Summary Report of SEIA and HCV Assessments at PT Tapian Nadenggan Sub-District Telen, East Kutai District, East Kalimantan Province

Executive Summary

PT Tapian Nadenggan is located in Telen Sub-District, East Kutai District, East Kalimantan Province. The company obtained a Land Use Title (HGU Certificate No. 68-72) in 2009, covering an area of 11503.48 ha and valid until 10 September 2044.

Because PT Tapian Nadenggan was formed by a merger of several companies, it possesses several Environmental Impact Assessment (EIA) documents. An EIA document dated 2012 exists for the Oil Palm Plantation Development Plan of PT Tapian Nadenggan covering an area of 6,683 ha in the villages of Juk Ayak, in Marah Haloq, Long Segar and Long Noran, Telen Sub-District, East Kutai District. It was approved by the EIA Committee of East Kutai District on 2 April 2012 (No. 660.5/K.216/2012). This EIA document was prepared by PT Indoconsult Cipta Prestatama (EIA Drafting Service Provider Certificate of Competency No.. 0009/LPJ/AMDAL-1/LRK/KLH) located at JI. Cempaka Block E No. 14 Laladon Bogor Permai, Tel (0251) 8639332. The team personnel were certified competent by Intakindo.

There is also an EIA document prepared for one of the predecessor companies, PT Bulungan Sarana Utama, covering an area of 11,000 ha and mill capacity of 60 tons FFB/hour, compiled in 2000 by Ir. Heru Patria Patria (EIA A, B) as Team Leader and Ir. Yudha Bakti, M.Si (EIA A, B) as Physics/Chemistry Sub-Team Leader. An EIA is in progress for Pantun Mas Estate Unit (PMSE), Jak Luay Real (JLE), Long Buluh Estate (LBLE), Pantun Mas Plasma (PMSA) and Jak Luay Plasma (JLYA) has, with the EIA Framework approved in December 2012.

High Conservation Value (HCV) identification was carried out in August 2010 by an internal HCV team from PT SMART, Tbk, consisting of one RSPO-approved HCV assessor and team members who are biodiversity, ecology, environmental services, economics, social and cultural experts. The HCV areas in PMSE, JLE, LBLE, PMSA and JLYA cover a total of 520.75 ha. The HCV area in Bukit Subur Estate (BSRE) covers 158.51 ha.

Scope of SEIA and HCV Assessment

Company Name

: PT Tapian Nadenggan

Location

: Jak Luay Village, Nehes Liah Bing Village, Karya Bhakti Village, Long Wehea Village, Sub District of Muara Wahau, and Sri Pantun Village, Sidomulyo Village, Kongbeng Indah Village, Muara Pantun Village, Rantau Panjang Village, Sub-District of Telen, East Kutai District, Province of East

Kalimantan

Geographic Location : 116 ° 50'52 .0248 "E and 0 ° 52'31 .8405" N

Boundaries

a. North

: Nehesliah Bing village

b. East

: Production Forest : Production Forest

c. West d. South

: Juk Ayak Village

License

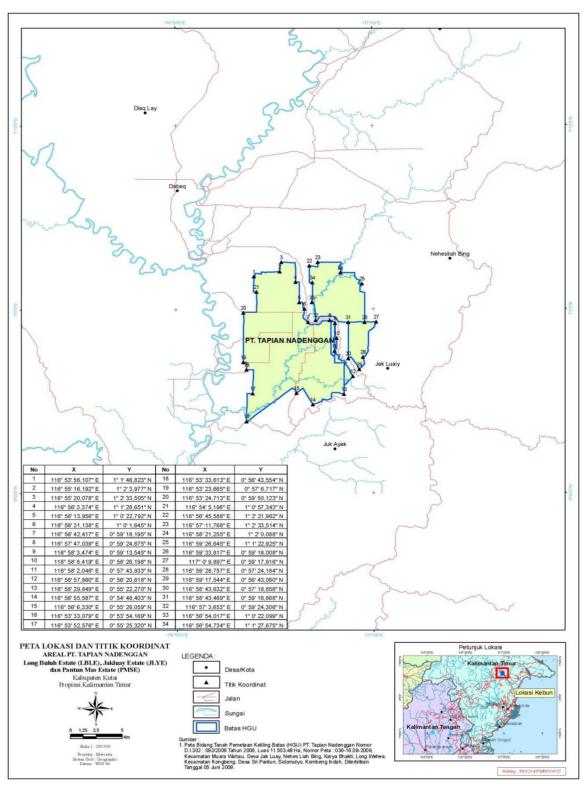
1. Land use title (HGU certificate No. 68-72) obtained in 2009, covering an area of 11, 503.48 ha and valid until 10 September 2044

 Plantation permit covering an area of 14,400 ha, with East Kutai Regent Decree No. 500/25/Ekl/2006 for an area of 8,450 ha and no. 500/26/Ek-I/2006 for an area of

5,950 ha

Location Map: Figure 1

Figure 1: Location Map of Tapian Nadenggan



Note: Maps with higher resolution have been attached in appendix 1.

