

Roundtable on Sustainable Palm Oil New Planting Procedures

Summary Report of Assessments

PT Sumber Terang Agro Lestari
Banyuasin District, South Sumatera Province

Prepared by Hoo Boon Han

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1. EXECUTIVE SUMMARY

1.1 Summary of Assessment Findings

This Executive Summary fulfills the RSPO New Planting Procedures Format "Summary Report of Planning & Management" (RSPO latest reversion of 5th May 2010). PT. Sumber Terang Agro Lestari is a company operating palm oil plantation in the area of South Sumatera Province. In its operation, the company always follows and implements government policies, both in production, environment and social economy. The company remains holding the commitment to construct its own palm oil plantation, harmonious relationship with the social community, among others by constructing plasma oil palm in order to contribute some income for the community.

PT. Sumber Terang Agro Lestari plans to develop 13,877 ha of land for company own oil palm. Situated in 5 villages in Pulau Rimau and Tungkal Ilir Sub-district, Banyuasin District, South Sumatera Province; and can be reached from the capital of Banyuasin District or Sungai Lilin Sub-district through land transportation and river for 25 to 30 km. PT. Sumber Terang Agro Lestari is adhering to adopt sustainable palm oil practices based on New Planting Procedure which was enforced on 1st January 2010. As part of sustainable palm oil managements, The Permitted area (Izin Lokasi) for PT. Sumber Terang Agro Lestari was approved by regent of Banyuasin on 22nd October 2009, No. 774 year 2009. The Plantation Permit (Izin Usaha Perkebunan/IUP) was approved by regent of Banyuasin on 3rd April 2008, No.190 year 2008. PT. Sumber Terang Agro Lestari commissioned the preparation of AMDAL in 2012 and received government approval on 1st March 2013 No.189/KPTS/BLH/2013. The AMDAL was prepared by an accredited AMDAL consultant and included consideration of both negative as well as positive social and environmental impacts. The scope of the AMDAL included assessment of impacts associated with land development, infrastructure, road access, mill operations and transportation. The AMDAL included assessment of the suitability of soils, topography and drainage and analysis of the land cover vegetation. The AMDAL assessed the impacts on natural ecosystems and water resources.

Although the AMDAL did not assess HCVs, PT. Sumber Terang Agro Lestari carried out a separate HCV assessment study in 2013 by an appropriately qualified, experienced and RSPO approved assessor team comprising an Ecologist and a Social Scientist from IPB, Forestry Faculty. The HCV assessment collected additional information from local communities on environmental and social aspects related to their use of resources of the new development site. The AMDAL preparation process involved a social survey at the communities likely to be directly affected by the project. The survey involved the interview of local people to collect information on the background of the respondent and also to seek the respondents' views on the project as well as respondents' suggestions. The AMDAL included assessment of current land resources use, land ownership and user rights and potential social impacts.

Subsequent to the preparation of the AMDAL, PT. Sumber Terang Agro Lestari has commenced a program to socialize information to the local communities on the project and to receive feedback. This started with a meeting in November 2012 between Government, the representatives of local villages and PT. Sumber Terang Agro Lestari, prior to land development.

PT. Sumber Terang Agro Lestari staffs have held follow-up public meetings at each of the villages. PT. Sumber Terang Agro Lestari recorded information on meeting attendees, topics discussed and issues raised. PT. Sumber Terang Agro Lestari has used information from the AMDAL, the HCV assessment and information from stakeholder meetings to prepare a list of social and environmental aspects and impacts.

PT. Sumber Terang Agro Lestari's AMDAL consultant prepared an RKL/RPL that was approved by the Government in November 2013. The RKL/RPL is considered appropriate for the project. PT. Sumber Terang Agro Lestari has documented SOPs for implementing the new development that draw upon the collective experience of Cargill's group of oil palm companies in Indonesia. PT. Sumber Terang Agro Lestari has not yet commenced land development for the additional own estate which located in Pulau Rimau Sub District.

The results of the HCV assessment shown that there is no peat swamp forest, soil types throughout the area is Tropaquept (Gleisol), Fluvaquent (Aluvial), and Sulfaquent. All six HCVs defined in the Toolkit were evaluated in the 13-ha area of interest, of which seven sub-value were determined to be present (see table below). Potential HCV areas identified and mapped total 158.84 ha (with overlaps among different sub-values).

