



ROUNDTABLE ON SUSTAINABLE PALM OIL

New Planting Procedure

Summary Report

**Planning and Management of Social and
Environmental Impact and High Conservation Value**

PT. HAPARAN SAWIT LESTARI

**Ketapang District
West Kalimantan
Indonesia**

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1. Executive Summary

This report represents the executive summary of the final results of the High Conservation Values (HCV) assessment that carried out by faculty of forestry IPB (Bogor Agricultural Institute) in October - December 2013 and Social Impact Assessment that carried out by PT. LINKS (Lingkar Komunitas Sawit) in 28 September – 23 October 2010 for PT. Harapan Sawit Lestari (PT. HSL).

PT. HSL begins to implement new planting plans for production of palm oil. These plans are to expand an area of 1,200 Ha of Kemuning Estate PT. HSL (Inti) and new planting of 2,684 Ha of plasma.

Permitted area for PT. HSL was approved by Ketapang regency on 26 January 2004, No. 23 year 2004 and on 9 November 2004, No. 352 year 2004. The plantation permit was issued by Ketapang regency on 31 October 2003 as letter No. 551.31/2311/Disbun-C (\pm 5,819 ha). New planting area of 1,200 Ha inti is within HGU of PT. HSL No. 143/HGU/BPN/97/A/106 (\pm 5,137 Ha). It is appertained to and managed under Kemuning Estate of PT. HSL.

In the case of smallholder, partnership takes form of an MoU whereby smallholder produces an exclusive supply of Fresh Fruit Bunches with financial backing (credit) from Bank Syariah Mandiri. New planting area is located in Ketapang Regency, West Kalimantan Province. PT. HSL will carry out land survey, eligibility study, zero burning land clearing and providing certified palm seed. The smallholder will partake actively in this development as part of knowledge transfer from PT. HSL. As a form of independence, PT. HSL will hand-over the management of plantation to smallholder when it meets technical requirements and or meets the age of 4 years.

The result of HCV assessment that carried out by faculty of forestry IPB in 2013 shows that there is no primary forest in new planting areas of inti and smallholder respectively. New planting areas are within classification of other land-use. Based on LUC in PT. HSL, result also shows that there is no primary forest in the concession area. The satellite imagery showed that rubber, secondary regrowth and grassland are the dominant land cover.

In the areas intended for new planting, no peat soils were identified. This assessment was carried out from map of soil of the region and during HCV assessment by faculty of forestry IPB in 2013.

PT. HSL commissioned the preparation of Environmental Impact Assessment (AMDAL) in 19 November 2002 and received government approval in March 6, 2003. 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 AMDAL included assessment of impacts associated with land development, infrastructure, road access, mill operations and transportation. AMDAL also included assessment of the suitability of soils, topography and drainage and analysis of the land cover vegetation. AMDAL assessed the impacts on natural ecosystems and water resources.

Social Impact Assessment (SIA) that carried out by PT. LINKS in 2010 was oriented to reach reliable social impact which potentially arises due to development of PT. HSL project. Regionally, majority of local people living in the vicinity of business areas belong to Dayak Tribe, Malay, Javanese, Madurese as well as some of them are Chinese. Dayak community commonly inhabits along Sungai Jelai, while other areas are dominantly inhabited by Malay, Javanese transmigrants, and Chinese descendants.

The smallholder model in this project, in which there is no land purchase, but partnership through MoU between smallholder and PT. HSL which gives to the project the characteristic of low land conflict. The MoU also requires of land ownerships.

HCV Assessment that conducted by faculty of forestry IPB in 2013 have identified HCV areas in different categories. The assessment was carried out covering new planting areas of inti and plasma. The assessment identified 5 types of HCV. These HCVs are HCV 1.2, HCV 1.3, HCV 4.1, HCV 5 and HCV 6. The assessment also provides recommendation for the company in managing the HCV area. HCV areas are outside of those intended for planting.

2. Scope of the Planning and Management

2.1. Organizational information and contact persons

Table 1. Organizational information and contact persons

Company Name	Cargill Incorporated
Subsidiary	PT Harapan Sawit Lestari
Company address	Desa ManisMata Kecamatan ManisMata KabupatenKetapang Kalimantan Barat, Indonesia Tel. (62 21) 30022988 Fax. (62 21) 30022987
Geographical Location	111.012 E and -2.21549 S 111.018 E and -2.24477 S 111.037 E and -2.295 S
Capital Status	Foreign Investment (PMA)
Type of business	Palm oil plantation and milling
Status of land ownership	<ul style="list-style-type: none"> • PT. HSL own land (Inti) HGU No. 143/HGU/BPN/97/A/106 (±5,137 Ha) • Smallholder <ol style="list-style-type: none"> 1) Surat Pernyataan Tanah (SPT), and 2) Surat Pernyataan Penguasaan Fisik Tanah (SPPFT)
Contact Person	<ul style="list-style-type: none"> • President Director – Nharong Somchit Email Address: Nharong_Somchit@cargill.com • Group Sustainability Manager – Yunita Widiastuti Email Address: Yunita_Widiastuti@cargill.com
Total area of new planting	<ul style="list-style-type: none"> • Inti = 1,200 Ha • Plasma = 2,684 Ha Total area for new planting = 3,884 Ha

2.2. Personnel involved in planning and implementation

Planning and implementation plans for new planting involves estate department, land acquisition leader, plasma support service leader, agronomy service department, GIS and EHS and sustainability department. The overall personnel are shown below.

