

**Summary Report of Planning & Management of PT Buana Artha Sejahtera
Danau Sembuluh District of Seruyan Regency and Kotabesi District of East
Kotawaringin Regency, Central Kalimantan Province**

Executive Summary

PT Buana Artha Sejahtera (hereinafter referred to as “**PT BAS**”) is located in Danau Sembuluh District of Seruyan Regency and Kotabesi District of East Kotawaringin Regency, Central Kalimantan. The company has obtained a Location Permit from Central Kalimantan Governor through Decree No. 176.460.42 on Granting of Location Permit for PT Buana Artha Sejahtera Oil Palm Plantation Development in Danau Sembuluh District of Seruyan Regency and Kotabesi District of East Kotawaringin Regency, Central Kalimantan, covering an area of $\pm 14,300$ hectares, dated 8 April 2004. The location permit is a follow up to its principal permits by virtue of (i) Seruyan Regent Decree No. 500/22/Ek/2004 covering an area of 7,000 hectares, dated 30 January 2004; and (ii) East Kotawaringin Regent Decree [No. 02.04.28/525.26/56/II/EkBang/04 covering an area of $\pm 7,300$ hectares, dated 21 February 2004.

PT BAS obtained an environmental feasibility authorisation from the Central Kalimantan Governor approving the company’s Environmental Impact Statement (ANDAL), Environmental Management Plan (“**RKL**”) and Environmental Monitoring Plan (“**RPL**”) based on Decree No. 06.a/2006 dated 23 January 2006, covering a plantation area of $\pm 14,300$ hectares and mill capacity of 90 tonne of FFB per hour.

PT BAS already has its Social Impact Assessment (“**SIA**”) document which has been prepared in November 2012 by PT SMART, Tbk.’s internal team whose the leader of the team is registered under RSPO Approved HCV Assessors. The management and monitoring plan is already in place and has been consulted with relevant stakeholders.

PT BAS Management Unit has performed High Conservation Value (“**HCV**”) assessment in its concession, the result of which indicates presence of six HCV types, namely HCV 1 (HCV 1.1, 1.2, 1.3 and 1.4), HCV 2 (HCV 2.3), and HCV 4 (HCV 4.1).

Together they constitute total size of 497.23 hectares located at PT BAS's Mandang (MNAE) and Puri (PURE) Units.

The company also has RKL and RPL documents that were issued in January 2006. These documents were translated from the Environment Impact Assessment ("EIA") document and contain documents of measurement period management monitoring, and environmental impacts from mill and plantation management activities. Social impact management and monitoring plan documents are also available, prepared in November 2012 and extracted from the SIA document. The three documents are jointly a guideline to PT BAS in managing its social and environmental aspects.

Reference Documents

Following are reference documents.

1. EIA document issued in January 2006.
2. HCV assessment report on PT BAS's Mandang and Puri Units. PT SMART, Tbk. Jakarta, 2012.
3. SIA document prepared by PT SMART, Tbk.'s internal team, November 2012.
4. Social impact management and monitoring plan document, November 2012.
5. RKL and RPL documents, January 2006.

Following is the summary of the documents above.

PT BAS's presence has brought about positive impacts to the neighbouring community's environmental and social conditions. The RKL-RPL reports were submitted to Provincial Environmental Management and Conservation Agency (BPPLHD) of Central Kalimantan, Regency Environmental Impact Management Agency (BAPEDALDA) of East Kotawaringin, Regency Development Planning Agency (BAPPEDA) of Seruyan, Central Kalimantan Land Office, Seruyan Land Office, and East Kotawaringin Land Office. Environmental components are regularly monitored. PT BAS's presence has provided positive impacts to the neighbouring community's social condition, i.e. the community's perception, economy improvement,

workforce absorption, increase of accessibility, increase of the company's social and cultural activities. The negative impacts are water pollution due to fertiliser-contaminated water runoff. There are six HCVs identified in the company's concession, i.e. HCV 1 (HCV 1.1, 1.2, 1.3 and 1.4), HCV 2 (HCV 2.3), and HCV 4 (HCV 4.1). Together they constitute total size of 497.23 hectares found in PT BAS's Mandang (MNAE) and Puri (PURE) Units.

