

**Summary Report of Planning & Management on PT Kencana Graha Permai
Marau District of Ketapang Regency,
West Kalimantan Province**

Executive Summary

PT Kencana Graha Permai (hereinafter referred to as “**PT KGP**”) is located at Villages of Rangkung, Randai, Batu Payung Dua, and Belaban of Marau District, Ketapang Regency, West Kalimantan. The company has obtained a Location Permit by virtue of Ketapang Regent Decree No. 176/2005 covering an area of ±10,000 hectares for plantation and with mill capacity of 60 tonne of FFB per hour in Marau District of Ketapang Regency, West Kalimantan, dated 15 June 2005. The permit’s effective period was extended based on Ketapang Regent Decree No. 433/2007 dated 12 December 2007, and lastly based on Ketapang Regent Decree No. 37/2009 covering an area of 11,000 hectares in Marau District of Ketapang Regency.

PT KGP’s already has Environmental Feasibility Permit which was granted by West Kalimantan Governor through Decree No. 546/2008 covering a plantation area of 10,000 hectares and with mill capacity of 60 tonne of FFB per hour in Marau District of Ketapang Regency, West Kalimantan, dated 7 July 2008.

The company already has Social Impact Assessment (“**SIA**”) document, which is accompanied with social impact management and monitoring plan document. They were prepared by PT SMART, Tbk.’s internal team whose team leader is already registered under RSPO Approved High Conservation Value (“**HCV**”) Assessors. Based on the SIA document, it is concluded that PT KGP’s presence has contributed positive impacts to the neighbouring community’s social condition. One of them is job and business opportunity. Whereas the negative impacts are social apprehension and the community’s declining health quality.

PT KGP Management Unit has performed HCV assessment activities over its concession. Based on the HCV assessment, there are nine HCV types having been identified in the company’s concession, i.e. HCV 1 (HCV 1.1, HCV 1.2, HCV 1.3 and HCV 1.4), HCV 2 (HCV 2.3), HCV4 (HCV 4.1 and HCV 4.2), HCV 5, and HCV 6

which jointly constitute a total area of 639.91 hectares. This activity took 13 months, from June 2010 to June 2011. The field survey took six days from 11 to 16 June 2010. The public consultation was held on 16 June 2010. The HCV assessment report document, along with its HCV area management and monitoring plan, was reviewed by Resit Sozer (independent consultant) in May 2011, output of which was made input to the both documents rectification.

Environmental Management Plan (“**RKL**”) and Environmental Monitoring Plan (“**RPL**”) documents are available. Prepared in July 2008, both are translation versions from the company’s Environmental Impact Assessment (“**EIA**”) and elaborate document of measurement period monitoring and environmental impact coming out from the mill and plantation management activities. Social impact management and monitoring plan document is also available, prepared in March 2013. The three form a guideline to PT KGP management unit in managing its social and environmental aspects.

Reference Documents

Reference documents are as follow.

- a. The EIA document that has been authorised by West Kalimantan Governor through Decree No. 546/2008 dated 7 July 2008
- b. HCV presence identification and analysis report in PT KGP’s concession in Ketapang Regency, Ketapang Regency of West Kalimantan. Jakarta: PT Kencana Graha Permai and Bogor Agricultural University (IPB) Faculty of Forestry. 2011.
- c. SIA document by PT SMART, Tbk.’s internal team, March 2013.
- d. RKL and RPL documents, July 2008.
- e. Social impact management and monitoring plan document, March 2013.
- f. HCV Area Management and Monitoring Plan on PT KGP’s concession in Ketapang Regency, West Kalimantan. Jakarta: PT Kencana Graha Permai and IPB Faculty of Forestry. 2011.

Following is summary of the above documents.

PT KGP's presence has contributed positive impacts to social condition of the community in the company's neighbouring area. RKL-RPL report has been submitted to Environmental Management Agency (BPLHD) of West Kalimantan Province, Plantation Office of West Kalimantan Province, Energy and Mineral Resources Office of Ketapang Regency, Industry, Trade and Cooperative Office of Ketapang Regency, and Plantation Office of Ketapang Regency. Environmental components are regularly monitored. PT KGP's presence has contributed positive impacts to the neighbouring community's social conditions. Employment and business opportunities are also positive impacts the company has brought about. Whereas the negative impacts are social apprehension and the community's declining health.

