

**Summary Report of SEIA and HCV Assessments on PT Buana Artha Sejahtera
Danau Sembuluh District of Seruyan Regency and Kotabesi District of East
Kotawaringin, 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 ±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 ±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 Assessment (**EIA**) based on Decree No. 06.a/2006 dated 23 January 2006, covering a plantation area of ±14,300 hectares in Danau Sembuluh District of Seruyan Regency and Kotabesi District of Central Kalimantan, with 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, with a team leader who 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, aiming at (1) identifying HCV presence within or near the oil palm plantation containing essential social, cultural and/or ecological values; and (2) formulating HCV management and monitoring directives for a management and

monitoring system ensuring those values' preservation and/or improvement. The assessment of HCV and HCV area presence, as well as the management and monitoring efforts are important prerequisites in every oil palm plantation management unit's activities and they serve as an important element in preparation of Roundtable for Sustainable Palm Oil (RSPO) certification. According to the assessment six HCVs were identified in PT BAS's concession, i.e. HCV 1 (HCV 1.1, HCV 1.2, HCV 1.3 and HCV 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.

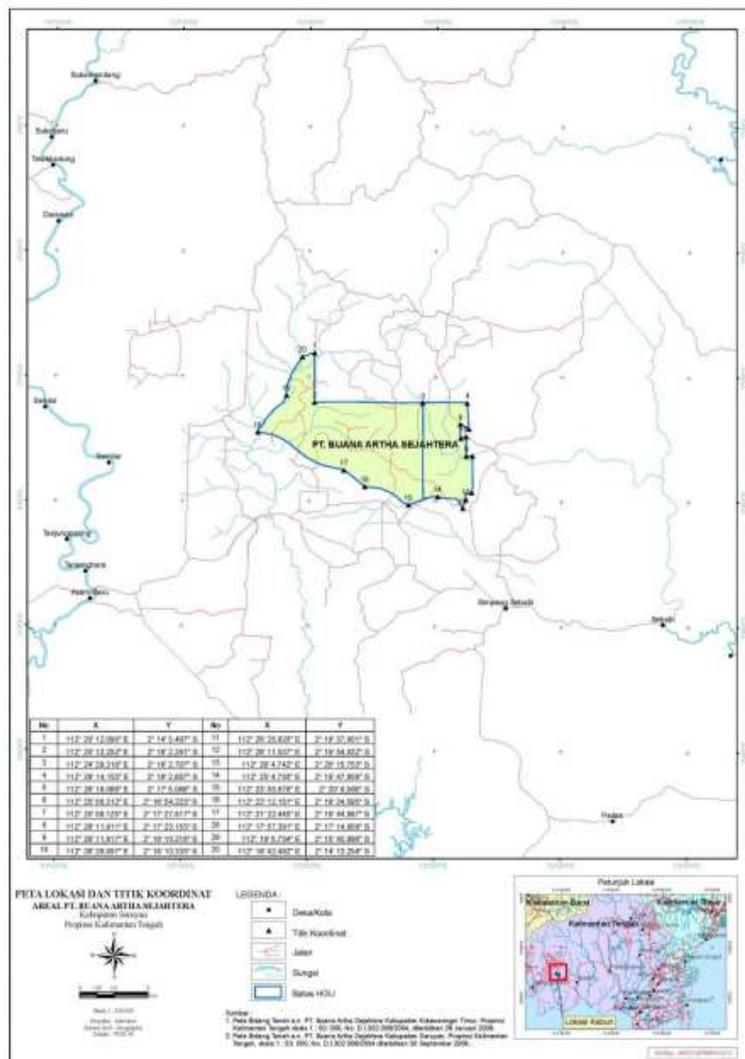
Scope of Social and Environmental Impact Assessment (SEIA) and HCV Assessment

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" E – 112 °30'00" E) and (02°20'00" S – 02°12'00" S)
- 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 2005.
- c. HGU: pending process in relevant institution.
- Location Map: Figure 1

Figure 1: Map of PT BAS's Location in Seruyan Regency



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

Assessment Process and Procedures

a. SEIA Assessment

Environmental Impact Assessment (“**EIA**”) document has been prepared by a consulting firm already officially accredited by the Government, i.e. CV Barito Prima Consultant. EIA document has also been authorised by the Central Kalimantan Governor through Decree No. 06.a/2006 on Environmental Feasibility of Oil Palm Plantation and Processing Mill in Central Seruyan District of Seruyan Regency, Central Kalimantan, dated 23 January 2006. In addition to EIA document, PT BAS already has SIA document that was prepared by PT SMART, Tbk.’s internal team in November 2102, with a team leader who is registered under RSPO Approved HCV Assessors. The assessment result and management and monitoring plan are already in place and have been consulted with relevant stakeholders. Public consultation was held on 19 October 2012 in PT BAS’s Training Centre, namely, Sungai Rangau Training Centre (SRTZ), 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.