Social and Environmental Impact Assessment (“SEIA”) and HCV Management Planning Personnel

a. The company's information and contact person

- Company name : PT Buana Artha Sejahtera
- Location : Rungau Raya Village of Danau Seluluk District, Seruyan Regency, and Biru Maju Village of Telawang District, East Kotawaringin Regency, Central Kalimantan
- Geographic Location : 112°15'00” – 112 °30'00” BT - 02°20'00” – 02°12'00” LS
- Surrounding Area
 - a. North : PT Tapian Nadenggan's plantation
 - b. East : PT Agro Indomas
 - c. West : Community's plantation
 - d. South : Community's plantation
- Concession/Permit :
 - a. Location Permit: Central Kalimantan Governor Decree No. 176.460.42/2004 covering an area of ±14,300 hectares, dated 8 April 2004, effective for three years (until 7 April 2007).
 - b. Plantation Business Concession (IUP): Central Kalimantan Governor Decree No. 407/2004 granting area for oil palm plantation covering area of

±14,300 hectares and with mill capacity of 80 tonne of FFB per hour, dated 8 April 2004.

c. HGU: pending process in relevant institution.

- Parties Involved:

Those involved in preparing PT BAS's HCV assessment report and management and monitoring plan are the company's management, assisted by PT SMART, Tbk. Environment Department's team. Public consultation was held on 19 November 2012 in PT BAS's training Center, namely Sungai Rungau Training Centre (SRTZ) attended by the village heads and their apparatuses, Village Consultative Board (BPD) chairman and vice chairman, cooperative head, public figures, the Plantation Management Unit, and other relevant parties relating to the plantation activities. The HCV assessment peer review was performed by Resit Sozer (Independent Consultant) in March, 2012.

Those involved in preparing SIA document are PT SMART, Tbk. Corporate Social Responsibility (CSR) Department, village head, BPD, community figures, district government staffs, Dayak customary community, village and transmigration community, and PT BAS's management. Result of the management and monitoring assessment and plan is already in place and has been consulted with relevant stakeholders. Public consultation was held on 19 October 2012 in Sungai Rungau Training Centre, attended by village heads, village secretary, Village Consultative Board (BPD), Community Empowerment Institution (LPM), customary institution, district government, and PT BAS's management. The government officials invited are those from two different regencies as the company's area lies across the two different regencies.

Summary of Planning and Management (SEIA)

a. SEIA

The EIA documents has been authorised by Central Kalimantan Governor No. 06.a/2006 on Environmental Feasibility of Oil Palm Plantation and Processing Mill in Danau Sembuluh District of Seruyan Regency and Kotabesi District of East Kotawaringin Regency, Central Kalimantan, dated 23 January 2006. SIA management and monitoring plan is already in place and has been consulted with relevant stakeholders. Public consultation was held on 19 October 2012 in Sungai Rantau Training Centre, attended by village head, village secretary, Village Consultative Board (BPD), Community Empowerment Institution (LPM), customary institution, district government, and PT BAS's management. The government officials invited are those from two different regencies as the company's area lies across the two different regencies. This plan is implemented and made the company's reference when managing social impacts in its surrounding areas.

General recommendation based on the Social Impact Analysis and Assessment:

1. The community's perception

Based on the socialisation during investment, the land acquisition and compensation has gone through FPIC process and method. This FPIC and socialisation processes helped the company explain and ease its investment of the oil palm plantation which it would run. This FPIC process was also indicated by founding a village team and the company's initiatives towards the community to transparently make compensation to the lands. This village team was founded in the parent village, namely Sebabi and Asam Baru/Rungau Raya Villages.

Area determination in the beginning of land compensation process by the company under cooperation with the local community is a crucial process which may be useful to anticipate future problems over the land already compensated. This is according to the procedure already applied by PT BAS on land compensation

process. CSR programmes have been planned for the community in the assessment area according to its needs.

PT BAS needs to socialise its workforce demand according to the current quota and availability and its most recent update to the village/local government. Proactive communication to its stakeholders, conduct early-stage socialisation over land acquisition and absorption of local workforce should be made first priority whose cost can be cut because no offsite employees need to be brought in. The company needs to deliver entrepreneurship trainings to the community to prevent them from depending on only one single livelihood. This can be liaised with relevant government office.

2. Economy improvement

The local economy is improved by means of several management measures, i.e. provision of workforce demand information to the local governments according to PT BAS's needs and qualification, payment of its employees salary equal to, or above, the minimum standard wage, provision of general facilities to its employees, empowerment of community through local partnership and purchase, implementation of OHS policies, delivery of training for its employees to build their capacity, and promote the growth of local community's businesses and partnership.

3. Increase of the local community's accessibility

The company has constructed road access for its operational activities, such as FFB and CPO transportation, workforce mobilisation and the company's security. The access connects areas from different villages and districts. This is important because PT BAS is located across two regencies. To the community, this is also helpful because it eases the community's access to other areas as the company allows public use of this road. Such easiness provides significant impacts to development of the area surrounding the company and enables the community's easy access to access various goods and services in other areas.