1.2 Assessment Result

The social and environmental impact assessments were detail, comprehensive and professionally carried out. The management plan has included the findings of the UKL/UPL, HCV and SIA assessments by consultants accredited and approved by the RSPO (and for UKL/UPL, a consultant approved by the government). PT STAL has adhered to the RSPO New Planting Procedures and has documented the assessments and plans according to the RSPO templates issued in May, 2010. SGS auditors conducted desktop study and verified all the related documents since 26 & 27 May 2013. SGS Auditor confirmed that the assessment and plan are comprehensive, professional and compliant to the RSPO principles, criteria and indicators.

2. SCOPE OF THE SEIA AND HCV ASSESSMENT

2.1 Organisation Information/Contact Person

Details Information	
COMPANY	PT. Sumber Terang Agro Lestari
SUBSIDIARY (If any)	N.A
RSPO Membership No.	2-0215-11-000-00

Contact Person	<p>President Director – Bagus Setiagung Budi Email Address: Bagus_Setiagung@cargill.com</p> <p>Group Program Assurance Manager – Yunita Widiastuti Email Address: Yunita_Widiastuti@cargill.com</p>
Geographical Location	The concession area, extending from latitude 102°49" to 102°55'21.9" longitude 03°09'48.9" - 03°10'42.5" South
New Planting Area	13,877 Ha
Region Boundaries	<p>To the northeast of STAL concession are three other palm oil plantations owned by PT.Sinar Musi Mitra Sukses and PT.Campang Tiga and PT.Hindoli, Mukut. Borders with PT.Hindoli, Mukut and PT.Sinar Musi Mitra Sukses on the eastern and southern boundaries, Bertak river, Air Hitam River, Kuningan River, Teluk Tenggulang River, Kalong island, and berendam Island. And on the western edge, with concession area belong to PT.Gandajaya Pratama Agro Lestari and PT.Sinar Musi Mitra Sukses.</p>
Status of concession land and Permit	<ol style="list-style-type: none"> a. AMDAL letter No.189/KPTS/BLH/2013, Tanggal: 01 Maret 2013, Bupati Banyuasin b. Izin lokasi KEPUTUSAN BUPATI BANYUASIN NOMOR 774 TAHUN 2009/Tgl: 22 Oktober 2009/Bupati Banyuasin c. No need IPK, since the area is in APL and as per survey micro report says NO trees above 20cm diameter. d. Izin lingkungan 380/Kpts/BLH/2013, Tanggal: 8 April 2013, Bupati Banyuasin e. Izin Usaha Perkebunan (IUP) 190 Tahun 2008 – 3 April 2008 f. HGU: <ol style="list-style-type: none"> i. 1. 039/2013 7 Feb 2013 (62,75 ha) ii. 2. 040/2013 7 Feb 2013 (742,5 ha) iii. 3. 041/2013 7 Feb 2013 (2.931,94 ha) iv. 4. 044/2013 6 May 2013 (560,81 ha)

2.2 List of Legal Documents, Regulatory Permits and Property Deeds Related to the Areas Assessed

The permits that have been obtained by the company are inclusive of Social Environmental Impact Assessment (AMDAL) and Izin lokasi. The followings are the list of the licenses and recommendations:

No	Item	No SK/Tanggal persetujuan/Dept. penerbit	Remarks
1.	AMDAL letter	No.189/KPTS/BLH/2013, Tanggal: 01 Maret 2013, Bupati Banyuasin	
2.	Izin prinsip	No need	PMDN company
3.	Izin lokasi	KEPUTUSAN BUPATI BANYUASIN NOMOR 774 TAHUN 2009/Tgl: 22 Oktober 2009/Bupati Banyuasin	
	Do you need IPK? If no, why?	No need IPK, since the area is in APL and as per survey micro report says NO trees above 20cm diameter.	
4.	Izin lingkungan	380/Kpts/BLH/2013, Tanggal: 8 April 2013, Bupati Banyuasin	
5.	Izin Usaha Perkebunan (IUP)	190 Tahun 2008 – 3 April 2008	
6.	HGU	1. 039/2013 7 Feb 2013 (62,75 ha) 2. 040/2013 7 Feb 2013 (742,5 ha) 3. 041/2013 7 Feb 2013 (2.931,94 ha) 4. 044/2013 6 May 2013 (560,81 ha)	TOTAL HGU = 4.298 ha