Following are the SIA team members.

Yosaphat Ardhilla Renato, S.Ant.

Born in Yogyakarta on 5 February 1987, he is a Corporate Social Responsibility (“**CSR**”) Officer to PT SMART, Tbk. Being an expert in social and cultural anthropology, he graduated bachelor of anthropology from Anthropology Department, Universitas Gadjah Mada (UGM) in 2010. His experience in social issues started in 2006. He was once an expert staff on street children assistance in HUMANA NGO and held position of World Bank Survey Project’s data editor in Bolaang Mongondow, North Sulawesi. He has been trained with Free Prior and Informed Consent (“**FPIC**”), social management planning and handling of *ulayat* right (customary land right). He also joined HCV Resources Network and registered as a Social Discipline Specialist (*participatory rural assessment; socio-*

economic or cultural studies; participatory mapping; conflict resolution) to RSPO Approved HCV Assessors.

The Assessment Method

a. SIA

The method employed to obtain data from survey of social, economic and cultural aspects and the neighbouring community's perspective over PT BAS is data collecting by inventorying necessary field information through direct and indirect collecting systems. The direct collecting system was applied using questionnaire sheets which had already been prepared through interview and data measurement. The interview was conducted with government staffs, the neighbouring community members, public figures and other community members in broader sense/public.

b. HCV assessment

The HCV assessment activities were performed by PT SMART, Tbk.'s Environment Department on 13-17 July 2011.

Assessors and their credentials

- *Norman Faried Mustakiem*

Born in Madiun on 26 February 1972, he currently is holding position as Section Head of PT SMART, Tbk.'s Environment Department. His expertise is HCV assessment on Habitat Ecology. Graduated bachelor from Universitas Mulawarman, Samarinda in 1997, he is now registered as participant to HCV-Network and under RSPO Approved HCV Assessor.

- *Firmansyah*

Born in Jakarta on 5 July 1979, he is a staff to the Environment Department, PT SMART, Tbk. Graduated bachelor of biology in 2004 from Universitas Nasional, Jakarta, he was once a researcher working for Bornean Orangutan Survival Foundation (BOSF). Engaged in several

HCV assessment activities in several companies, he is currently registered as participant to HCV-Network.

- Ridho Farianto

Born in Sleman on 20 September 1979, he is a staff to PT SMART, Tbk.'s Environment Department. His field of expertise is HCV assessment on Flora and Environmental Services. Graduated from Universitas Kapuas Hulu in 2008, he to date has been involved in several HCV research for several companies and is registered as participant to HCV-Network.

- Dede M. Nasir

Born in Bogor on 18 May 1981, he currently is a staff of PT SMART, Tbk.'s Environment Department. His expertise is HCV assessment on Fauna Ecology and GIS Mapping. Graduated from Bogor Agricultural University (IPB) in 2004, he has attended several HCV assessment-supporting seminars and trainings and is registered under RSPO HCV Assessor.

- Febia Arisnagara

Born in Bondowoso on 7 February 1985, he is a staff of PT SMART, Tbk.'s Environment Department. Graduated Bachelor of Forestry from Bogor Agricultural University (IPB) in 2009, he was once the Faculty of Forestry's HCV team member and have been involved in HCV Assessment on several plantation areas. He is registered under RSPO Approved HCV Assessor.

- Yosaphat Ardilla

Born in Yogyakarta on 5 February 1987, he is a staff of PT SMART, Tbk.'s Environment Department. He graduated bachelor of anthropology from Universitas Gadjah Mada (UGM) Faculty of Culture in 2010. His part in the HCV assessment is community socio-cultural field. Having been experienced in SIA activities in several companies, he was trained with Free Prior Informed Consent (FPIC) and Social Need Assessment

(SNA) by LINKS, and Ecology and Cultural Training by State Ministry of Environment.

The HCV assessment phases

Field data collection was carried out on 13-17 July 2011. Public consultation was held on 19 November 2012 at Sungai Rungau Training Centre (SRTZ) room, involving relevant stakeholders.