Assessment Process and Procedures

a. SEI Assessment

PT Tapian Nadenggan has several EIA documents because the company is an amalgamation of several predecessor companies. The EIA for PT Tapian Nadenggan's Oil Palm Plantation Development Plan in 2012 covered an area of 6,683 ha in the villages of Juk Ayak, Marah Haloq, Long Segar and Long Noran, Subdistrict Telen, East Kutai District. It was approved by the EIA Committee of East Kutai District on 2 April 2012 (No. 660.5/K.216/2012). This EIA document was prepared by PT Indoconsult Cipta Prestatama (EIA Drafting Service Provider Certificate of Competency No.. 0009/LPJ/AMDAL-1/LRK/KLH) located at JI. Cempaka Block E No. 14 Laladon Bogor Permai, Tel (0251) 8639332. The team personnel were certified competent by Intakindo.

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Data collection methods used in the EIA included field observation and orientation as well as measurements and questionnaire-based interviews. Primary data were collected by measuring soil quality, water quality, air quality and noise, while data on water biota were gathered through water sampling and laboratory analysis.

In addition to EIA documentation, the company also documented a Social Impact Assessment (SIA). To obtain social, economic and cultural data on the villages around PT Tapian Nadenggan, an indirect collecting system was employed. Indirect collecting system is put into practice by conducting literature review of the Environmental Impact Assessment (EIA) documentation and High Conservation Value (HCV) Identification reports as well as analysis of the supporting data collected from the governments, such as through local government official website pages.

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The SIA document was prepared by an internal team from PT SMART in February 2013. The team consists of RSPO-approved assessors of social impact management. Below are the resumes of the Social Impact Assessors:

SIA Team Leader:

Yosaphat Ardhilla Renato S. Ant.

Currently working in PT SMART as a Corporate Social Responsibility (CSR) Officer specialising in social and cultural anthropology, he received a bachelor's degree in Anthropology from the Anthropology Study Programme of the University of Gadjah Mada (UGM) in 2010. He is also a member of the HCV Resources Network and an RSPO-approved specialist in participatory rural assessment, socioeconomic or cultural studies, participatory mapping and conflict resolution.

Team Member:

Laurentius Vita Baskara S. Sos.

A CSR staff specialising in social development and welfare, he obtained a bachelor's degree in Social Studies from the Faculty of Social and Political Studies at UGM in 2010. He has performed several social impact assessments for plantations and mills managed by PT SMART. He is also trained in the fields of Free, Prior, Informed Consent (FPIC) and social mapping.

Veranita Mei Pratiwi S. Ant.

A CSR staff specialising in social and cultural anthropology, she obtained a bachelor's degree in Anthropology from the Cultural Anthropology Study Programme of UGM in 2010. She is involved in several SIAs for PT SMART's plantations and mills.

Suma Nugraha, S.E.

A CSR staff specialising in socio-economics and politics, he earned a bachelor's degree in Economics from IPB in 2008. He previously worked as a supervisor in the World Bank Survey Project and Bravo Media Centre where he was assigned as a special staff for Vice President of Republic Indonesia. He has also worked as a supervisor in media relations and monitoring at PT FOX Indonesia Political and Strategic Consulting. He has been involved in social data collection and social impact management and monitoring at several of PT SMART's plantations and mills.

Widodo C Yuwono

Currently the Social Impact Assessment & Grievance Section Head at PT SMART, he previously pioneered CSR activities as the CSR Section Head. He obtained his bachelor degree from Institut Keguruan Ilmu Pendidikan (IKIP).

Assessment Methods

a. SIA

An indirect method of collection was used to obtain data on the social, economic and cultural conditions of villages around PT Tapian Nadenggan. This involved a literature review of material such as the EIA study, HCV Identification Studies and literature containing government data such as pages on local government websites.

Primary data collection was done through the study of literature containing previously collected data or information that could be used to represent the necessary data. Secondary data was gathered from records of PT Tapian Nadenggan's CSR implementation and local maps. Data from the literature was then analysed based on RSPO principles relevant to the social aspects of sustainability.

b. HCV Assessments

The identification was carried out in August 2010 by an internal HCV team from PT SMART's Environment Department. The team consisted of one RSPO-approved HCV assessor and team members who were biodiversity, ecology, environmental services, economics, social and cultural experts.

