of research activities, especially in the field of social, example: study public perception of villagers against CSR of PT Indocement. Involved in the identification of HCV palm plantation PTPN III in North Sumatera.</p>	<p>Social Economy Culture expert</p>		
5	<p>Kasuma Wijaya, S.Hut, M.Si</p> <p>Master of science in Management of Forest Science, IPB. Actively involved in various studies of HCV as a team of experts fields of GIS and mapping, the identification and management of HCV in the</p>	<p>Mapping with GIS</p>	<p><i>Certified</i></p>	

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	area of palm oil PTPN III North Sumatera.			
6	Berry Lira Rafiu, S.Hut Bachelor of Forestry Department of Forest Conservation and Ecotourism, IPB. Active in the field of Biodiveristy Studies and Environmental Services of Identification of HCV Forest and HCV Area.	Asistant Biodiversity (Fauna) expert	<i>Certified</i>	
7	Bobi Riharno, S.Hut. His bachelor was from IPB, Deptment of Forestry, Forest Resources Conservation and Ecotourism. Active in the field of Biodiveristy Studies and Environmental Services of Identification of HCV Forest and HCV Area.	Asistant Biodiversity (Flora) expert		
8	Rikto, S.Hut Bachelor of Forestry University of Bogor, Department of Forest Resources Conservation and Ecotourism. Active as an appraiser/assessor HCV Area and Forest in the field of Biodiversity and Environmental Services of oil palm plantation of companies.	Environmental Service expert	<i>Certified</i>	
9	Iska Gushilman, S.Hut Alumnus bachelor from IPB, Department of Forest Resources Conservation and Ecotourism. Pursue GIS and Remote since 2007. Experience in handling various projects based GIS, satelite image analysis, data analysis and manufacture of vector map layouts.	Asistant Mapping (GIS)		

Table 5. HCV assessment process, methodology, and data achievement

Assessment Process	Methodology	Data achievement
Mapping and landscape	Field data collection to verify secondary data and information such as protected/conservation areas, road system, river system, boundaries, soil types and classes, topography, and; to conduct a comprehensive overview of the area.	Mapping all data and information found into a map and conducting analyses on it.
Fauna (wildlife) aspect	Qualitative field assessment (<i>rapid assessment</i>). Direct field observation; interview and discussion with stakeholders, such as local community, staffs of the company, and other related parties.	Qualitative condition of the habitat; endangered, critical, and protected wildlife species within the list of IUCN and the prevailing regulation and its distribution; qualitative condition of wildlife species' population (number and status of reproduction); location of wildlife species encounter; species hunted by the community; benefit and disturbance of wildlife species; level of threat and survival opportunity of wildlife species.
Flora aspect	Interview and direct field survey. Initial mapping of ecosystem distribution; observation on forest structure, species density or dominance on each type of ecosystem.	Data of flora with particular status, species protected by the Indonesian government or assumed to be endangered in the IUCN list. Threat and opportunity to maintain the area.
Social, Economic, and Cultural Aspect	Interview and field visit using FGD (<i>Focus Group Discussion</i>), PRA (<i>Participatory Rural Appraisal</i>) and list of structured questions. Collection of data on the village's demography, custom, culture, and community's relation with forest.	Traditionally protected area, level of dependency toward the area, environmental services related to the assessed area.

The Social Impact assessment followed three stages.

First, a "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, collecting information such as public health data, villages/sub-district and districts monographies.

Second, field work, which included in-depth interviews, as well as Focus Groups Discussions (FGD) and direct observations. The field work was conducted over five days in the field, in the five villages interacting with PT AMR (Tebing Tinggi, Sungai Kijang, Remban, Lesung Batu Muda, and Lubuk Kemang). There is no village within the licence area of PT AMR.

Third, analysis of the data and redaction of the report. The report was submitted to PT AMR for review and comments before being finalised.

HCV and SIA public consultation, which took place on July 05, 2013 at Kantor Kecamatan Rawas Ulu, Musi Rawas Regency. Public consultation was conducted to obtain feedback toward HCV findings from related parties. The process of public consultation, and the feedback and commentary from the participants was documented to provide inputs in finalization of HCV and SIA report.

Public consultation was attended by the PT SAN team, PT AMR employees, community and traditional leaders, Head of Rawas Ulu *Kecamatan*, Environmental Agency, Forestry Agency, local NGO, local press, 4 village heads and the local Agricultural Agency.