Table 2. Personnel involved in planning and implementation

Name	Position
Nharong Somchit	President Director
Yunita Widiastuti	Group Sustainability Manager
Hidimanto	Plasma Support Service Manager
Taufik Muksin	Land Acquisition Manager
Budiono	Senior Estate Manager
Muhammad Ichsan	Sustainability Manager
Ainul Yaqin	GIS Assistant
Tarmizi Lakoni	Agronomy Service Department Manager
Riduwan Muhammad	Estate Manager

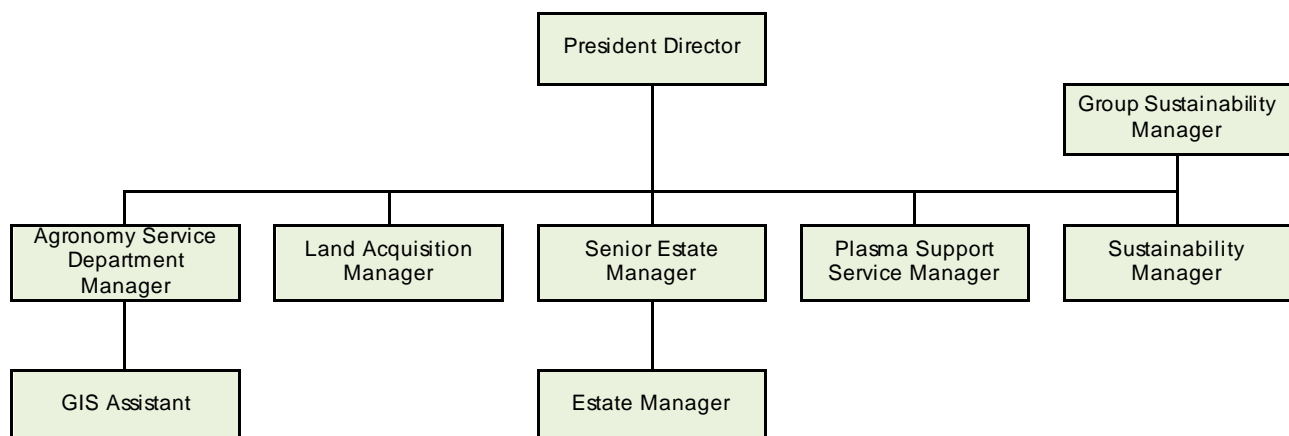


Figure 1. Organization Flowchart

2.3. Stakeholders Consultations

The Stakeholders' consultation was held on January 21, 2014 at Manis Mata, Ketapang district, West Kalimantan Province. Consultation with the relevant stakeholders was attended by community's leaders, heads of village and cooperatives. The consultation was to provide opportunities for communication and sharing the information / opinion / suggestions between the company and the workers, contractors, suppliers, smallholders, 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. HSL and stakeholders.

2.4. Reference Documents

2.4.1. List of Reports

- Environmental Impact Assessment (AMDAL document) of PT. HSL, issued by Bapedalda Pontianak on March 6, 2003 (660.1 / 172 / Bapedalda-A).
- Report of RKL/RPL (Environmental Management and Environmental Monitoring) on 2003.
- Report of Identification and Analysis of High Conservation Value of PT. HSL by HCV Team Faculty of Forestry IPB (Bogor Agriculture Institute) on 2013.
- Social Impact Assessment (SIA) from LINKS issued on November 2010.

2.4.2 List of Legal Documents

Table 3. List of legal document

Legal Documents	Issued by	Number and date
Taxpayer Notification Number (NPWP)	Ministry of Finance Directorate General of Taxation, Republic Indonesia	01.564.259.8-058.000
Plantation permit (Izin Usaha Perkebunan)	Bupati Ketapang	228 / DISBUN-D / 2012 4 May 2012
Location permit 30,000 ha (Izin lokasi)	Bupati Ketapang	<ul style="list-style-type: none">• 352/2004, 9 November 2004• 23/2004, 26 January 2004
Land use title (Hak Guna Usaha)	Badan Pertanahan Nasional Ketapang Regency	143/HGU/BPN/97/A/106 8 July 1999
Surat rekomendasi untuk pembukaan lahan	Dinas Perkebunan	525 / 1029 / DISBUN-D 24 November 2014