Team members for PMSE, PMSA, JLYE, JLYA, LBLE:

Norman Faried Mustakim

The Head of the HCV Section within the Environment Department of PT SMART, he is an expert in identifying HCV in Habitat Ecology. He obtained his S1 degree in 1997 from the Department of Forest Management, Faculty of Forestry, University Mulawarman, Samarinda.

He is trained in pollution control, EIA drafting, geo-Information and mapping. He is an RSPO-approved HCV Assessor.

Agus Budianto

A staff member of the Environment Department at PT SMART, his area of expertise is in identifying HCV in Ecological Flora. He earned his diploma at the Faculty of Forestry, UGM in 1999, and his Bachelor of Forestry from the Faculty of Agriculture, University of Kapuas Sintang in 2006. He underwent the High Conservation Value Forest Management Training Programme by WWF Pontianak in 2007. He has also been involved in HCV collaborations with Fauna Flora International, The Nature Conservancy and PT Sari Bumi Kusuma (Alas Kusuma Group) in Central Kalimantan.

Nugroho Wahyu Widian

On staff at PT SMART's Environment Department, his area of expertise is in identifying HCV in Environmental Services. He obtained his bachelor's degree in 2008 from the Faculty of Forestry, UGM and received training in Wildlife Inventory. He has been involved in HCV identification with SBRC IPB, PT Mitrakarya Agroindo and PT Buana Adhitama in Central Kalimantan and PT Bangun Nusa Mandiri in West Kalimantan.

Bambang Setyaji

A member of staff in PT SMART's Environment Department, he is an expert in identifying HCV in Fauna Ecology. He earned his diploma in 2001 from the Faculty of Forestry, UGM, and obtained a Bachelor of Forestry in 2006 from the Faculty of Agriculture, University of Kapuas Sintang. He has been trained in sustainable forest management, and has worked with Fauna Flora International, The Nature Conservancy and PT Sari Bumi Kusuma (Alas Kusuma Group) in identifying HCV.

Team members for BSRE and BSRA:

No.	Name	Positions	Field of Expertise	Study of HCV
1.	Kunkun Jaka G.	Team Leader	Biodiversity Ecology	HCV 1, 2, 3
2.	Nugroho Wahyu W.	Member	Environmental Services	HCV 4
3.	Bambang Setyaji	Member	Ecology Flora and Fauna	HCV 1, 2, 3
4.	Dede M. Nasir	Member	Ecology Flora and Fauna	HCV 1, 2, 3
5.	Yosaphat Ardilla	Member	Social, Economic and Cultural	HCV 5 and 6

The HCV Assessment Phases

An HCV field assessment was performed on the working area of PT Tapian Nadenggan by an internal team from the HCV Section of PT SMART's Environment Department. The assessment took place in June (BSRE) and August 2010, and a public consultation was conducted on 11 April 2013.

Methods of Data Collection

The team employed an observation method along with Rapid Assessment of the presence of HCV based on Satelite Imaginary Maps 7 ETM 543, Land Survey Maps Semi Final Maps and Final Mapping.

Data collection for HCV 1,2,3

Field data included recording the condition of the ecosystem in general and the types of vegetation and wildlife. The types of vegetation and wildlife were subsequently identified by referring to guide books for their binomial nomenclature. The team then determined their conservation status by referring to the list of protected species according to the IUCN and CITES rules and regulations (government number 7/1999) and other laws of the Republic of Indonesia.

Data collection for HCV 4

Identification of HCV 4 was done by combining several methods. Field surveys were conducted in areas where the existence of HCV 4 was suspected. The field surveys focused on certain locations in those areas, such as the watershed, lakes, springs, riparian ecosystems, wetland ecosystems, land with a high rate of erosion, burnt areas, cleared land, nursery areas, and sources of water supply for the community. To obtain relevant data, the team also interviewed employees and local communities around and within those areas.

Data collection for HCV 5

Various methods were used to identify HCV 5 areas, including interviews and focus group discussions, followed by ground checks in areas with suspected HCV 5. An area was deemed to be essential if it was used by one or more members of the community to meet their subsistence needs in the absence of affordable alternatives or if it was irreplaceable.

Data collection for HCV 6

HCV 6 was identified by surveying the local community and their leaders, as well as studying research, historical and other available documents. In-depth information was also obtained through focus group discussions.