Table 6. Schedule Activities of Assessment HVC and SIA PT AMR

No	Activity Plan	June 2013				
		10	11	12	13	14
1	<i>Opening Meeting</i> Discussion SIA and HCV					
2	Collecting Data in the Field					
	Data of Flora					
	Data of Fauna					
	Data Environment					
	Data Social, Economic, Culture		*	**	***	
	Data SIA EKSTERNAL		*	**	***	
	Data SIA INTERNAL					
3	Analyse Data					
4	<i>Closing Meeting</i> Identification NKT & SIA					
5	Public Consultation Identification NKT					
	: NKT					
	: SIA					
	: NKT & SIA					

*) On 11 June 2013 visited Sungai Kijang and Lesung Batu Village ;

**) On 12 June 2013 visited Lubuk Kemang and Remban village ;

***) On 13 June 2013 visited Tebing Tinggi sub-village, Rantau Kadam village (villagers of this dusun plant rubber trees and administratively this plot include in Remban village's area)

Stakeholders involved during implementation

- 1) Government officers in charge of Environment and Agriculture: Department of Waters (Dinas Pengairan), Dinas PU, Forestry Department (Dinas Kehutanan), Dinas Tanaman Pangan (Food Crops Department), Police of Rawas Ulu.
- 2) Local government representatives (at Kabupaten, Kecamatan and Village levels) : Head Village of Sungai Kijang, Lesung Batu Muda, Lubuk Kemang, Remban, Pasar Surulangun, Head of District.
- 3) Local community leaders and other stakeholders: Karang Taruna Musi Rawas Regency: LMR-RI, Leaders of Lesung Batu Muda village.
- 4) Local NGO: LSM JMI, LSM Ratu
- 5) Plasma cooperatives members and their representatives.
- 6) Company employees and their representatives.

4.a. Summary of SIA Findings

Demography/Social issues. PTAgro Muara Rupit licence area is located within the *Kecamatan* Rawas Ulu, which is not densely populated, and reasonably far from the *Kecamatan* capital of Surulangun. The total population of the five villages neighbouring the licence area is 12,060 people, with an average population density of 103.19 people/square km. In the two villages immediately next to the licence area (Sungai Kijang and TebingTinggi), the population density is low, respectively 19.8 and 33.3 people/square km. Most of the area surrounding the licence area is covered by rubber plots owned by villagers from the five villages.

Ethnically, the population is mostly of Malay (Melayu) descent, with significant numbers of people from other areas (mostly North Sumatra, Padang and Java). In the village of Remban, there is a small community of Suku Anak Dalam. Almost all people in the area are Muslim.

Education is relatively good, with a good proportion of the younger people reaching high school. Further 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. The only doctor can be found in Surulangun, and the only government hospital is in the *Kabupaten* capital, Lubuk Linggau. A significant number of villagers are still using the rivers, in particular during the dry season, when their wells are dry.

Economy. The area relies almost exclusively on small-scale rubber farming, and has done so for a long period of time, as 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.

Only one bank is present in the area (BRI), and the general level of monetarisation is considered low.

Potential positive and negative developments. The local populations will expect some positive outcomes from the development of PT Agro Muara Rupit in the area. Improved roads would be a priority outcome for the local population, to improve access to the area, and access to school for the children. Related to this, 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 the development of PT Agro Muara Rupit. Farmers are reticent 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 labour.

Villagers will 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 place in the area will be a challenge for the initial phases of land-rights acquisition by the company. As is the case 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.

4.b. Summary of Assessment Findings for HCV Assessment

This assessment used the toolkits of HCV Resource Network Indonesia, 2008.

From the observation in the field, and overlapping with Citra Landsat, the area of PT AMR was identified has HCV 1.1, 1.3, 1.4, at the riparian rivers of Kijang, Kunyit, Tingkip, and forest area of Lesung Batu and Lubung Kemang.

From the rivers (Kijang, Kunyit and Tingkip) and forest area, PT AMR was found has landscape with special potential to maintain the population of some natural species, fauna and flora, identified for HCV 2.3.

The primary data from assessment in the area compare with the redlist data book IUCN 2012, it is identified that there is no any Critical Endangered species of flora and fauna (HCV 3) in the PT AMR.

Based on the mapping and observation by assessors, area PT AMR was not found any peat or swamp, no any area of surface erosion. It was found the riparian zones of Tingkip, Kijang, Punti, Kunyit, Payau Lebar as HCV 4.1.