Following are the HCV identification and analysis activities in PT BAS's concession.

Document/report collecting and review

The collected documents are: relevant documents/reports and maps. They were then reviewed and made basis to secondary data collection and field survey.

Secondary data collecting

The collected secondary data in this activity are the site's general condition such as:

1. plantation management history/record, size, location, topography and inclination, geologic aspects and soil, climate, hydrologic aspects, land cover, as well as the community's social, economic and cultural aspects;
2. relevant document/report; and
3. Landsat image map, administrative map, and other relevant documents/reports/maps.

Field survey

Primary data from the field survey includes: the land physical, biodiversity, environmental service values aspects, as well as the community's socio-economic, and cultural aspects.

Summary of Assessment Findings

a. SIA

According to the SIA implementation objectives, following are the conclusions drawn.

1. Based on the social, economic and cultural characteristics, Sebabi, Sumber Makmur and Biru Maju Village community fall under prosperous category according to indicators issued by Statistics Indonesia (BPS). Even Sebabi is a developing village due to its roles as trade centre in Telawang District outskirts.
2. Positive impacts contributed to the community are its perception, economy growth, workforce absorption, and increase of accessibility, as well as increase of the company's social and cultural activities.
3. Negative impact from the company's presence is river water pollution because of fertiliser-contaminated runoff.
4. Land acquisition and compensation was implemented with prior information to, and then followed by making of mutual agreement with, the community members to whom the compensation payment was made. This compensation process was adjusted to PT BAS's procedure in place.
5. The company's policy in relation to Occupational Health and Safety ("OHS") management is already in place. This increases the positive impacts to the company staffs as their occupational safety is secured.

List of Social Issues being PT BAS's Social Impacts

No.	Social Impact	Social Issue
1.	The community's perception	Proactive approach and intensive socialisation are practiced to the community, government and community figures being the company's stakeholders.
		Land acquisition activities have potentials to cause social apprehension and conflicts because of their incompliance to the commitment on the predetermined price for compensation, the landowners to be compensated, and procedure ran by village team.
		The village team involvement in every land acquisition activities and pre-construction phase.

		<p>Attention must be paid to local workforce quota which needs to be adjusted with the company's employment demand.</p> <p>Well-planned CSR programmes.</p>
2.	Economic Improvement	<p>Improvement of the community's income compared to before the company's infrastructure construction. The local community obtains permanent income from the company's operation.</p> <p>Provision of facilities supports the staffs' activities and life needs which promote their life quality.</p> <p>The company sustainably benefits from certain contractors according to their normally-performed work proportion.</p> <p>The staffs' well-beings, competence improvement programme, protection of labours' right through OHS implementation by the company are parts of its obligations.</p> <p>The community's emerging economic resources providing for its daily needs due to its increasing economic activities.</p>
3.	Increase of the community's accessibility	<p>Construction of road access by PT BAS connects various areas to each other.</p> <p>Ease in granting of the company' road access to the community</p>
4.	Increase of the company's socio-cultural activities	<p>The company has performed socio-cultural activities to the community with in non-planned manner from years to years.</p> <p>The company is in the middle of CSR programme planning for a certain period to optimise the programme provided to the community.</p>

5.	River water pollution coming from fertiliser-contaminated runoff	Reuse of waste from operational activities in responsible way to support the company's operation, in addition to its use in converting chemicals applied by the company.
		Conservation of flora and fauna within the company's concession, taking into account the HCV report and the management.

General recommendations based in the social impact analysis and assessment

1. The local community's perception

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

Area determination process in the beginning of land compensation payment 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, 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. Increase of economy and workforce absorption

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 BAP's needs and qualification, payment of its employees salary equal to, or above, the minimum standard wage, 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 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

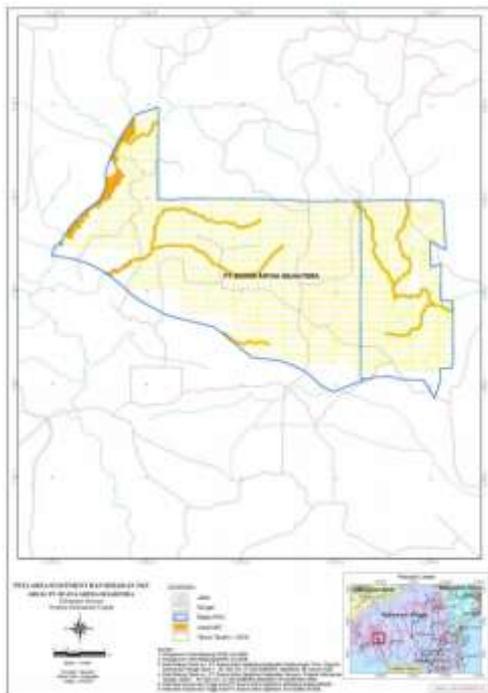
Proactive communication must be made with stakeholders within the assessment area as to environmental and health management. It should also