2.5 Location Maps

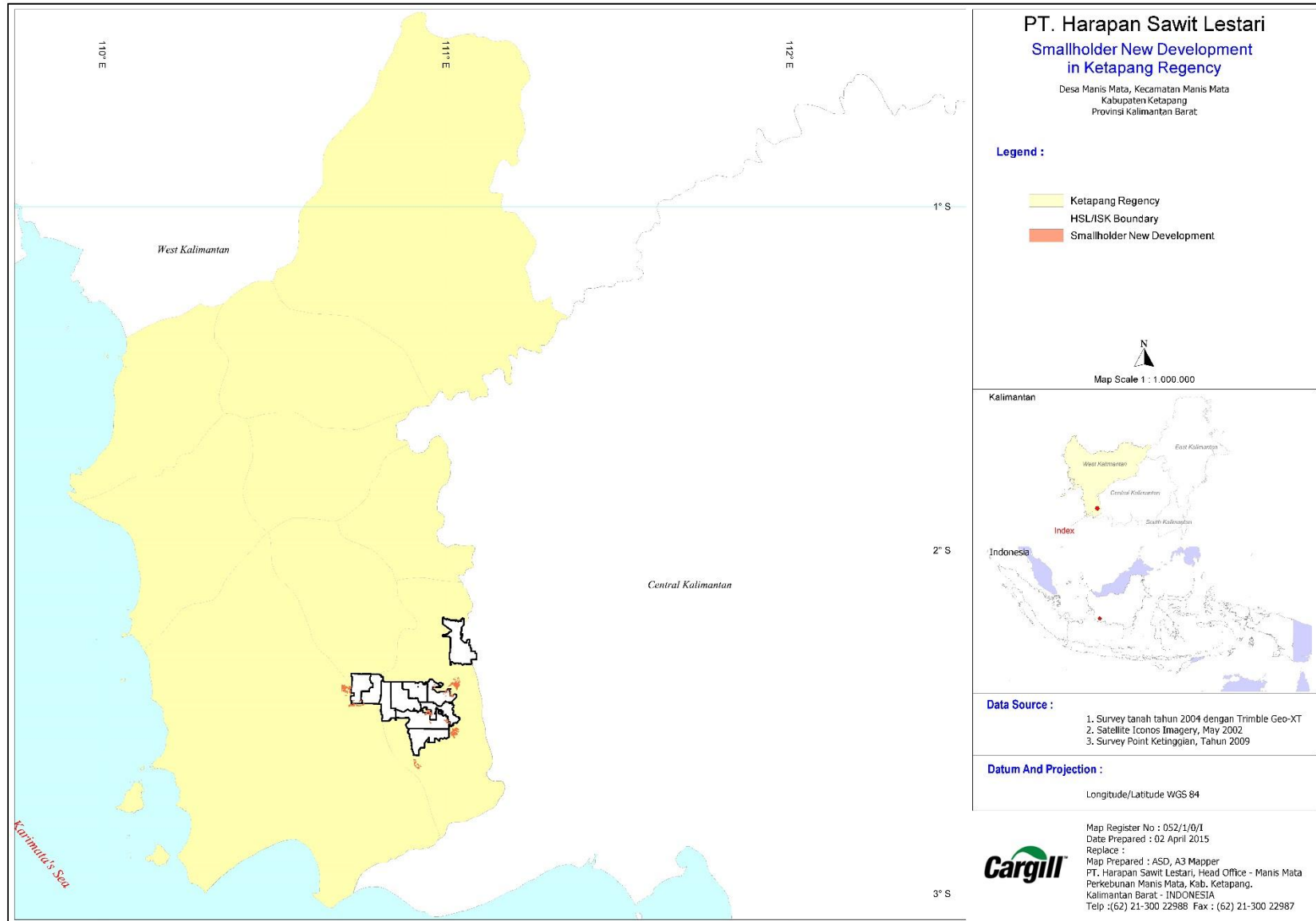


Figure 2. Location map of PT. HSL and smallholder new development in Ketapang Regency, West Kalimantan