4. Increase of the company's social and cultural activities

In its operation, the company also has activities relating to social and cultural aspects when interacting with the community living in the assessment area. This

contributes to forming of the community's perception over PT BAS. The company once practiced activities combining 'top down' and 'bottom up' characters. But now it tries to prioritise bottom up programmes taking into account the community's needs. Currently PT BAS is in the middle of CSR strategic planning process, and this can be referred to by social and cultural activities in the coming years.

5. River water contamination by fertiliser contaminated water runoff

Proactive communication must be made with stakeholders within the assessment area as to environmental and health management. It should also apply best practice on management of waste and hazardous and toxic materials coming out from oil palm processing, and report its social and environmental impact monitoring to relevant authorities. River water management runs with certain limit on use of chemicals and replace them with organic materials. It is recommended to the company to manage HCV and riverbanks to revitalise these riverbanks. This constitutes a series of efforts in managing crucial negative impact, i.e. river water pollution.

Summary of PT BAS's Environmental Management and Monitoring Plan (Operational Phase)

No	Environmental Parameter Components	Indicator	Source of Impact	Environmental Parameter	Method of Data Collecting and Analysis	Location	Monitoring Period and Frequency	RKL
a.	Microclimate (temperature and air humidity)	Change of temperatures and humidity	Seedling and ground cover planting activities	Relative air humidity in the plantation area	Measure the temperature and relative air humidity using thermometer and hygrometer at 06.00-08.00 a.m. and 09.00-00.00 a.m. Western Indonesia Time	Already cleared estate block	Twice in a year	Planting of ground cover plants (legume cover crop). Leguminase (nuts) are planted soon once the land cleared to prevent the land from being left too long.

b.	Gases and dusts	Air quality deterioration	FFB processing, CPO transporting and mill waste management activities	Dusts/particulate (PM10) and gases (SO ₂ and NO ₂)	As for dust parameter/PM10, gravimetry is applied using continuous measurement beta beam radiometry system, SO ₂ , using Pararosanilin method, parameter NO ₂ , using Saltzmann method	Community settlement adjacent to the road passed through by CPO transporter, the mill location	Twice in a year	<ol style="list-style-type: none"> 1. Periodically maintain the equipment used. 2. Control the transporters' speed when carrying CPO. 3. Avoid cutting trees along riverbanks and conservation area. 4. Spraying.
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c.	Noise	Noise level	FFB processing, CPO transporting and mill waste management activities	Noise level	By using Integrated Sound Level Meter where measurement is performed seven times (4 times during the day and 3 times at night), 10 minutes for each measurement.	Oil palm processing mill and several community settlements passed through by CPO transporters.	Twice in a year.	<ol style="list-style-type: none"> 1. Periodically maintain the equipment used. 2. Control the transporters' speed when carrying CPO. 3. Spraying. 4. Avoid cutting trees along riverbanks and conservation area. 5. Workers should wear ear plug.
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d.	Soil physical and chemical characteristics	Change of soil physical and chemical characteristics	Seedling and ground cover planting activities, estate maintenance	Texture, structure, permeability, drainage, soil effective depth, water pH level, organic C-, Total N, P available, exchangeable cations (K Na, Ca, Mg), cation exchange capacity, base saturation	Sample 1 kg of soil upper layer at depth of 0-20 cm in composite way for soil physical and chemical determination	Oil palm estate block and nursery site	Twice in a year	<ol style="list-style-type: none"> 1. Plant ground cover plant 2. Utilise JJK for mulsa 3. Prepare and apply SOP for seedling and ground cover planting, as well as maintenance of eco-friendly plants. 4. Pay attention to four-exact system (time/frequency, type, dosage and technic)
e.	River water quality	Deterioration of river water quality	Estate maintenance, FFB processing, and mill waste management activities	pH level, suspended solid substance, BOD, COD, Total Nitrogen, Oil and Fat	Water sampling and lab testing	Upstream and downstream parts of Serindu River	Three times in a year	<ol style="list-style-type: none"> 1. Increase efficiency of fertiliser and pesticide use 2. Prepare and apply eco-friendly plant maintenance SOP 3. Pay attention to four-exact system (time/frequency, type, dosage and technic) 4. Make IPAL