Summary of Assessment Findings

a. SIA

The conclusions of the SIA were as follows:

- 1. The presence of PT Tapian Nadenggan has contributed positively to social and community conditions around the study area.
- 2. Positive impact generated by PT Tapian Nadenggan in the community includes includes increased revenue, higher local incomes land greater job and business opportunities..Growth in the community's economy is improving standards of living, and the faster circulation of money provides substantial opportunities for the development of the region. Development is also due to the increased accessibility of the area, which is another positive impact of PT Tapian Nadenggan.
- Land acquisition and compensation have been accomplished properly by the
 provision of information first and subsequent mutual agreement between the
 company and members of the community. The compensation process is tailored to
 work with PT Tapian Nadenggan's existing procedures.
- 4. PT Tapian Nadenggan adopts the management of Health and Safety at Work policy in its SOP. This ensures the employees observed the safety procedures and awareness of employees' health in the work environment.
- 5. Negative findings include public perceptions associated with the implementation of land clearing, transportation of large volumes of FFB, traffic disruption, perception of the company's management among farming communities, and implementation of the plasma programme which was deemed unfair in the land zoning. Other negative impacts include social unrest and disturbances, which often arise from unease over local labour quotas.

Social Impact of PT Tapian Nadenggan

No.	Social Impact	Social Issues
1	Public perception	Land acquisition activities may lead to conflict.
		Government, community leaders and traditional institutions are involved in every aspect of land acquisition and pre-construction.
		Distribution in the land zoning in plasma and insufficient clarity and poor communication in the area of CSR programmes.
		Vehicles transporting FFB and CPO pass through residential areas and impact environmental health.
		Traffic disruption and safety risks to members of the public living near the plantations.
		The hiring process is transparent and in accordance with applicable regulations.
	Local revenue and income	Regulatory set by companies regarding taxes and levies, as well as other licensing fees.
2		Income earned by employees increases wages in the agricultural sector, per capita income and the consumption rate.
		The company's presence increases employment and economic growth in the area.
		Existence of smallholdings increases revenue for surrounding communities
2	A cooscibility ragion	Firms engaged in bookkeeping and infrastructure development are also of use to the local community.
3	Accessibility region	Routes opened by the company to connect surrounding villages can also be used by the community.
4	Job and business opportunities	Recruitment by companies with respect to local labour quotas need to be reconsidered.
		The company utilises contractors on an ongoing basis.
		Emergence of stalls, kiosks and other sources of livelihood due to increasing economic activity.

		Job opportunities for non-plasma communities in the company.		
5	Social unrest	Difference in number of local and migrant workers employed by the company.		

Recommendations from SIA

1. Public perception

Based on the socialisation during the investment stage, PT Tapian Nadenggan will run its operations in the area of research study listed in the EIA documents and the land acquisition as well as compensation has applied FPIC procedures and methods. The socialisation and FPIC processes help the Company clarify and promote the investment climate for oil palm plantation business managed by PT Tapian Nadenggan.

Zoning as the initial step towards land compensation process done by the company constitutes an important stage which can be of use in dealing with problems that may occur in the future regarding land that has been compensated by the Company. This is commensurate with PT Tapian Nadenggan's company procedures that relate to land compensation process. In addition to that, the Company needs to confirm and explain the progress associated with its plasma scheme. This is a crucial point when the Company is working on its programmes. When the CSR programmes were prepared, the implementation of the plasma scheme will reduce social unrest and conflicts potentials.

2. Local revenue and income

The company pays taxes and levies to relevant agencies and also pays fees for licenses that are needed to comply with legal requirements. Likewise, taxes withheld from employee earnings contribute to government revenue.

The company internal audit need to supervises the tax payment to ensure timely payment is made. There are periodic updates with local authorities on taxes and levies.

3. Accessibility of the region

A visible change brought about by the company's presence is the opening of the access road. The company's policy is to allow the public to use the road for day-to-day activities. The company conducts regular maintenance and improvements to the road access. It is important for the company to involve the local communities in the road maintenance as well as supporting the local communities' retail trade on provisions for comsumption.

4. Job and business opportunities

The company should update the local government on the needs of the workers, provide above minimum wage and training to the employees to upgrade themselves. In addition, the company should encourage local purchases from the communities to enhance local community and economic development.

The management of PT Tapian Nadenggan needs to conduct a transparent communication with plasma farmers create more plasma development to further benefit the community.

5. Social unrest

PT Tapian Nadenggan needs to socialise manpower requirements in accordance with the labour quota vis-a-vis the work that currently needs to be done, and should provide updated data to the government or local authorities. The company needs to provide the community with entrepreneurship training so that people develop alternative ways to earn a living.

b. HCV Assessments

Unit PMSE. PMSA, JLYE, JLYA, LBLE

The HCV Assessment of PMSE, PMSA, JLYE, JLYA and LBLE found four types of HCV (1.1, 1.2, 1.3 and 4.1) along the Pantun, Long Buluh, Kongbeng and Nyelong rivers. The HCV areas cover a total of 520.75 ha.

Unit BSRE and BSRA

The HCV Assessment of Unit BSRE and BSRA identified the presence of five types of HCV (1.1, 1.2, 1.3, 1.4 and 4.1). These are found around the Mendasar and Krenyanyan rivers, as well as swamps. The HCV areas cover a total of 158.51 ha.