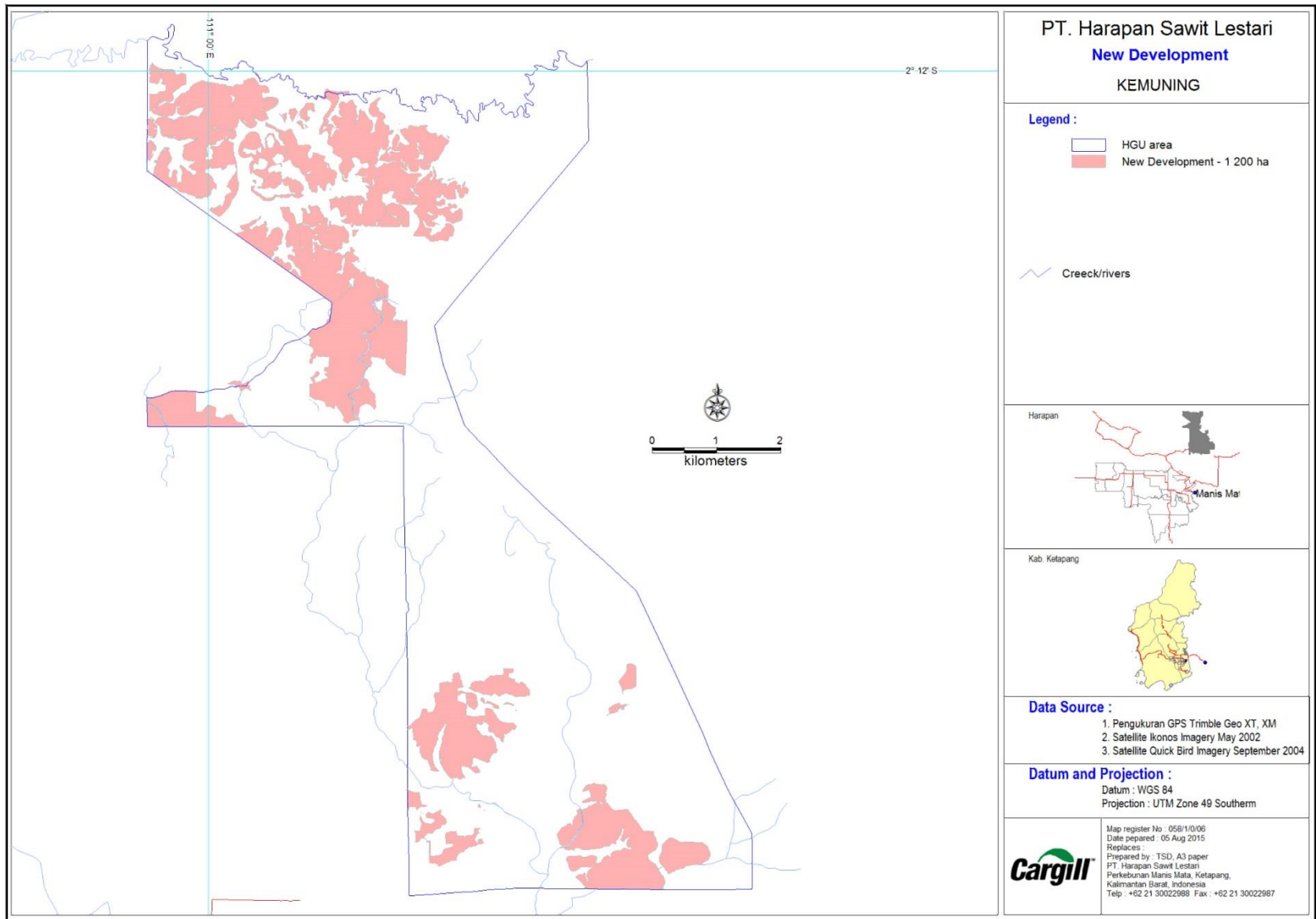


Figure 3. Location map of PT. HSL new development of 1,200 Ha
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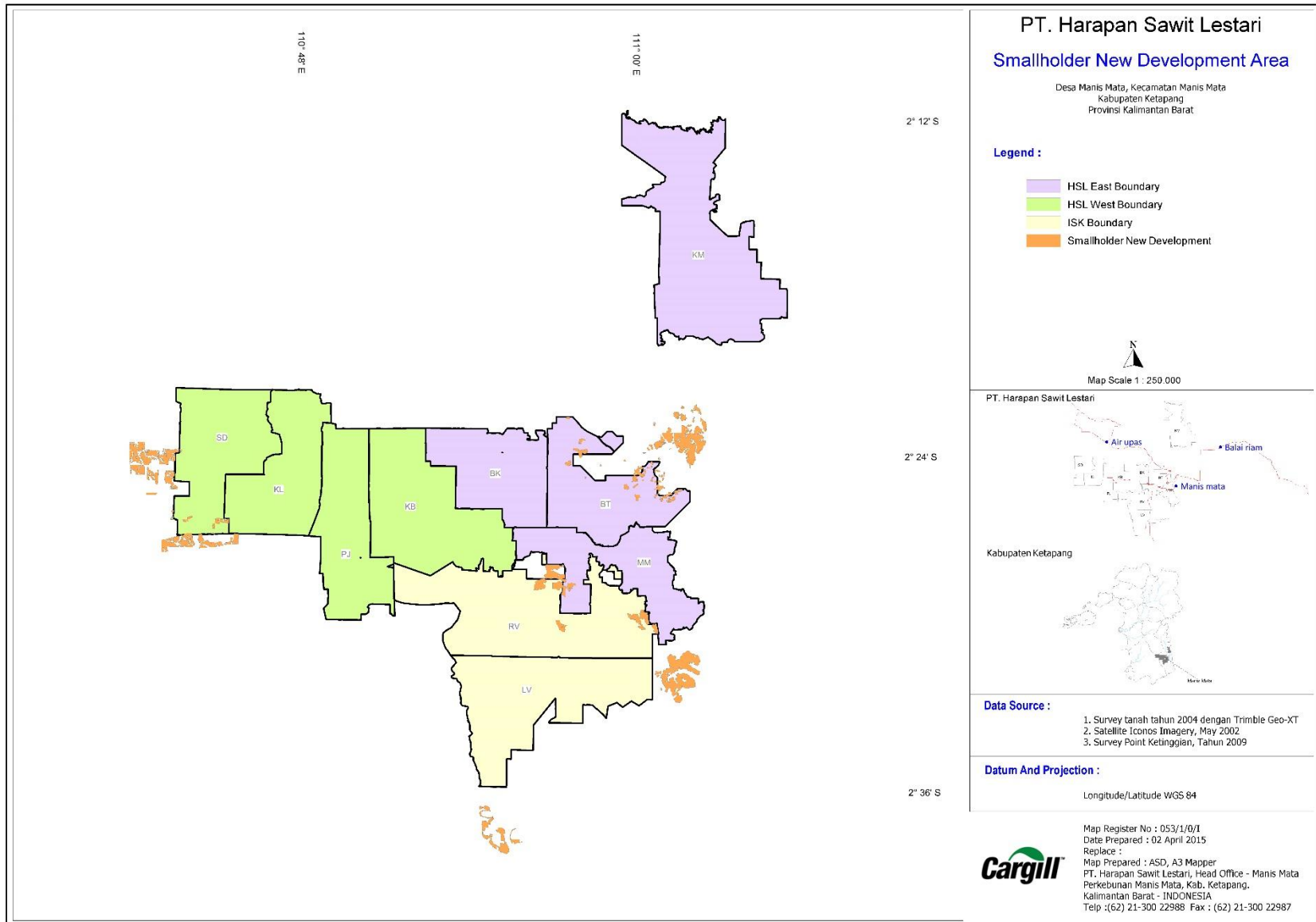