Collection of data on the village's demography, custom, culture, and community's relation Interview and field visit using FGD (*Focus Group Discussion*), PRA (*Participatory Rural Appraisal*) and list of structured questions, HCV 5 was identified in PT AMR, the river of Tingkip supplies water for villagers of Tebing Tinggi sub-village and Rantau Kadam village.

The licence area of PT. Agro Muara Rupit (AMR) covers 4,811 Ha. HCV identification showed that HCV 1 was found on 167.11 ha or 3.47 % of the area, HCV 2 was found on 167.11 ha or 3.47% of the area, it's overlap with HCV 1, HCV 4 was found on 266.27 ha or 5.53% of the area (overlap with HCV 1 and 2), and HCV 5 was found on 87.07 ha or 1.81% of the area.

As some areas have been found to contain more than one HCV, the total HCV areas identified in PT AMR cover **281.16 ha or 5.84 %** of the licence area (see Table 3 below). The low percentage of HCV areas identified is due to the main land use of the area : smallholders rubber plots.

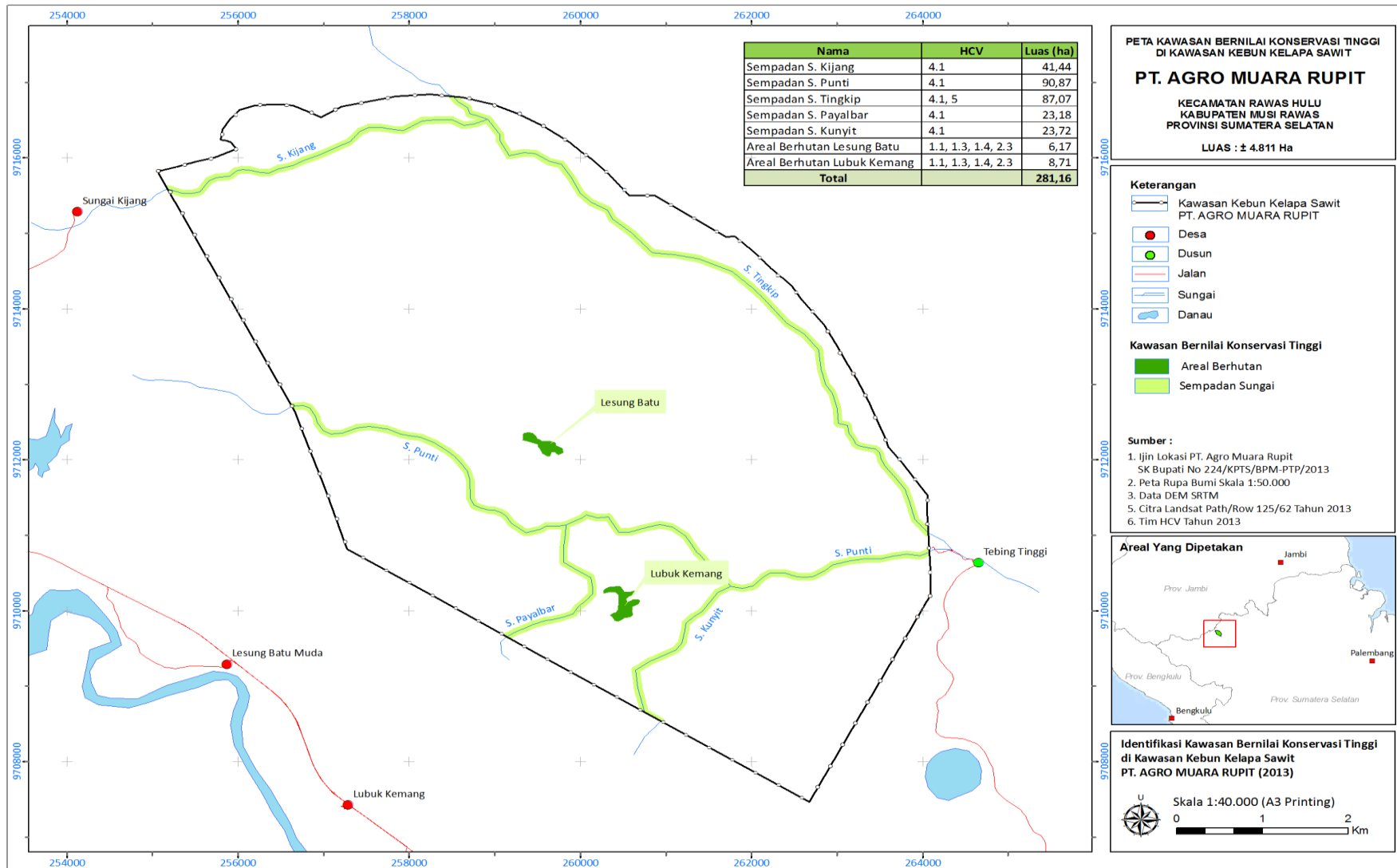
Table 7. The HCV of PT AMR

		HCV Attribute	Ha	Indicators
River and buffer zone.	Buffer zone S. Kijang	1.3, 1.4, 2.3, 4.1	41.44	Wildlife was found resting, seltered, eat and drink at this area. There was a landscape with special potential that can mantain the population of several natural species. From observation, it was found specific characteristics along the river sides, combination of terestrial (land) and aquatic (watery).
	Buffer zone S. Punti	4.1	90.87	From observation, it was found specific characteristics along the river sides, combination of terestrial (land) and aquatic (watery).
	Buffer zone S. Tingkip	1.3, 1.4, 2.3, 4.1, 5	87.07	Wildlife was found resting, seltered, eat and drink at this area. There was a landscape with special potential that can mantain the population of several natural species. From observation, it was found specific characteristics along the river sides, combination of terestrial (land) and aquatic (watery). Collection of data on the village's demography, custom, culture, and community's relation Interview and field visit using FGD (<i>Focus Group Discussion</i>), PRA (<i>Participatory Rural Appraisal</i>) and list of structured questions, supply the main needs of

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		HCV Attribute	Ha	Indicators