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.

b. HCV Assessment

From the HCV assessment it is known that six HCV types are present in PT BAS's Mandang (MNAE) and Puri (PURE) Units oil palm plantation areas. They are HCV 1 (HCV 1.1, HCV 1.2, HCV 1.3 and HCV 1.4), HCV 2 (HCV 2.3), and HCV 4 (HCV 4.1). Manifesting in riverbanks, they constitute total size of 497.23 hectares located at Mandang (MNAE) and Puri (PURE) Units.

Figure 2: Map of HCV Area and PT BAS's Project Area Plan

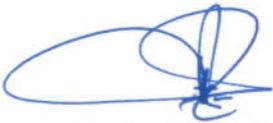


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Internal Responsibility

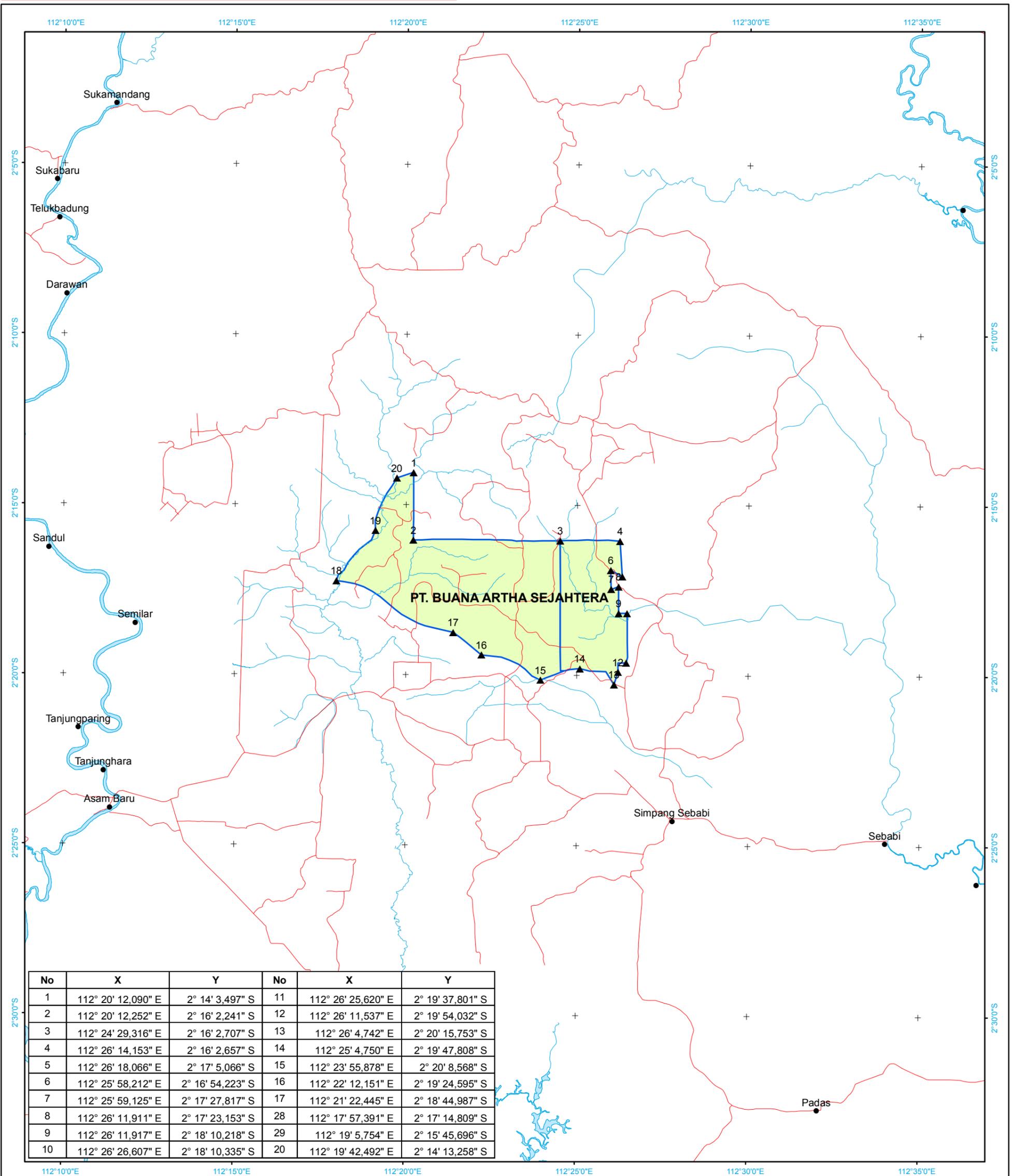
We hereby sign off on the above Summary Report of SEIA and HCV, The above may be amended and clarified for improvement during the development of the plantation but it will remain in accordance with RSPO Standards and Principles.