2.3 Location maps – both at landscape level and property level

Figure 1: Location Map



Figure 2: HCV Location Map

Geographical Location	The concession area, extending from latitude 102°49" to 102°55'21.9" longitude 03°09'48.9" - 03°10'42.5" South
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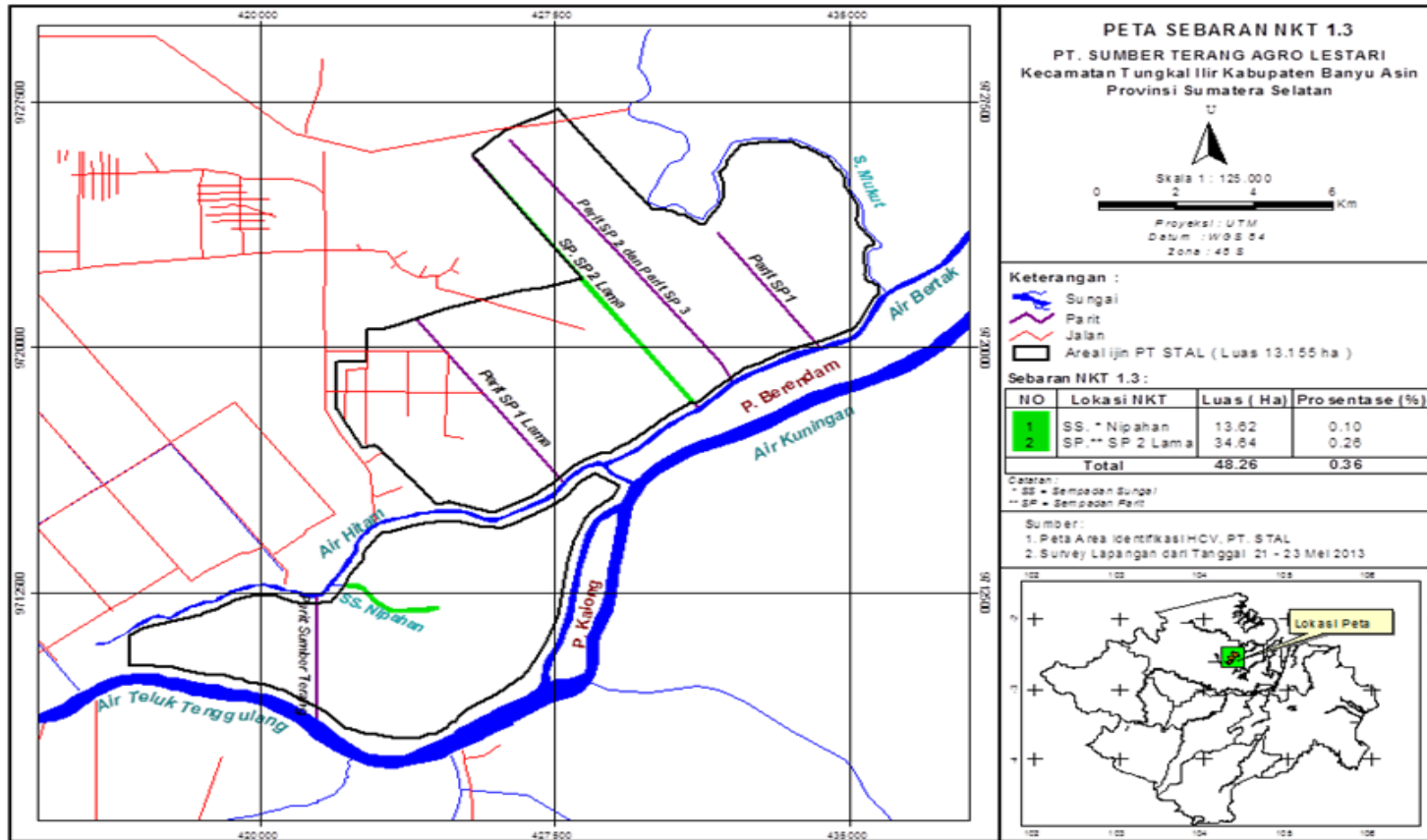
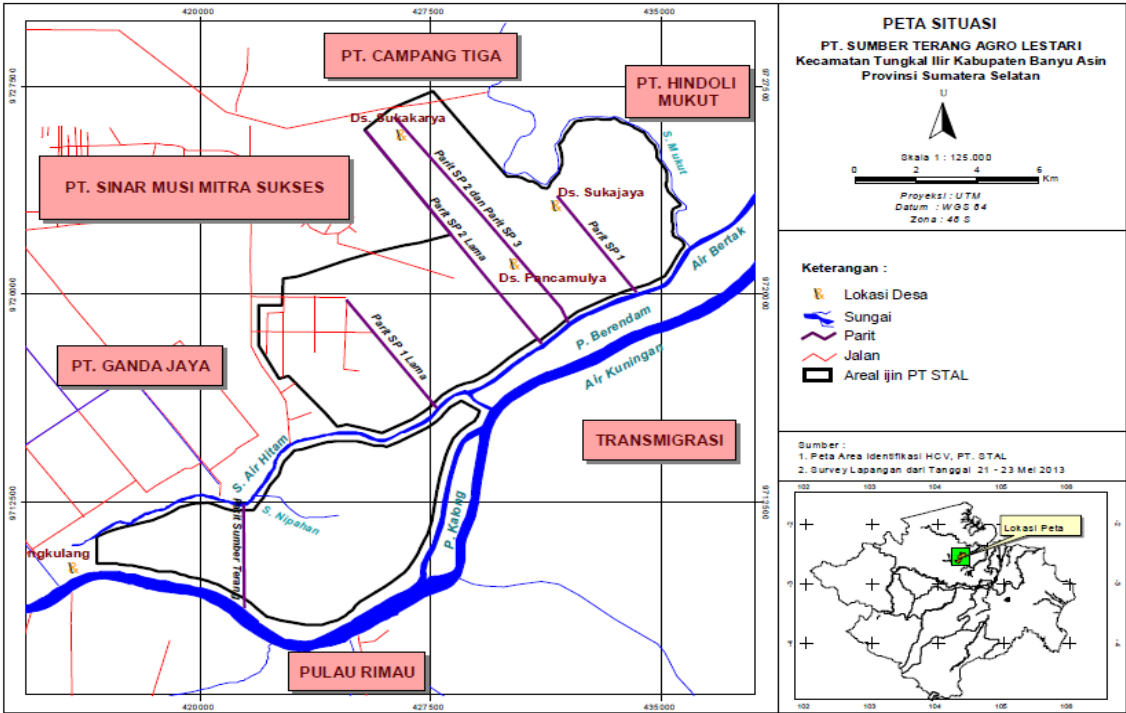