Figure 4. Location map of smallholder new development of 2,684 Ha

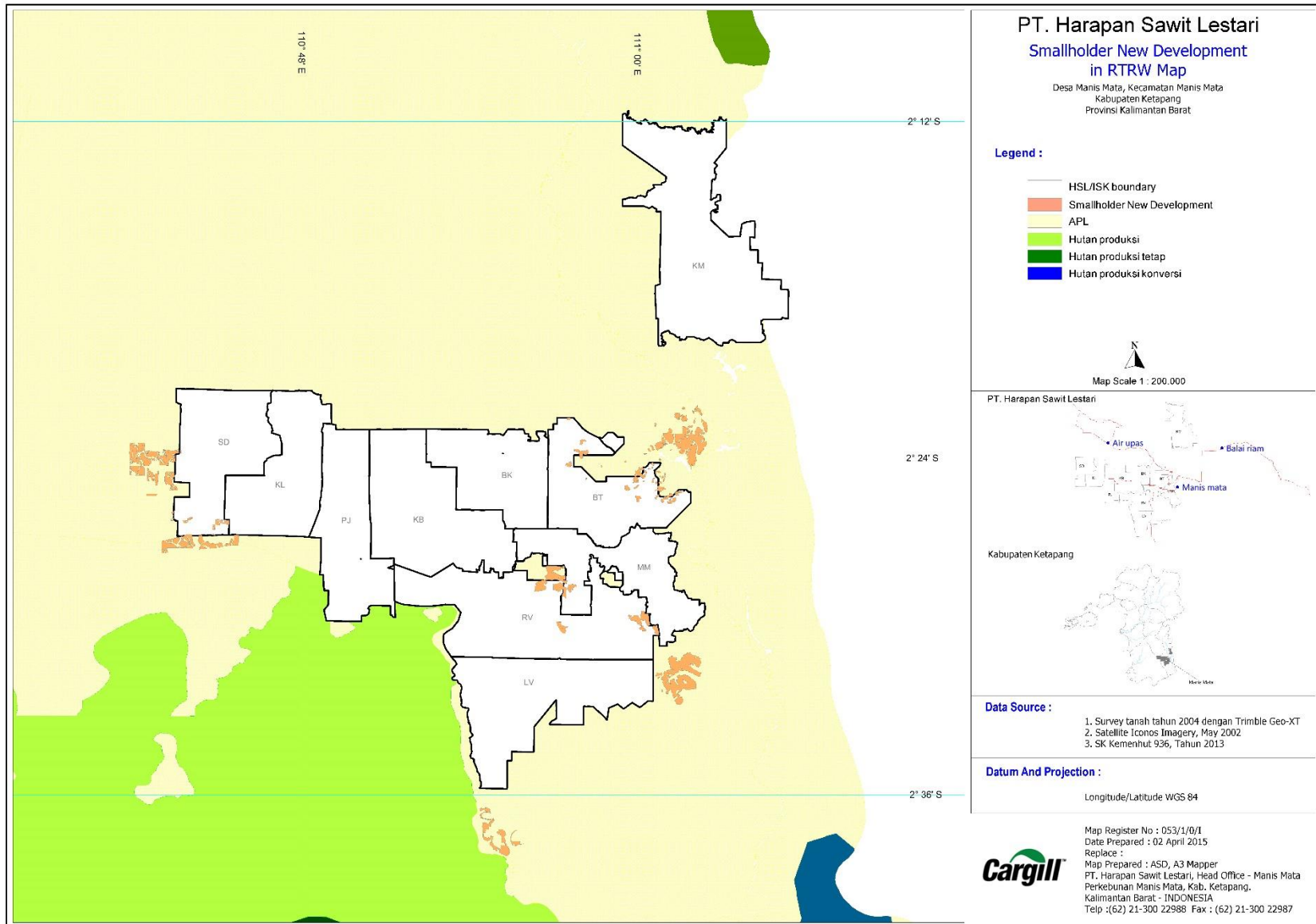


Figure 5. Map of new development within region map (RTRW)