Based on the HCV assessment, there are nine HCV types having been identified in the company's concession, i.e. HCV 1 (HCV 1.1, HCV 1.2, HCV 1.3 and HCV 1.4), HCV 2 (HCV 2.3), HCV4 (HCV 4.1 and HCV 4.2), HCV 5, and HCV 6 which jointly constitute a total area of 639.91 hectares. This activity took approximately 13 months, from June 2010 to June 2011. The field survey took six days from 11 to 16 June 2010. The public consultation was held on 16 June 2010. The HCV assessment report document, along with its HCV area management and monitoring plan, was reviewed by Resit Sozer (independent consultant) in May 2011, output of which was made input to the report document rectification.

Social and Environmental Impact Assessment and HCV Management Planning Personnel

a. Company information and contact person

- Company Name : PT Kencana Graha Permai
- Location : Rangkung, Randai, Batu Payung Dua, and Belaban Villages of Marau District, Ketapang Regency, West Kalimantan.
- Geographic Location : (110°32'12,16058" – 110°38'18,69986 E) and (2°4'22,15632" – 2°11'1,98912" S)
- Bordering Areas

- a. North : Gunung Raya Protected Forest and PT Agriplus oil palm plantation
- b. East : PT Budidaya Agro Lestari oil palm plantation
- c. West : PT Cahaya Nusa Gemilang oil palm plantation
- d. South : PT Karya Bhakti Agro Sejahtera oil palm plantation
- Permits/Concessions :
 - a. Location Permit by virtue of Ketapang Regent Decree No. 176/2005 on Granting of Location Permit for PT Kencana Graha Permai Oil Palm Plantation in an area of ±10,000, dated 15 June 2005 and with effective period of three years (with only one extension applicable).
 - b. The last extension of the location permit is based on Ketapang Regent Decree No. 37/2009 for permit over an area of 11,000 hectares in Marau District of Ketapang Regency, dated 6 February 2009. This permit was effective for only 12 months and no longer applicable for another extension.
 - c. Plantation Business Concession for Cultivation (IUP-B) based on Ketapang Regent Decree No. 223/DISBUN-D/2012 dated 1 May 2012 which granted PT KGP with a total area of 10,000 hectares and with FFB processing unit capacity of 60 tonne per hour, in Marau District of Ketapang Regency.
 - d. Right of Cultivation (HGU) Certificate: pending process in relevant authority

- Parties Involved :

Those involved in preparing PT KGP's HCV assessment document and management and monitoring plan are the company's management, assisted by HCV assessment team from IPB Faculty of Forestry and supported by information from other stakeholders such as: village/sub-village heads and secretaries, public figures and local government staffs. They all attended public consultation held on 16 June 2010. The HCV assessment peer review was

performed by Resit Sozer (Independent Consultant) in May 2011. The SIA team, along with PT KGP's management, has prepared several programmes to meet the social impact management and monitoring requirements in summarising and compiling the SIA and management plan.

Summary of Planning and Management (SEIA)

a. SEI Assessment

The company's EIA document has been authorised by Central Kalimantan Governor through Decree No. 546/2008 dated 7 July 2008 covering a plantation area of 10,000 hectares with mill capacity of 60 tonne of FFB per hour in Marau District of Ketapang Regency, West Kalimantan. In addition to the EIA document, the company also already has SIA document which was prepared by PT SMART, Tbk.'s internal team led by Yosaphat Ardhilla Renato in March 2013 (who is registered a RSPO's Social Impact Management Discipline Specialist).

b. SIA

Following are general recommendation based on Social Impact Analysis and Identification.

1. Increase of employment opportunity and the community's income

The community's economy increase is implemented by means of management measures, such as provision of information to local governments on the company's workforce demand according to its needs and qualifications, employment remuneration equal to or above minimum standard, community development through local partnership and purchase, application of Occupational Health and Safety ("OHS") policies, trainings for employees to build their capacity, and support to local businesses and partnerships. In addition to those internal endeavours, PT KGP also develops plasma plantations having potentials to increase local economic condition of the community members and outgrowers joining the programme.