Recommendations

General recommendations for the overall management of HCV are as follows:

- 1. Socialisation should be carried out for all employees and the wider community, regarding the existence of HCV areas including the management of the plantation
- 2. The company should draw up an HCV Management Plan, to serve as a reference for implementation of HCV management.

Management and Monitoring Plan for HCV Areas

1. Management

- Preparation of HCV area boundary;
- Use of notice boards to publicise the existence of HCV areas;
- Outreach to employees of the company and the surrounding community to preserve the region's rivers and lakes;
- Rehabilitation of river banks that have been damaged;
- Implementation of environmentally friendly cultivation methods (e.g. use of slow release fertilisers, organic waste utilisation, application of integrated pest management);
- Planting barriers to erosion of river banks (e.g. fertiver grass or other plants);
- · Putting up signs warning of the ban on hunting in several locations; and
- Socialisation of employees and the surrounding community on the existence and importance of protected species.

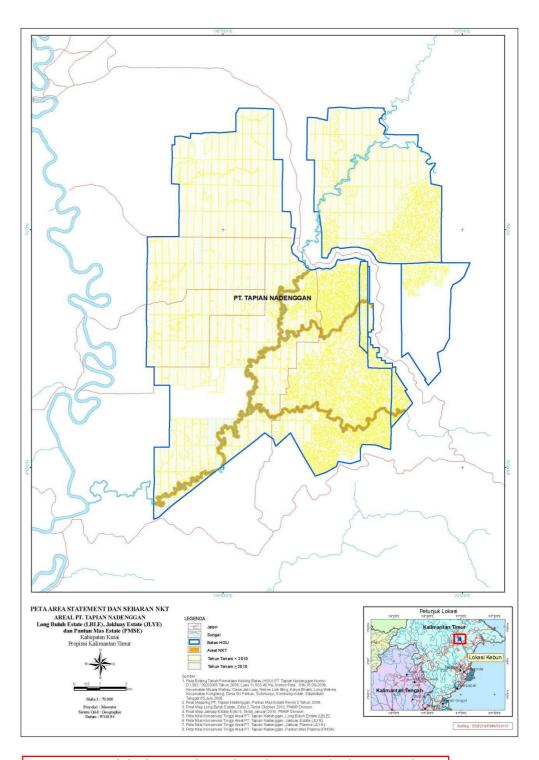
2. Monitoring

The following indicators will be monitored at each location:

- Intensity of HCVA disruption to the area, including the danger of fire;
- Development of land cover conditions;
- Diversity and density of flora including protected and rare, threatened and endangered (RTE) species;
- Diversity and abundance of fauna including protected and RTE species;

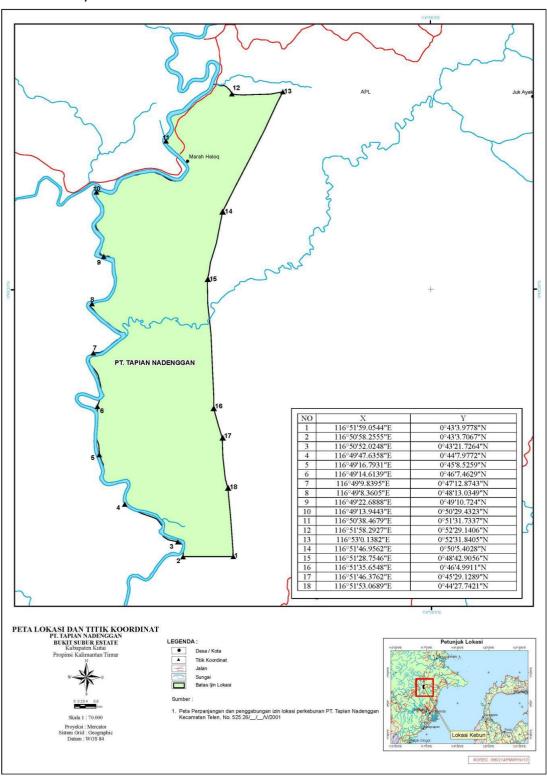
- Presence of transient animals (unit BSRE and BSRA);
- Actual implementation of the activities and the survival of plants grown in the rehabilitation site;
- Changes in river width;
- · Water quality of rivers, lakes and swamps; and
- · Water biota in rivers, lakes and swamps.

Figure 2a: Area Map and Plan Project Area NKT PT Tapian Nadenggan unit area Pantun Mas Estate (PMSE), Jak Luay Real (JLE), Long Buluh Estate (LBLE), Pantun Mas Plasma (PMSA), and Jak Luay Plasma (JLYA)



Note: Maps with higher resolution have been attached in appendix 1.