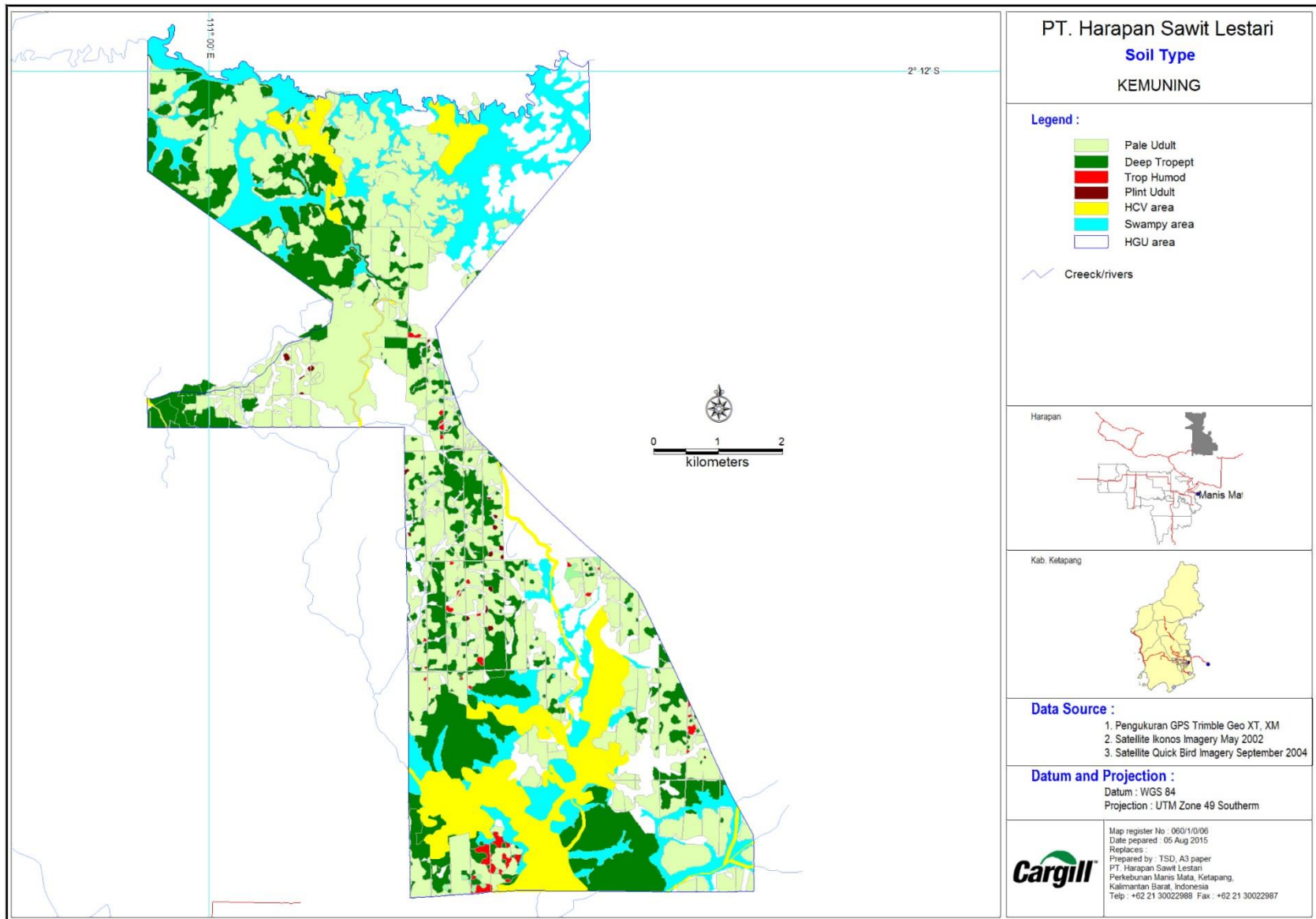


Figure 6. Map of soil type of PT. HSL new development

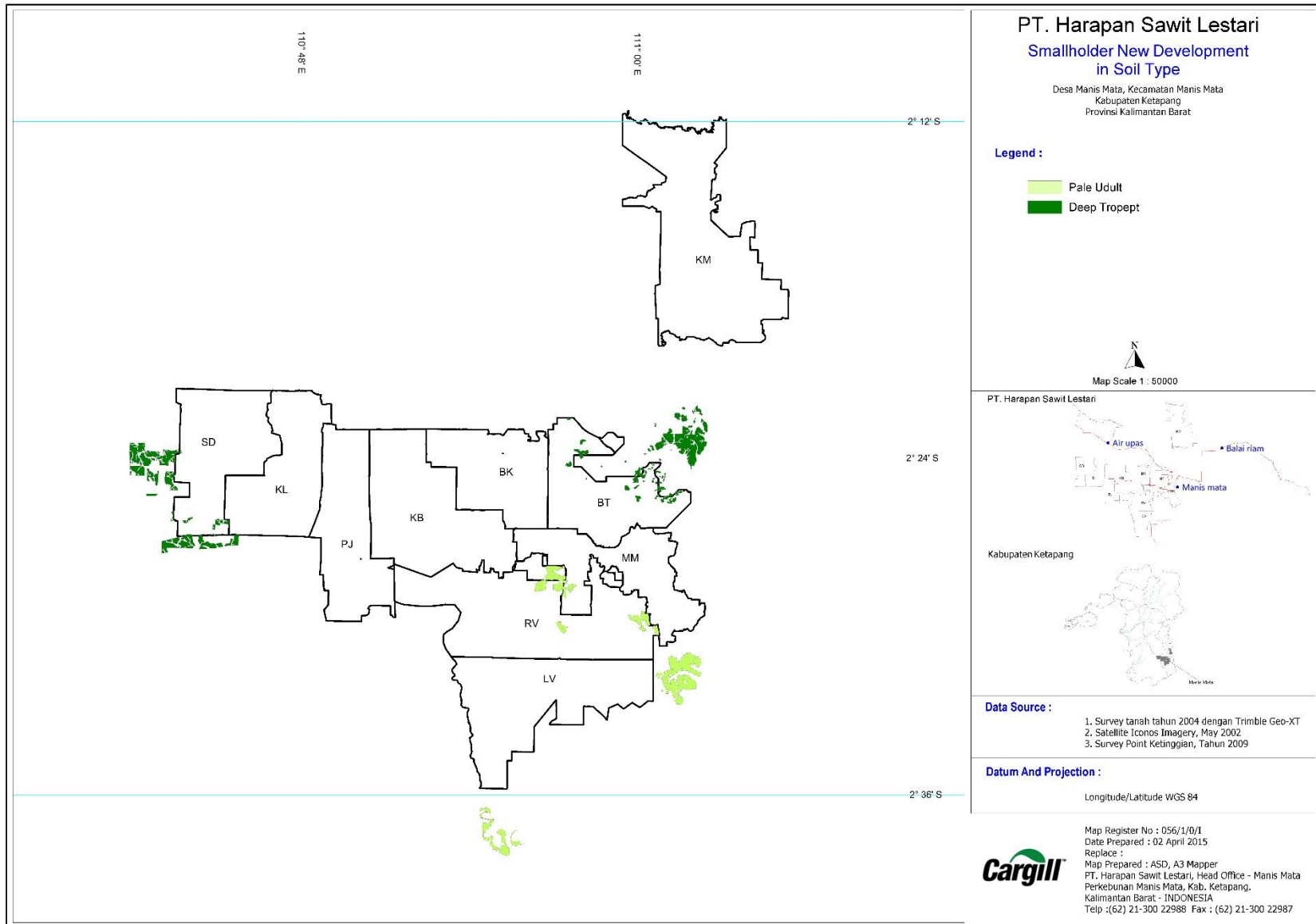


Figure 7. Map of soil type of smallholder new development

2.6 Area and time plan for new planting

New planting area of 1,200 Ha is and expansion program for Kemuning Estate of PT. HSL and is within HGU 143/HGU/BPN/97/A/106. New planting areas for smallholder are located outside of HGU with total area of 2,684 Ha. The detail area and time plan are summarized in table below.

Table 4. Area and time plan for proposed expansion in PT. HSL Kemuning Estate

Properties	Total HGU (Ha)	Planted Area (Ha)	Building, roads, nursery, enclave, etc. (Ha)	HCV Area (Ha)	Proposed Expansion (Ha)	Planting Time Table
PT. HSL	5,137	1,355	61	515	1,200	October 2015

Table 5. Area and time plan for proposed new planting of smallholder

Properties	Location	Proposed New Planting (Ha)	HCV Area (Ha)	Planting Time Table
Cooperative Beringin Jaya Lestari	Manis Mata Village Ratu Elok Village Asam Besar Village	934	115	October 2015
Cooperative Sinar Beraduk Jaya	Pantai Ketikal Village Petanaman Village	750	37	October 2015
Cooperative Tagari Utama Mandiri	Asam Besar Village Kuala Asam Village Bagan Kusiik Village Belian Sungsang Village Batu Sedau Village Lipat Gunting Village	1,000	75	October 2015

3 Summary of Management and Planning

3.1 Summary of Planning and Programs for Social and Environmental Impacts

The SEIA development and preparation of management and monitoring Plan for PT. HSL is prepared under cooperation agreement between PT. HSL and AMDAL consultant and PT.LINKS. The preparation of such report refers to the result of identification and analysis of Social Impact Assessment conducted in 28 September – 23 October 2010 in the area of PT. HSL, Ketapang Regency, West Kalimantan Province and the frame of reference of the agreed work.

The following management and mitigation measures are recommended for adoption and implementation, in order to address the significant potential social and environmental impacts and make the project socially acceptable and beneficial.