Figure 3: Surrounding Area of PT STAL



2.4 Area of new plantings and time-plan for new plantings

The proposed new planting area by PT. Sumber Terang Agro Lestari is unplanted areas in the Izin lokasi of PT. Sumber Terang Agro Lestari, which have been agreed by the owners of the land through the FPIC (free, prior and informed consent). Land development and planting of oil palm will begin in January 2014 following the procedures of the RSPO New Planting Procedures (NPP). This is part of an ongoing planting and this report is meant for notification only.

PT. Sumber Terang Agro Lestari development plan has incorporated the findings from SEIA (AMDAL), HCV Assessments and Social Impact Assessments when implementing the operational plans. As part of the process of free, prior and informed consent (FPIC), procedures to ensure that there is participation in the social and environmental harmony in the development of the oil palm planting project by PT. Sumber Terang Agro Lestari, consultation with the relevant stakeholders is to provide opportunities for communication and sharing the information's /opinion / suggestions between the PT. Sumber Terang Agro Lestari and the affected stakeholders to move forward for the benefit and common progress. PT. Sumber Terang Agro Lestari has established standard operating procedures for land acquisition and compensation procedures based on the principle of free, prior and informed consent. The company also has established the complaint and grievance procedures so that the problem solving process is done through discussion and mutual deliberation.

Time plan for new plantings is described below:

Year	Inti Area (ha)	Plasma Area (ha)
2013	150	-
2014	1,850	500
2015	2,000	1,000
2016	500	1,500
2017	-	1,500

3. ASSESSMENT PROCESS AND PROCEDURES

3.1 Assessor and their credentials

3.1.1 HCV Assessment-Assessors and their Credentials

The HCV assessment of PT STAL was conducted by Bogor Agricultural Institute (IPB) with its office located at Jl Gandaria VIII/10, Kebayoran Baru, Jakarta 12130, Tel./Fax +62 21 739-6518, E-mail: aksenta@aksenta.com). The team of assessors who conducted the study have been approved by the RSPO. Its team members are:

- a. Dr. Ir. Jarwadi Budi Hernowo, MScF: Born in Ponorogo, November 11st, 1958. He is team member in HCV team forest faculty of IPB with expertise is wildlife (ornithology specialist). He got Magister degree of Science in Forestry (MSc.F) Wildlife Ecology, graduated in 1995 from Faculty of Forestry Science, Georg August University of Gottingen (Germany). Experiences for biodiversity assessment since 1999. He is also a lecture in Forest Resource Conservation and Ecotourism Department, Forest Faculty of IPB. Handling for ecology and wildlife management, forest science and ornithology.
- b. Dr Cahyo Wibowo: He was borned at Semarang, September, 19, 1960. He is as assessor for HCV from IPB Faculty of Forestry in environmental cervices aspect. He got Master of Science in Tropical Forestry from Faculty of Forestry, Georg August Gottingen Germany in 1993, and Doctor of Phylosofi in Sylviculture and soil science at post graduate program of Bogor Agricultural University in 2006. Experincies with HCV study in Forest plantation, Natural forest production and oil palm plantation was begun in 2010. Many experiences studies in relation to hydrology and soil science at feasibilty study of forest plantation and mangrove. He was as directur of laboratory of soil analysis, at Korea International Cooperation Agency in Rumpin / Bogor (in 2006 - 2007). He is currently as manager of Forest Resources Cultivator at Forest Education of Gunung Walat, Faculty of Forestry, Bogor Agricultural University. He worked as lecturer at Sylviculture department Faculty of Forestry, Bogor Agricultural University (since 1986 up to now) He give subject on sylviculture science and soil science.
- c. Ir. Siswoyo, M.Si: Born in Purbalingga, 8th February 1965. He is team member in HCV team forest faculty of IPB and expertise on flora ecology. He got Magister Science degree of Forestry Management Science from Bogor Agricultural University. He has experience on flora ecology for HCV team from 2000. Besides as an expert in flora ecology he is also a lecture in Forest

Resource Conservation and Ecotourism Department, Forest Faculty of IPB. The course handling is Flora Physiology.

- d. Handian Purwawangsa, S.Hut, M.Si: Born on Cipanas, January 1st 1979, he is team member in HCV Team forest faculty of IPB with the expertise in social and cultural assessment. Conducting in social assessment in many activities start from 2002. The last education title that is Magister Sains, Master of Forestry Science Program, Bogor Agriculture University.
- e. Aep Hidayat, BSc.F: He was borned at Bandung, April, 29, 1963. as HCV assessor from Faculty of Forestry, Bogor Agricultural University as Geographical Information System (GIS) expert. He got Bachelor from Forestry Academic of Bandung in 1990. He has worked as staf at ecology division and Remote Sensing at BIOTROP and technical Staf at forest ecology Laboratory Faculty of Forestry, Bogor Agricultural University. Several activities he was done in relation to areial photo to predict potensial of teak and pine stand at Perum Perhutani Area. Delineation of Carbon Potensial Area and Carbon Stock in Kalimantan and Sumatra with Citra Landsat TM-7 collaboration WETLAND with Faculty of Forestry, Bogor Agricultural University. He was got many experiences with HCV studies at oil palm plantaion in Kalimantan and Sumatera in GIS expert.

3.1.2 SIA Assessment-Assessors and their Credentials

The SIA assessment of PT STAL was conducted by Lingkar Komunitasi Sawit (LINKS) with its office located at Jl Sempur Kaler No.24, Sempur, Bogor Indonesia, 16129. Tel/Fax +62 2518313625, E-mail: info@komutasawit.org). The team of assessors are:

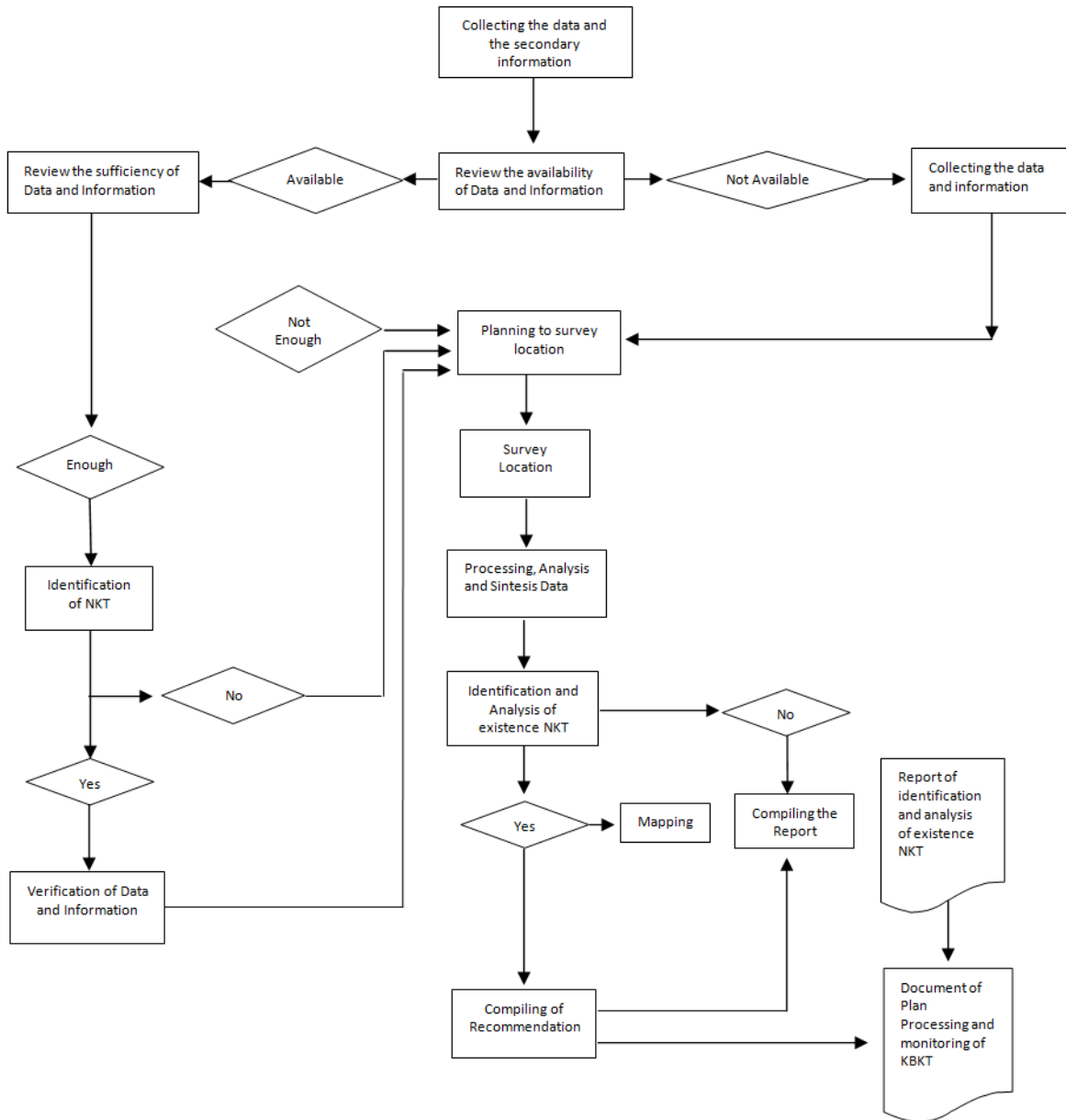
Edi Susanto (Sonof_king2002@yahoo.com), He graduated from the "Veteran (National university, Yogyakarta) and major on Social & Politics. He attended several workshops / trainings like, A. Workshop Jurnalistik Lingkungan Kerjasama Walhi dengan Aliansi Jurnalis Independent (AJI), tahun 2006. B. Pelatihan Pemetaan Wilayah Kelola Rakyat dan Pemetaan Partisipatif di Kawasan Merapi , kerja sama Walhi Jojakarta dan Jaringan Pemetaan Pratisipatif, tahun 2006. C. Training Pendampingan Masyarakat "Menerapkan Konstruktivisme dan Appreciative Inquiry dalam community organizing" dilaksanakan oleh Jendela Ekologi, tahun 2008. D. Training "The Secret of Vibrant Communication Angkatan XIV" Inspirit Innovation Circle, Bali, tahun 2008. He has conducted several HCV and Social Impact Assessments in oil palm plantations in Indonesia with PSLH UGM and LINKS.

Feybe E.N Lumuru (thecapres@yahoo.com), She graduated from the STIE Dua Lima Pohalaa Gorontalo and major on Management in 1999, further graduated from Sekolah Pasca Sarjana Universitas Gadjah Mada Jogjakarta and major on Magister Ilmu Sosiologi (M. Si) in 2004 and finally graduated from Sekolah Pasca Sarjana Universitas Gadjah Mada Jogjakarta and major on Doktor Sosiologi (Dr) in 2008. She went through various trainings and workshops like, Environment Education, CBDRM Training (Community Base Disaster Risk Management), Pelatihan Jurnalistik, The Secret of Art Vibrant Communication, Enviroment Management Leader (EML) Program.