On behalf of the Management of **PT Buana Artha Sejahtera,**



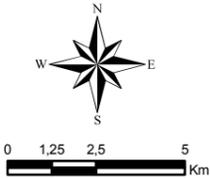
Dr. Haskarlianus Pasang
Head of Sustainability Division
Date: June 4th, 2013

Appendix 1. **Figure 1: Map of PT BAS's Location in Seruyan**



No	X	Y	No	X	Y
1	112° 20' 12,090" E	2° 14' 3,497" S	11	112° 26' 25,620" E	2° 19' 37,801" S
2	112° 20' 12,252" E	2° 16' 2,241" S	12	112° 26' 11,537" E	2° 19' 54,032" S
3	112° 24' 29,316" E	2° 16' 2,707" S	13	112° 26' 4,742" E	2° 20' 15,753" S
4	112° 26' 14,153" E	2° 16' 2,657" S	14	112° 25' 4,750" E	2° 19' 47,808" S
5	112° 26' 18,066" E	2° 17' 5,066" S	15	112° 23' 55,878" E	2° 20' 8,568" S
6	112° 25' 58,212" E	2° 16' 54,223" S	16	112° 22' 12,151" E	2° 19' 24,595" S
7	112° 25' 59,125" E	2° 17' 27,817" S	17	112° 21' 22,445" E	2° 18' 44,987" S
8	112° 26' 11,911" E	2° 17' 23,153" S	28	112° 17' 57,391" E	2° 17' 14,809" S
9	112° 26' 11,917" E	2° 18' 10,218" S	29	112° 19' 5,754" E	2° 15' 45,696" S
10	112° 26' 26,607" E	2° 18' 10,335" S	20	112° 19' 42,492" E	2° 14' 13,258" S

PETA LOKASI DAN TITIK KOORDINAT
AREAL PT. BUANA ARTHA SEJAHTERA
 Kabupaten Seruyan
 Propinsi Kalimantan Tengah