2. The Community's Social Apprehension and Health Problems

According to the socialisation when PT KGP investment was about to be built in the EIA area, land clearing and compensation have gone through Free, Prior and Informed Consent (FPIC) process and method. This socialisation process can be seen from supporting documents in public consultation on investment of oil palm plantation which would be run by PT KGP. Area determination process in the beginning of land compensation payment by the company 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 KGP on land compensation process.

PT KGP 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 in the assessment area, socialisation and strict monitoring over its contractors in order to perform environmental control in their operational activities, application of best practice on oil palm residue/waste and hazardous and toxic waste materials (B3), and report social and environmental impact monitoring to relevant institution. These are a series of the PT KGP's endeavours in managing essential negative impacts, namely social apprehension and the community's health problem.

3. The Community's Deteriorating Prosperity and Change of Local Development Contribution

This management programme can be synergised with CSR long-term programmes where the programmes and their supporting components are elaborated in strategic plan. Endeavours that should be contained in this strategic plan are: increase of educational activities by accommodating achieving children with scholarship, support to several traditional activities including traditional ceremonies in the assessment area. PT KGP's compliance indirectly helps or contributes to local development.

4. Social Envy

PT KGP needs to socialise its workforce demand according to the current quota and availability and its most recent update to the village/local government. The company needs to deliver entrepreneurship trainings to the community to prevent it from depending on only one single livelihood. This can be liaised with relevant government office.

5. Increase of the Community Prosperity and Contribution to Local Development

This management programme can be synergised with CSR long-term programmes where the programmes and their supporting components are elaborated in strategic plan. Endeavours that should be contained in this strategic plan are: increase of educational activities by accommodating achieving children with scholarship, support to several traditional activities including traditional ceremonies in the assessment area. PT KGP's compliance indirectly helps or contributes to local development.

Summary of PT KGP's Environmental Monitoring and Management

No.	Environmental Parameter Component (operating phase)	Source of Impact	Environmental Parameter	Data Collection and Analysis Method	Location	Monitoring Period and Location	RKL
a	Decline of water quality	Land clearing, plantation road construction , construction of facilities and infrastructures, preparation of the areas to be planted.	Turbidity, temperature, TSS, TDS, pH, BOD, DO, COD	Sampling and reference lab analysis	Kendawangan, Langsat, and Air Putih Rivers	Semi annually	Sustain green belt cultivate cover crop along the currently existing riparian area and, maintain drainage channels, make notice board on prohibition against felling trees along the riparian area, employee capacity building (training) on environmental management and conservation, especially related to water pollution
b.	Rate of Land Surface Erosion	Plantation construction activities	potential erosion rate , actual erosion, size of already exposed parts of the area, location declivity data, rainfall data, and land type	Potential and actual erosion rates can be identified by taking into account several factors such as soil condition, rain erosiveness factor, slope length and width factor, land management factor and cover crop using USLE method and soil conservation technical factor. According to Wasehmir & Smith's equation.	Oil palm area with declivity of 15% to 25% and other open spaces such as areas adjacent to road network	Semi annually	Main road and estate block road constructed road are somewhat convex. Make trenches on the roads' both side. Especially on lands with declivity of more than 8%: plant cover crops, create drainage channels, avoid land clearing during rainy season, perform erosion rate test once in a year at two location points, primarily on inclined land area