Figure 2b: Map of HCV areas and PT Tapian Nadenggan Project Plan Area (Bukit Subur Estate / BSRE)



Note: Maps with higher resolution have been attached in appendix 1.

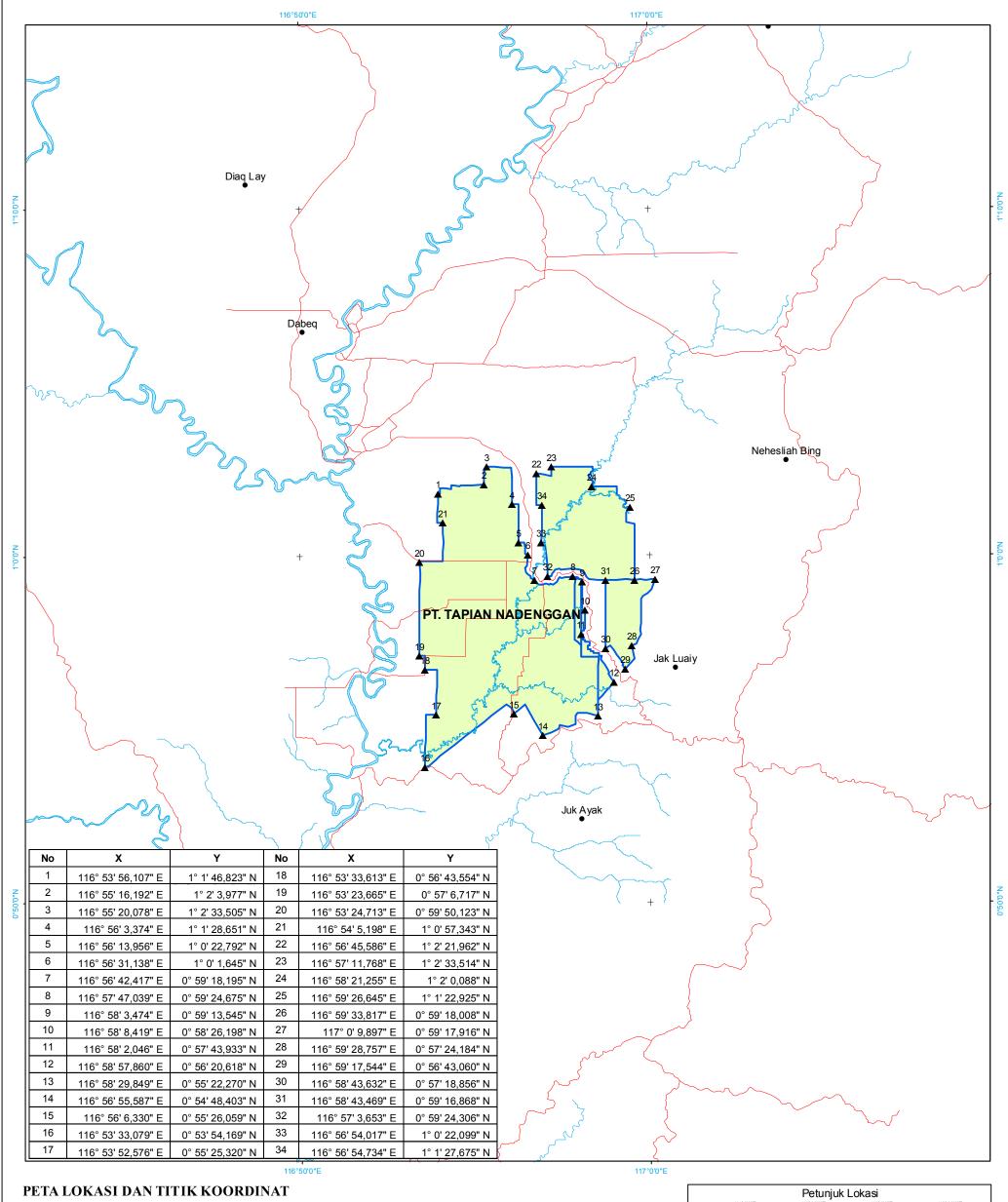
Internal responsibility

We hereby sign off on the above Summary Report of SEIA and HCV, The above may be amended and clarified for improvement during the development of the plantation but it will remain in accordance with RSPO Standards and Principles.