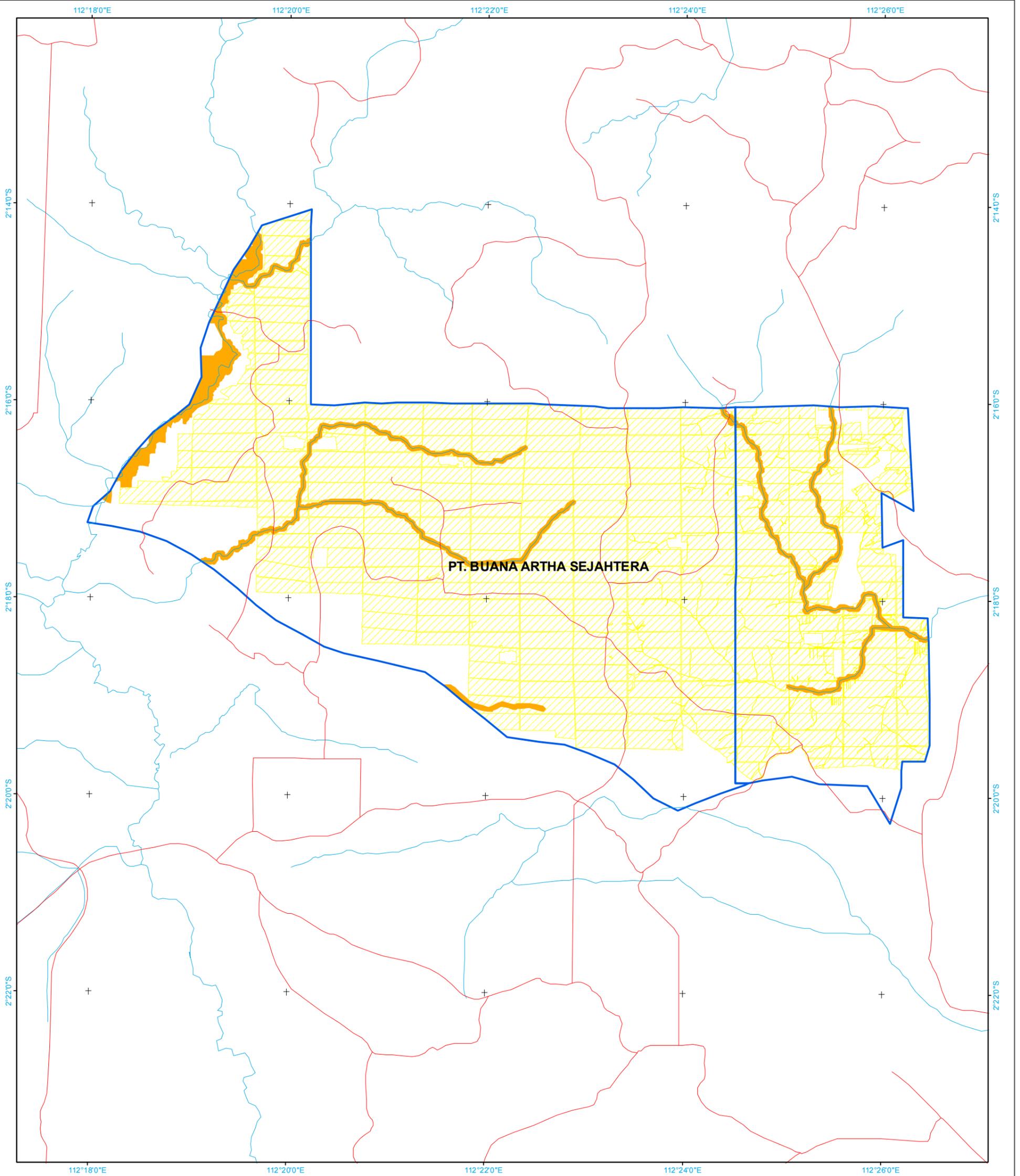
Skala 1 : 200.000
 Proyeksi : Mercator
 Sistem Grid : Geographic
 Datum : WGS 84

- LEGENDA :**
- Desa/Kota
 - Titik Koordinat
 - Jalan
 - Sungai
 - Batas HGU

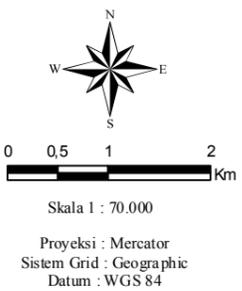
Sumber :
 1. Peta Bidang Tanah a.n. PT. Buana Artha Sejahtera Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah skala 1 : 50. 000, No. D.I.302.008/2004, diterbitkan 28 Januari 2006.
 2. Peta Bidang Tanah a.n. PT. Buana Artha Sejahtera Kabupaten Seruyan, Propinsi Kalimantan Tengah, skala 1 : 50. 000, No. D.I.302 008/2004 diterbitkan 30 September 2006.



Appendix 1. **Figure 2: Map of HCV Area and PT BAS's Project Area Plan**



PETA AREA STATEMENT DAN SEBARAN NKT
AREAL PT. BUANAARTHA SEJAHTERA
 Kabupaten Seruyan
 Propinsi Kalimantan Tengah



LEGENDA :

-  Jalan
-  Sungai
-  Batas HGU
-  Areal NKT
-  Tahun Tanam < 2010

Sumber :

1. Pengukuran Final Mapping PURE Juli 2008.
2. Pengukuran Final Mapping MNAE Juli 2008.
3. Peta Bidang Tanah a.n. PT. Buana Artha Sejahtera Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah skala 1 : 50.000, No. D.1.302.008/2004, diterbitkan 28 Januari 2006.
4. Peta Bidang Tanah a.n. PT. Buana Artha Sejahtera Kabupaten Seruyan, Propinsi Kalimantan Tengah, skala 1 : 50.000, No. D.1.302 008/2004 diterbitkan 30 September 2006.
5. Peta Nilai Konservasi Tinggi Areal PT. Buana Artha Sejahtera, Mandang Estate (MNAE).
6. Peta Nilai Konservasi Tinggi Areal PT. Buana Artha Sejahtera, Puri Estate (PURE).