Summary of PT KGP's Environmental Monitoring and Management

No.	Environmental Parameter Component (operating phase)	Source of Impact	Environmental Parameter	Data Collection and Analysis Method	Location	Monitoring Period and Location	RKL
c.	Land fire	Land clearing and other activities within the plantation area	Air temperature, estimate of drought period, water supply in ponds, frequency and scale of fire occurrence	Data from temperature measurement using thermometer, humidity measurement using hydrometer, and fuel reserve quantity data (tonne/Ha)	Plantation area	During the construction and productive periods	Form special team dedicated to monitor fire hazard potentials and incorporate fire hazard team, build water ponds according to the normal capacity, provide pumpers- to transport water from its source, procure heavy equipment to isolate the area, build watchtower in strategic location, build early warning system using siren or wooden device alarm in each emplacement, make fire brake/ partition (ditch) in the borders, perform zero burning land clearing, involve community members to take part actively in safeguarding the forest.
d.	Disruption to flora and fauna	Land clearing activities	Number of species of protected land flora and fauna species according to Government Regulation No.	Field observation and data analysis	Plantation area	Semi annually	Relocate protected flora and fauna to another habitat similar but safer, install notice-boards on prohibition against protected animals, illegal hunting and hold public counselling to employees and community regarding the same, protection of economically and

Summary of PT KGP's Environmental Monitoring and Management

No.	Environmental Parameter Component (operating phase)	Source of Impact	Environmental Parameter	Data Collection and Analysis Method	Location	Monitoring Period and Location	RKL
			7/1999				ecologically valuable flora species, plant and sustain vegetation species having ecological functions to wildlife, perform planting, provide conservation area for protected flora and fauna, perform persuasive approach to community to avoid any activities which may cause extinction of the protected flora and fauna species.
e.	Social apprehension	Land acquisition over customary lands	Positive and negative response, rejection by the community, social envy, lack of community's concern, conflicts.	Secondary data collection and Local Minimum Wage (UMR) stipulated by initiator.	Plantation-neighbouring community	Monthly during pre-construction	Perform definitive border administration by excluding disputed land area, inventorying the community's ownership/tenure over the land acquired by project and perform land compensation as mutually agreed by both parties, avoid interfering lands that serve as the community's main resource of livelihood such as rubber plantation and rice field, rehire production workers having lost their occupation according to requirement and qualification,

Summary of PT KGP's Environmental Monitoring and Management

No.	Environmental Parameter Component (operating phase)	Source of Impact	Environmental Parameter	Data Collection and Analysis Method	Location	Monitoring Period and Location	RKL
							budget for socialisation of plantation activity plan, implement Community Development to build the community's capacity, take part in establishing a village institution responsible for the dissemination of social apprehension among the community.
f.	Increase of community's income	Equipment and personnel mobilisation, land clearing, non-crop physical development, nursery	Local Minimum Wage (UMR), increase of Gross Regional Income	Monitoring through secondary data collection and UMR rate applied by the initiator	In the assessed villages	Either once only during the construction phase or continuous according to the current workforce demand.	Give opportunity to community directly affected by mill operation to become employees, deliver entrepreneurship training, business counselling/assistance and capital support. Take part in the procuring and completing of economic facilities and infrastructures, prioritise the affected community members to fill company's employment position, coordinate with local village apparatus in planning and implementing partnership programme engaging the local community.

Summary of PT KGP's Environmental Monitoring and Management

No.	Environmental Parameter Component (operating phase)	Source of Impact	Environmental Parameter	Data Collection and Analysis Method	Location	Monitoring Period and Location	RKL
g.	The community's declining health	Land clearing, road construction, presence of facilities and infrastructures, cultivation land area preparation, harvesting, FFB transporting, productive crop cultivation, and oil palm mill operation.	Unmanageable trash pile within the project area, increasing number of diseases caused by vector	Field observation, checklist, interviews, and periodic evaluation report	Assessment area's neighbouring community	Semi-annually	Periodically maintain and check heavy equipment, use noise-reducing technology, store liquid waste from vehicle repair in the form of used lubricants in drums and hand over to used oil collector, periodically manage equipment mobilisation, shower roads regularly, regularly check employees' medical condition at community health centre or the company's clinic, supply and distribute mosquito net to the community, eliminate mosquito population through regular spraying, build public toilet or curtained pit latrine

Summary of Planning and Management (HCV)

Management recommendation

Following are HCV Area management measures advisable to the management unit.