Table 6. Management and mitigation measures for Social Impact Assessment

No	Potential Impact	Proposed Mitigation Measures
1	Managing social problem	<ul style="list-style-type: none"> Evaluation on working equipment and safety tools are necessary and urgent. Housing, support, employee's rights, medical and healthcare services, as well as other means for labor unions should be fulfilled by the company respectively. It is highly recommended for internal management to fulfill any kinds of employee's right as it is accordance to normative and legal requirements as well as related to compliance to mutual agreements.
2	Managing local stakeholder	<ul style="list-style-type: none"> Tracking: By collecting information and data related to activities and also relationship demonstrated by stakeholders. Informing: It is one way communication, done by providing annual or quarter report. Consultation: Maintaining the dialogue flows between company and relevant stakeholders through informal sources (or can be called as "back channel dialogue"). Support: Activities that relate to the provision of financial support or non-financial one which can be demonstrated through philanthropic activities and sponsorships. Collaboration: Managing collective projects with one stakeholder bounded up within informal agreement. Partnership: Managing collective project with one stakeholder bounded up within formal agreement. Networks: Managing collective projects with several stakeholders within informal and formal agreements.
3	Managing local needs	<ul style="list-style-type: none"> The social management should be oriented to the management of social problems at local communities. Efforts to manage this social problem as well as answer the needs of the community management and development of cooperatives and farmers KKPA, increase revenue and unconditioned stability of income. The social management should be oriented to social cohesion (social cohesion). In the case of the management has not develop an optimal social communication with the local community or the analysis related to the degree of proximity of the reactive (negative relationship patterns) between the management and the public, should be used as a basis for evaluating and developing social cohesion improvements management of the community around the project. Human resource oriented and strengthening the local economy. PT. HSL Management needs to respond to the needs of the local community to be able to work in the project through a special recruitment mechanism. Given that local people around this area and has a hard character and low competence in the work, before the hiring is done, companies need to develop an agreement on the terms of recruitment, training, problem solving and termination of employment that involves government officials and representatives of rural communities. This agreement by both parties to be your labor recruitment and resolution of employment issues that arise after the implementation of recruitment. In addition, community empowerment and strengthening local economies also could be developed through education scholarship assistance, social services and free

No	Potential Impact	Proposed Mitigation Measures
		<p>medicine, training technical agriculture and industry.</p> <ul style="list-style-type: none"> Company in partnership with communities and governments around the village area gardens can also support joint advocacy agenda conveyed to the government districts and provinces, such as electricity, road improvement district and village, as well as construction of public facilities to gradually condition of quasi state was experiencing at this time be addressed.

Table 7. Management and mitigation measures for Environmental Impact Assessment

No	Impact	Source of Impact	Location	Mitigation	Time Frame
1	Soil erosion	Land clearing activity	Planting area exclude conservation	<ul style="list-style-type: none"> Build terraces on the sloping area following the land contour Build drainage in the area Intensify the vegetation cover to maximize soil protection 	Throughout the construction phase
2	Reduction in diversity of protected vegetation/ wild species	Land clearing activity	Conservation areas and riparian	<ul style="list-style-type: none"> Provide planning for conservation area Provide warning signboards of illegal logging and illegal hunting, and socialize to the public 	Throughout the construction and operational phase
3	Land fire potential	Land clearing activity and other activity that possibly contribute to land fire at the operational phase	Planting area	<ul style="list-style-type: none"> Land clearing without burning (zero burning) Build control tower to monitor fire hazard and necessary equipment Provide adequate fire extinguishers and access to isolate the spread of flames Build the water reservoir at capacity, which in case of emergency, the water reservoir can be used for firefighting process Conduct socialization to communities 	Throughout the construction and operational phase
4	Socio-economic and culture	Land clearing activity and recruitment	Surrounding villages in Manis Mata Sub-district	<ul style="list-style-type: none"> Prioritize workers recruitment in surrounding areas according to the needs and required qualifications Provide information to local people when job opening Provide clinic, housing facility, education, sport and worship place Provide scholarship for student from surrounding communities 	Throughout the construction and operational phase
5	Health issues <ul style="list-style-type: none"> Increasing number of malaria 	Planting activity	Surrounding villages in Manis Mata Sub-district	<ul style="list-style-type: none"> Encourage to use mosquito net Provide health and safety training Provide safety committee Disciplinary action for health and 	Throughout the construction and operational phase

No	Impact	Source of Impact	Location	Mitigation	Time Frame
	disease • Increasing number of occupational illness • Increasing number of diarrhea			safety violation	

3.2 Summary of HCV Management and Mitigation Plans

The result of HCV assessment that carried out by faculty of forestry IPB in 2013 shows that there is no primary forest in new planting areas of inti and smallholder respectively. New planting areas are within classification of other land-use. Based on LUC in PT. HSL, result also shows that there is no primary forest in the concession area. The satellite imagery showed that rubber, secondary regrowth and grassland are the dominant land cover.

The HCV assessment was conducted by Faculty of Forestry IPB (Bogor Agriculture Institute) on October - December 2013 using HCV Toolkit year 2008, published by The Consortium Revised HCV Toolkit Indonesia as a guidance to assess the presence of HCV area in concession of PT.HSL.

HCV areas identified in the assessment were allocated outside those intended for planting of 1,200 Ha of nucleus and 2,584 Ha of smallholder's. However, the assessment identified 5 types of HCV in entire PT. HSL and smallholders and provides recommendation for the company in managing the HCV area present within the concession area, also to enable all the available resources to be focused, integrated and effective achieving the HCV management outcome.

The purpose of management and monitoring plan of HCV are:

- To ensure all the identified HCV and all area that assigned as HCV are protected and managed well, so that the HCV functions are well preserved.
- To enhance the administration and documentation of the management and monitoring in the sense that the process carried out is more systematically according to the legal aspects.

The basic programs and activities that fulfill the HCV management are summarized as table below.

Table 8. Identification of HCV areas and proposed measure

HCV Title		Finding	Program	
			Management	Monitoring
1.1	Areas that Contain or Provide Biodiversity Support Function to Protection or Conservation Areas	Absent	Not required	Not required
1.2	Critically Endangered Species	Present	<ul style="list-style-type: none"> Inventory and identification of land cover conditions in the area of habitat of plant species including CR/Critically Endangered species Demarcate areas of habitat of plant species including CR/Critically Endangered species Allocate HCV 1.2 outside of new development area Maintain the boundary poles that mark habitat of plant species including CR/Critically Endangered species Protect plant species including the CR/Critically Endangered species and their habitats, both active and passive Rehabilitation and enrichment in the area of habitat of plant species including CR/Critically Endangered species from disturbance Socialization about the existence and importance of protecting plant species including CR/Critically Endangered species to the local communities and people around the areas Socialization about the existence and importance of protecting plant species including CR/Critically Endangered species to employees Develop an SOP of management and monitoring plant species including CR/Critically Endangered species Develop organization structure for HCV management and monitoring system Coordinate with related agencies to support protection of plant species including CR/Critically Endangered species 	<ul style="list-style-type: none"> Measure the intensity of disturbance in HCV areas including fire hazards potential Monitor recent condition and density plant species biodiversity include protected and endangered species Monitor the realization of rehabilitation activity and percentage of rehabilitation coverage area
1.3	Areas that Contain Habitat for Viable Populations of Endangered, Restricted Range or Protected Species	Present	<ul style="list-style-type: none"> Inventory and identification of land cover conditions in the habitat area of plant species and wildlife species biodiversity including those protected and endangered Demarcate habitat area of plant species and wildlife species biodiversity including those protected and endangered Allocate HCV 1.3 outside of new development area 	<ul style="list-style-type: none"> Measure the intensity of disturbance in HCV areas including fire hazards potential Monitor recent condition and density plant species and wildlife species biodiversity including those protected and endangered Monitor the realization of rehabilitation activity and percentage of rehabilitation coverage area