				local people.
	Buffer zone S. Payau Lebar	4.1	23.18	From observation, it was found specific characteristics along the river sides, combination of terrestrial (land) and aquatic (watery).
	Buffer zone S. Kunyit	1.3, 1.4, 2.3, 4.1	23.72	Wildlife was found resting, seltered, eat and drink at this area. There was a landscape with special potential that can maintain the population of several natural species. From observation, it was found specific characteristics along the river sides, combination of terrestrial (land) and aquatic (watery).
	Forested area Lesung Batu	1.1, 1.3, 1.4, 2.3	6.17	Covered by plants dominated as in natural forest.Wildlife was found resting, seltered, eat and drink at this area. Observation, map of Rupa Bumi, Data DEM SRTM, and Citra Landsat Path/Row 125/62 in 2013, there was found forest area. There was a landscape with special potential that can maintain the population of several natural species.
	Forested area Lubuk Kemang	1.1, 1.3, 1.4, 2.3	8.71	Covered by plants dominated as in natural forest.Wildlife was found resting, seltered, eat and drink at this area. Observation, map of Rupa Bumi, Data DEM SRTM, and Citra Landsat Path/Row 125/62 in 2013, there was found forest area. There was a landscape with special potential that can maintain the population of several natural species.
Total			281,16	

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Map 5. Location of Combined HCV at PT. Agro Muara Rupit

5. Internal Responsibility

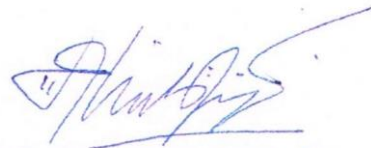
Formal sign-off by Assessors and Company.

This document is the Summary of SIA (Social Impact Assessment) and HCV (High Conservation Values) Assessment of PT AMR.



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akreditasi nusantara

Ir. Kresno Dwi Santosa, M.Si
Team Leader HCV



Dr. Ir. Tutut Sunarminto, MSi
Team Coordinator SEIA

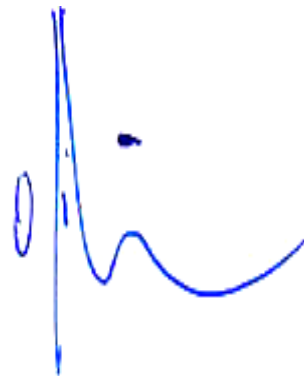
PT. Sonokeling Akreditasi Nusantara

Statement of Acceptance of Responsibility for Assessments.

The assessment results of the Social Impact Assessment (SIA) and High Conservation Value (HCV) Assessment of PT Agro Muara Rupit by PT SAN will be applied as part of the guidelines in developing and managing PT Muara Rupit.



Adam Christian Quentin JAMES
President Director



Olivier Robert TICHIT
Director