- The location condition inventorying and identification.
- Boundary marking.
- Boundary marker maintenance.
- Protection to the area, plants and wildlife species.
- Information board installation and maintenance.
- Routine patrol.
- Rehabilitation and enrichment.
- Maintenance of peat water surface level
- Training for the employees
- SOP making/rectification
- Counselling to the neighbouring community
- Coordination with relevant authorities
- Organisation

Monitoring recommendation:

HCV types in PT KGP's concession are HCV 1.1, HCV 1.2, HCV 1.3, HCV 1.4, HCV 2.3, HCV 4.1, HCV 4.2, HCV 5 and HCV 6. Monitoring plan to implement is directed to HCV management activities in each location. Indicators to monitor in the monitoring plan are the existing and potential disruption intensity, plant and wildlife species diversity at each HCV area/location, interaction between the HCV areas with their respective surroundings, and quality of HCV components that the areas have.

Plan for HCV Monitoring and Regular Review of Data

The HCV assessment report document, along with its HCV area management and monitoring plan, was reviewed by Resit Sozer (independent consultant) in May 2011, output of which was made input to the both documents rectification.

Management and planning of threats to HCV areas

HCV 1.1

- Make buffer zone/riparian area with both sides' width of 25-50 metres along the river.
- Determine the riverbank width, mark it and maintain its markers.
- Inventory and identify the land cover condition.
- Passively and actively protect the area.
- Deliver counselling to the community on importance of riparian area preservation.
- Train the staffs to improve their quality, especially relating to the riparian area and river management and monitoring.
- Establish SOP for determination, management and monitoring of protected area, including riparian area.
- Rehabilitate and/or restore the riparian areas.

HCV 1.2

- Passively and actively protect plant species belonging to CR class (Critically Endangered).
- Deliver counselling to the community concerning importance of preserving plant species under CR class, along with their sustainable harvesting technic.
- Train the staffs to build their capacity.

- Establish SOP for management of plant species under CR category, including plant cultivation and/or enrichment for this category.
- Cultivate and enrich plant species under CR category.
- Monitor stands' density, especially those of CR category.

HCV 1.3, HCV 1.4 and HCV 2.3

- Passively and actively protect these HCV areas.
- Deliver counselling to the community concerning importance of HCV area preservation.
- Train the staffs to build their capacity.
- Establish HCV area management SOP.
- Rehabilitate and/or restore riparian areas, spring surroundings and hills.
- Perform monitoring.

HCV 4.1, HCV 4.2 and HCV 5

- Determine riverbank width, as well as spring surroundings and hill areas, mark their boundaries and then maintain the boundary marker.
- Inventory and identify the land cover condition.
- Passively and actively protect the area.
- Deliver counselling to the community concerning importance of preserving riparian areas, spring surroundings and hills.
- Train the staffs to build their capacity, especially related riparian areas, spring surroundings and hills.
- Establish SOP on determination, management and monitoring of protected areas, including riparian areas, spring surroundings and hills.
- Monitor the riparian areas, spring surroundings and hills which have been planted

with oil palms by applying green management practices.

- Rehabilitate and/or restore riparian areas, spring surroundings and hills.
- Monitor the HCV areas.

HCV 6

- Maintain and improve communication and coordination with related stakeholders, especially prior to land clearing.
- Maintain periodically.
- Establish management and monitoring plans.

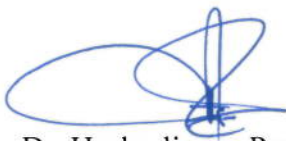
Management plans to enhance or maintain the HCV areas' conservation values

1. Make socialisation to the community on HCV concept, HCV areas within the company's concession, importance of management efforts made to these areas, and the company's HCV management plan document.
2. Train the staffs on HCV materials
3. Assign HCV officers from the management unit having relevant knowledge on HCV management.
4. Budget the activities under the management plan
5. Integrate HCV management into the company's coherent structural task and responsibility.
6. Issue company policies related tpo HCV presence within the plantation.
7. Gradually revegetate riparian areas having already been planted with oil palms when replanting.
8. Repair the burial ground being in poor condition by coordinating with the families.

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 Kencana Graha Permai**,



Dr. Haskarlianus Pasang

Head of Sustainability Division

Date: June 4th, 2013