3.2 Assessment methods

3.2.1 Methods used in HCV Assessment

The HCV assessor teams consisting of experts in Biodiversity, Environmental Services, Social and Cultural Rights and supported by GIS experts, collected data facilitated by staff from the plantation and assisted by surrounding desa community. The SEIA was also conducted together with the HCV assessment and done in the same manner. Identification of HCV was generally done through a series of stages from pre-assessment, field survey to analysis of the final results. The stages of these activities can be seen briefly in the diagram below:



3.2.2 Methods used in SIA Assessment

This assessment has been conducted on 28 December 2010 to 11 January 2011, covering the areas of Mukut Village in Pulau Rimau Sub-district and Teluk Tenggulang Village in Tungkal Ilir Sub-district, Musi Banyuasin District. Data collection in this assessment uses qualitative approach to appraise the project social risk of Sumber Terang. The needed data covering primary and secondary data both related to impacts of project activities and related to the condition, dynamics, and community social activities.

Primary data is collected through in-depth interview guided with structured interview guidelines. The secondary data is collected through document analysis. Respondents' selection uses purposive sampling that is by concerning the respondents' ability or understanding upon the assessment topic. The interviewed respondents are those regarded as having well understanding upon the questions on the interview list.

Based on the assessment results as well as by referring to the theory and relevant social management approach, an appraisal of palm project social risk offered by Sumber Terang to Hindoli management will be then formulated.

3.3 Stakeholders Consultation

The process of the HCV and SIA development and preparation of management plans and monitoring PT Sumber Terang Agro Lestari also involved relevant stakeholders such as governmental offices (Natural Resource Conservation Department-BKSDA) Banyuasin district, The Plantation and Forestry Office Banyuasin district, Environment Agency of Banyuasin District, communities leader, The local NGOs, Head of Sub District, Head of Village.

Consultation with the relevant stakeholders to provide opportunities for communication and sharing the informations/opinion/suggestions between the company and the workers, contractors, suppliers, smallholders (plasma), consumers, government agencies and communities to move forward for the benefit and common progress. This is also part of the process of free, prior and informed consent procedures to ensure that there is a balance in the social and environmental harmony in the development of the oil palm planting project between PT Sumber Terang Agro Lestari and other like the relevant government agencies, NGOs etc.

The Stakeholders' Consultation was held on 30th September 2013 at Head of Sub District Office, Tungkal Ilir, Banyuasin district, South Sumatera. There were 35 (Appendix 2 & 3) participants present during this consultation meeting. The summary of the consultation with highlights of key suggestions from the consultation on HCV and SIA PT Sumber Terang Agro Lestari with Stakeholder are as follow:

-
- a. Presentation from Forestry Faculty, IPB (consultant accredited and approved by RSPO) regarding the results of the HCV (High Conservation Value Assessment) include the management and monitoring plan of HCV in PT Sumber Terang Agro Lestari.
 - b. Presentation from LINKS (consultant accredited and approved by RSPO) regarding the results of the SIA (social Impact Assessment) include the management and monitoring plan of SIA in PT Sumber Terang Agro Lestari.

Key Issues raised for discussion during the Stakeholders' Meeting include: Important issues that are related to sustainable development of oil palm plantations in PT Sumber Terang Agro Lestari in stakeholder consultation activities, are:

- a. In principle, local communities in the around HGU PT Sumber Terang Agro Lestari support the operational activities of PT Sumber Terang Agro Lestari.
- b. The hope of the people in the villages around the concession of PT Sumber Terang Agro Lestari, the availability of jobs and local employment.
- c. The existence of public expectations with the inclusion of the company will increase the price of land and access to land.
- d. River pollution concerns caused by agrochemical applications in oil palm plantations

4. SUMMARY OF ASSESSMENT FINDINGS

4.1 Summary of assessment findings (for SIA assessments)

The analysis of social risk shows that the utilization of environment services (HCV 5) by the community around Sumber Terang project is low, while HCV 6 is located in Teluk Tenggulang Village of which community interest toward the existing region is average. Nevertheless, HCV 6 area is located outside the project area. Relatively, its location will not be affected by the project development.

High risk is seen on the social vulnerability in TelukTenggulang. The area within SumberTerang location permit in the village does not only face the unfinished compensation payment or is enclave by the community, but also sold to other party. There are now some versions of the estimated amount of compensation paid by SumberTerang as well as the width of the area acquisitioned by the company. Yet, the versions are not final yet because the attitude and opportunistic behavior of TelukTenggulang community allow any change of the versions. While in Mukut village, inspite of the relatively proactive community in term of its closeness to Sumber Terang, there are still project areas in the village having high vulnerability because the areas are considered as disputed areas between Mukut and Teluk Tenggulang community. This condition shows high risk of social management to be faced by all stakeholders in their attempt to develop Sumber Terang palm project.