On behalf of the Management of PT Tapian Nadenggan,

Dr. Haskarlianus Pasang

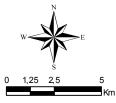
Sustainability Division Head



AREAL PT. TAPIAN NADENGGAN

Long Buluh Estate (LBLE), Jakluay Estate (JLYE) dan Pantun Mas Estate (PMSE)

Kabupaten Kutai Propinsi Kalimantan Timur



Skala 1 : 200.000

Proyeksi : Mercator Sistem Grid : Geographic Datum : WGS 84

LEGENDA:

● Desa/Kota

Titik Koordinat

Jalan

Sungai

Batas HGU

Sumber :

1. Peta Bidang Tanah Pemetaan Keliling Batas (HGU) PT. Tapian Nadenggan Nomor D.I.302: 092/2006 Tahun 2006, Nomor Peta: 036-16.09-2009, Kecamatan Muara Wahau, Desa Jak Luay, Nehes Liah Bing, Karya Bhakti, Long Wehea, Kecamatan Kongbeng, Desa Sri Pantun, Sidomulyo, Kombeng Indah, Diterbitkan Tanggal 05 Juni 2009.

2. Peta Bidang Tanah Areal PT. Tapian Nadenggan Nomor D.I.302 : 33/2009, NIB 16.09.00.00.00159 dan 16.09.00.00.0160.

Petunjuk Lokasi

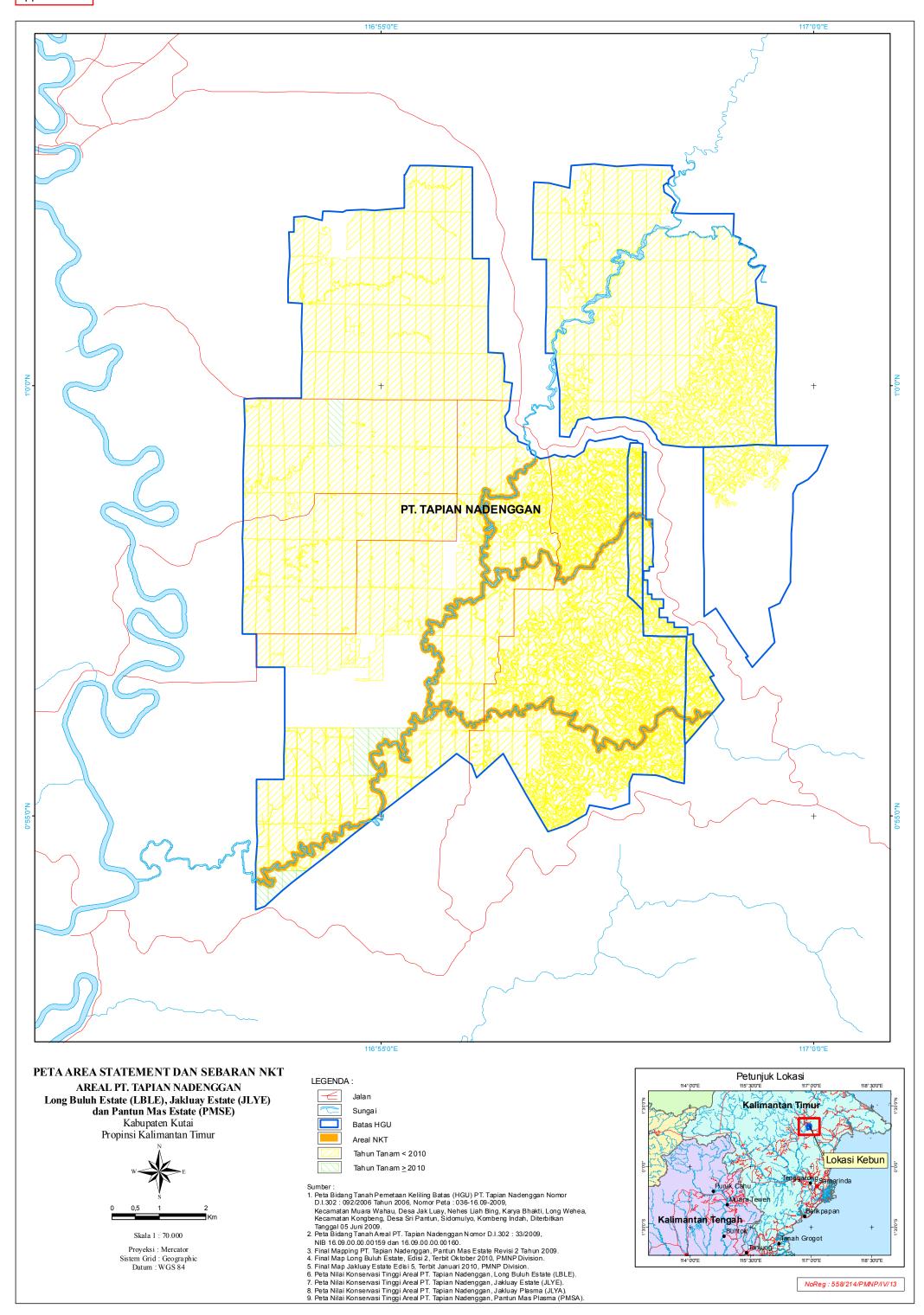
114°00'E

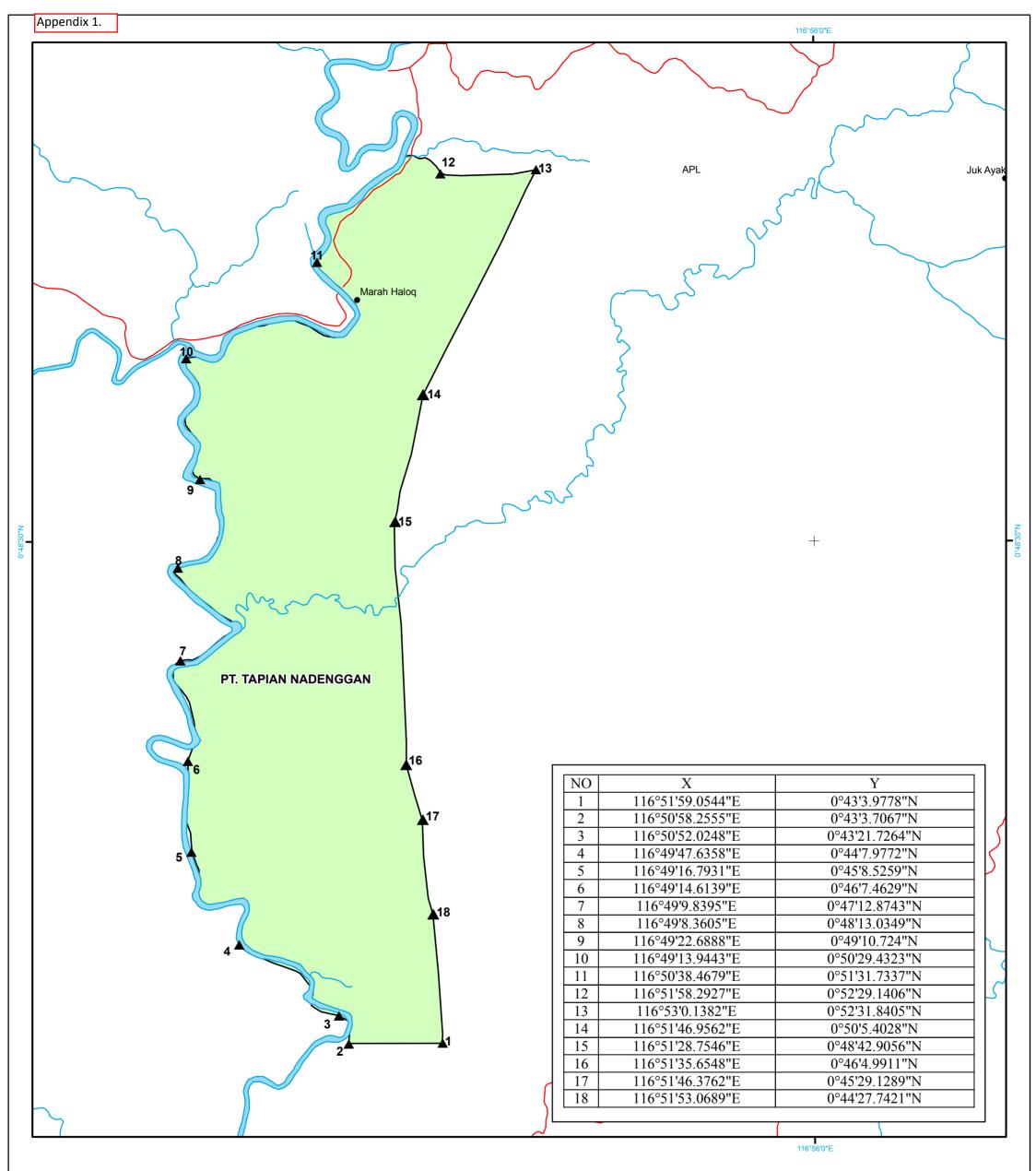
115°30'E

116°30'E

118°30'E

NoReg : 561/214/PMNP/IV/13





PETA LOKASI DAN TITIK KOORDINAT

PT. TAPIAN NADENGGAN BUKIT SUBUR ESTATE Kabupaten Kutai

Propinsi Kalimantan Timur



Skala 1 : 70.000

Proyeksi: Mercator Sistem Grid: Geographic Datum: WGS 84

LEGENDA:



Sumber:

1. Peta Perpanjangan dan penggabungan izin lokasi perkebunan PT. Tapian Nadenggan

Kecamatan Telen, No. 525.26/__/_/V/2001



NOREG: 556/214/PMNP/IV/13