HCV Title		Finding	Program	
			Management	Monitoring
			<ul style="list-style-type: none"> Maintain the boundary poles that mark habitat area of plant species and wildlife species biodiversity including those protected and endangered Protect plant species and wildlife species biodiversity including those protected and endangered and their habitats, both active and passive Rehabilitation and enrichment in the area of habitat of plant species and wildlife species biodiversity including those protected and endangered from disturbance Socialization about the existence and importance of protecting plant species and wildlife species biodiversity including those protected and endangered to the local communities and people around the areas Socialization about the existence and importance of protecting plant species and wildlife species biodiversity including those protected and endangered to the employees Develop an SOP of management and monitoring plant species and wildlife species biodiversity including those protected and endangered Develop organization structure for HCV management and monitoring system Coordinate with related agencies to support protection of plant species and wildlife species biodiversity including those protected and endangered 	
1.4	Areas that Contain Habitat of Temporary Use by Species or Congregations of Species	Absent	Not required	Not required
2.1	Large Natural Landscapes with Capacity to Maintain Natural Ecological Processes and Dynamics	Absent	Not required	Not required
2.2	Areas that Contain Two or More Contiguous Ecosystems	Absent	Not required	Not required
2.3	Areas that Contain Representative Populations of Most Naturally Occurring Species	Absent	Not required	Not required
3	Rare or Endangered Ecosystems	Absent	Not required	Not required
4.1	Areas or Ecosystems Important for the Provision of Water and HCV	Present	<ul style="list-style-type: none"> Inventory and identification of land cover conditions in the buffer zone 	<ul style="list-style-type: none"> Measure the intensity of disturbance in HCV areas including fire hazards potential

HCV Title		Finding	Program	
			Management	Monitoring
	Prevention of Floods for Downstream communities		<ul style="list-style-type: none"> Measure width of buffer zone Maintain the boundary poles that mark buffer zone area Allocate HCV 4.1 outside of new development area Protect buffer zone areas, both active and passive Rehabilitation and enrichment in the area of buffer zone areas from disturbance Socialization about the existence and importance of protecting buffer zones area to the local communities and people around the areas Socialization about the existence and importance of protecting buffer zones area to employees Develop an SOP of management and monitoring buffer zone areas Develop organization structure for HCV management and monitoring system Coordinate with related agencies to support protection of buffer zone areas 	<ul style="list-style-type: none"> Monitor the realization of rehabilitation activity and percentage of rehabilitation coverage area Monitor changes in river width Monitor the river / lake (reservoir) water quality periodically Monitoring of aquatic biota in the stream / lake (reservoir)
4.2	Areas Important for the Prevention of Erosion and Sedimentation	Absent	Not required	Not required
4.3	Areas that Function as Natural Barriers to the Spread of Forest or Ground Fire	Absent	Not required	Not required
5	Natural Areas Critical for Meeting the Basic Needs of Local People	Present	<ul style="list-style-type: none"> Inventory and identification of land cover conditions in the riparian of Tarahan Batu-utara river Measure width and demarcate boundary of Tarahan Batu-utara river Allocate HCV 5 outside of new development area Maintain the boundary poles of Tarahan Batu-utara river Protect riparian areas of Tarahan Batu-utara river, both active and passive Rehabilitation and enrichment in the area of Tarahan Batu-utara river from disturbance Socialization about the existence and importance of protecting riparian of Tarahan Batu-utara river to the local communities and people around the areas Socialization about the existence and importance of protecting riparian of Tarahan Batu-utara river to employees Develop an SOP of management and monitoring buffer zone areas Develop organization structure for HCV management and monitoring system Coordinate with related agencies to support 	<ul style="list-style-type: none"> Measure the intensity of disturbance in HCV areas including fire hazards potential Monitor the realization of rehabilitation activity and percentage of rehabilitation coverage area Monitor changes in river width Monitor Tarahan Batu-utara river water quality periodically

HCV Title		Finding	Program	
			Management	Monitoring
			protection of Tarahan Batu-utara river	
6	Areas Critical for Maintaining the Cultural Identity of Local Communities	Present	<ul style="list-style-type: none"> • Inventory and identification of boundary of sacred grave and sacred sites • Allocate HCV 6 outside of new development area • Maintain the boundary poles of sacred grave and sacred sites • Protect sacred grave and sacred sites, both active and passive • Socialization about the existence and importance of protecting sacred grave and sacred sites to the local communities and people around the areas • Socialization about the existence and importance of sacred grave and sacred sites to employees • Develop an SOP of management and monitoring sacred grave and sacred sites • Develop organization structure for HCV management and monitoring system • Coordinate with related agencies to support protection of sacred grave and sacred sites 	<ul style="list-style-type: none"> • Measure the intensity of disturbance in HCV areas including fire hazards potential

4 Internal Responsibility

This document is summary of assessment result of HCV, SIA and AMDAL PT. Harapan Sawit Lestari and has been approved by the management of PT. Harapan Sawit Lestari.

Prepared by,


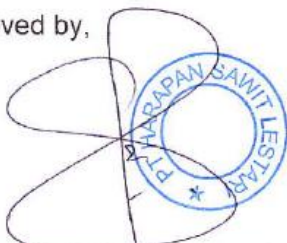


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