f.	Groundwater quality	Deterioration of groundwater quality	Wastewater utilisation activities (land application)	pH level, suspended solid substance, BOD, COD, Total Nitrogen, Oil and Fat, and several heavy metals	Sampling of monitoring well and lab testing	Groundwater under the plantation area and Sei Biru and Padas Village community's wells	Twice in a year	<ol style="list-style-type: none"> 1. Make IPAL 2. Determine LA location according to the requirement 3. Construct wastewater channelling system in waterproof lands 4. Set utilisation rotation, adjusted with the soil permeability and dosage of wastewater to use.
g.	River water discharge	Inclination of river water discharge	FFB processing activities	River water stage level and water discharge fluctuation	Observation of river water stage level and calculation of river water discharge	Serindu River	Three times in a year	<ol style="list-style-type: none"> 1. Construct reservoir 2. Maintain riverbanks 3. Efficiently use river water 4. Use of groundwater as reserve when necessary
h.	Water biota	Reduce of water biota species diversity and abundance	FFB processing activities	Water biota species diversity and population	Water sampling and lab testing	Serindu River	Three times in a year	<ol style="list-style-type: none"> 1. Manage abundance of water biota around the project area 2. Develop monitoring and early detection of water biota life 3. Increase efficiency of fertiliser and pesticide application in maintaining plants.

i.	The community's attitude and perception	The community's concern on plantation waste management	Mill waste management activities	Number of those of community members having both supportive and opposite standings towards the project's presence	Direct observation and interview	Sumber Makmur Village, especially community of Sei Biru and Padas Sub-Villages	Twice in a year	Socialise or socially approach the neighbouring community as to the mill waste management system in place and environmental management to practice.
j.	The community's social apprehension	Concern on waste management	Mill waste management activities	Number of community members feeling the apprehension over the project's presence	Direct observation and interview	Sumber Makmur Village, especially community of Sei Biru and Padas Sub-Villages	Twice in a year	Socialise or socially approach the neighbouring community as to the mill waste management system in place and environmental management to practice.

k.	The community's health quality	The neighbouring community's health quality	FFB processing activities	The project surrounding community' health quality	Direct observation and interview through random sampling method. Distribution of questionnaire supported with in-depth interview. Data analysis was performed quantitatively and qualitatively	Sumber Makmur Village, especially community of Sei Biru and Padas Sub-Villages	Twice in a year	<ol style="list-style-type: none"> 1. Prevent from and avoid environmental pollution during FFB processing activities 2. Help with medical service and check-up, as well as transportation facilities for the community members in need.
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Summary of Planning and Management (HCV)

Management recommendations

Plan of management of HCV area within PT BAS's concession (MNAE and PURE units) consists of riverbank HCV area management, which includes following.

- (1) Socialisation to the community and staffs as to the HCV presence.
- (2) HCV area boundary marking.
- (3) Patrol of HCV area.
- (4) Rehabilitation or revegetation/restoration or enrichment of plant species providing food to key wildlife species.

Monitoring recommendation

The monitoring plan to implement addresses intensity of the existing and potential disruptions, monitoring of fauna species in every HCV containing location, and interaction between HCV areas and their respective surroundings.

Plan for HCV monitoring and regular data review

The documents of (i) HCV assessment report and (ii) plan of management and monitoring of HCV area in PT BAS's concession were reviewed by Resit Sozer (independent consultant) in March 2012. His review output was subsequently made input to rectification of the said two documents.

Management and planning for threats to the HCV areas

1. Making of information and notice on HCV area locations.
2. Socialisation to the company staffs/employees and the neighbouring community to safeguard and preserve protected areas.
3. Setting river buffer zones (riverbank) with width of 50 metres at their both sides along the river bordering the concession.
4. Perform revegetation or reforestation.

5. Enrich by planting and growing tree species providing food to protected wildlife species in the areas identified as the wildlife species' habitats.
6. Patrol the areas identified as habitat to the protected wildlife species.

Management plans to enhance or maintain the identified HCV areas' conservation values

1. Management of habitats to wildlife species playing roles as key species in Rungau riverbank.
2. Socialisation to the company's staffs and community as to HCV concept.
3. Training for the staffs on HCV.
4. Assign dedicated HCV officers.
5. Integrate HCV management into the company's inherent structural responsibility.
6. Make policy as to HCV presence in the plantation areas.

Internal Responsibility

We hereby sign off on the above Summary Report of Planning and Management, 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 Buana Artha Sejahtera,**

A handwritten signature in blue ink, consisting of several loops and a final horizontal stroke.

Dr. Haskarlianus Pasang
Head of Sustainability Division
Date: June 4th, 2013