Next, based on the results of the above social risk analysis, to invest on Sumber Terang project has a high social risk. Refuse the take-over offered by Sumber Terang, concerning Even though the existence of HCV 5 and HCV 6 is relatively low, the high social vulnerability has caused any investment on this project will not be socially efficient. Out of the investment on the aspects of technical project, the social cost which is relatively bigger shall be prepared to anticipate repeated land claims, compensation claims, control of land rights recognition letters within the project areas, the control of ordinary bandit, land administrator costs, and consultation and audience costs as well as cost of social problem management. Basically, to invest on Sumber Terang project is an investment with a high social risk.

4.2 Summary of assessment findings (For HCV assessments)

The results of the HCV assessment shown that there is no peat swamp forest, soil types throughout the area is Tropaquept (Gleisol), Fluvaquent (Aluvial), and Sulfaquent. All six HCVs defined in the Toolkit were evaluated in the 13-ha area of interest, of which seven sub-value were determined to be present (see table below). Potential HCV areas identified and mapped total 158.84 ha (with overlaps among different sub-values).

HCV Component	HCV Exist? Y/N	HCV Area	Area (Ha)
HCV 1.Areas with Important Levels of Biodiversity			
1.1. Areas that Contain or Provide biodiversity Support Function to Protection or Conservation Areas	No		
1.2. Critically Endangered Species	No		
1.3. Areas that Contain Habitat for Viable Populations of Endangered, Restricted Range or Protected Species	Yes	Sempadan Sungai Nipahan	13,62
		Sempadan Parit SP 2 Lama	34,64
1.4. Areas that Contain Habitat of Temporary Use by Species or Congregations of Species	No		
HCV 2. Natural Landscapes & Dynamics			
2.1. Large Natural Landscapes with Capacity to Maintain Natural Ecological Processes and Dynamics	No	-	-
2.2. Areas that Contain Two or More Contiguous Ecosystems	No	-	-
2.3. Areas that Contain Representative Populations of Most Naturally Occurring Species	No		
HCV 3. Rare or Endangered Ecosystems	No	-	-
HCV 4. Environmental Services			
4.2 Areas or Ecosystems Important for the Provision of Water and Prevention of Floods for Downstream communities	Yes	Sempadan Sungai Nipahan	13,62
		Sempadan Parit SP P-1 Lama	3,55
		Sempadan Parit SP Sumber Terang	15,96
		Sempadan Parit SP P-2/P-3	46,23
		Sempadan Parit SP P-2 Lama	34,64
		Sempadan Parit SP P-1	20,84
		Sempadan Parit SP P-1 Lama	23,55
4.2. Areas Important for the Prevention of Erosion and Sedimentation	No		
4.3. Areas that Function as Natural Barriers to the Spread of Forest or Ground Fire	No	-	-
HCV5. Natural Areas Critical for Meeting the Basic Needs of Local People	No		-
HCV6. Areas Critical for Maintaining the Cultural Identity of Local Communities	No	-	-
Total HCV areas			158,84

5. INTERNAL RESPONSIBILITY

5.1 Statement of Acceptance of Responsibility for Assessments

The company opted for a document audit. SGS auditors conducted desk study, pre-assessment check, discussions with the RSPO team before the main document audit. During the main document audit, 2 (two) SGS's auditors conducted desk review and discussions with the PT STAL's management to verify and review the relevant NPP documents from 26 – 28 October 2013 without field verification.


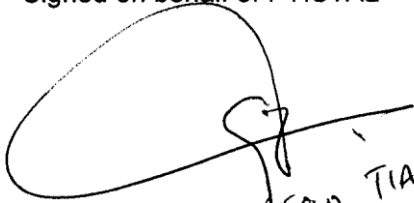
PT Sumber Terang Agro Lestari has adhered to the RSPO New Planting Procedures and has documented the assessments and plans according to the RSPO templates issued in May, 2010. The social and environmental assessments were detail, comprehensive and professionally carried out. The management plan has included the findings of the SEIA

(AMDAL) approved by the government as well as incorporating the HCV and SIA assessments findings by consultants accredited and approved by the RSPO.

SGS confirmed that the assessment and plans are comprehensive, professional and compliant of RSPO New Planting Procedure. It is the opinion of the SGS auditors that PT Sumber Terang Agro Lestari has complied with the RSPO New Planting Procedures enforced on January, 1st 2010.

5.2 Formal Sign off by Assessor And Company

PT. Sumber Terang Agro Lestari acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings.

<p>Signed on behalf of SGS</p>  <p>Abdul Haye Semail Manager, Natural Resources</p>	<p>Signed on behalf of PT.STAL</p>  <p>ANTHONY J EAS TIAN Hw 4/2/2013</p>
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