

**Summary Report of SEIA and HCV Assessment of PT Bangun Nusa Mandiri
Sub-Districts of Jelai Hulu, Marau, Manis Mata, and Air Upas, Ketapang District, West Kalimantan
Province**

Executive Summary

PT Bangun Nusa Mandiri is located in the Sub-Districts of Jelai Hulu, Marau, Manis Mata, and Air Upas, Ketapang District, West Kalimantan Province. The estate received its location permit from the Head of Ketapang District under Decree No. 528 dated 30 December 2009 covering a total area of 20,000 ha.

P PT BNM has an Environmental Impact Assessment (EIA) for the plantation covering a total area of 20,000 ha and the oil palm mill with capacity of 80 tons FFB per hour. The EIA was conducted by Intergraha Citra Persada CV (of Jl. M.H Thamrin Komplek Untan No. P42, Pontianak, West Kalimantan Province). PT BNM is acknowledged as environmentally feasible by the Decree of the Governor of Central Kalimantan No. 110/2009 on 16 March 2009.

The company also conducted a Social Impact Assessment (SIA) in January 2013. Based on this a management plan was drawn up to handle any negative social impact, with details on the type of monitoring, location and schedule. To gather data for the SIA, an indirect collection system was applied, involving a literature review of the EIA, High Conservation Values (HCV) identification study and supporting literature such as data from local government websites.

PT BNM also performed HCV identification with the help of the Faculty of Forestry of Bogor Agricultural Institute (IPB) from May 2010 to February 2011. The identification was made based on a field survey conducted on 6 – 14 February 2010, with a team consisting of RSPO-approved HCV assessors. A public consultation was held on 15 June 2010. The HCV Assessment was peer reviewed in October 2010 by Dr Kunkun Jaka Gurmaya, an RSPO-approved HCV assessor and a member of the Faculty of Mathematics and Natural Science of Padjajaran Bandung University. In PT BNM's concession area, there are nine identified HCV, namely HCV 1 (HCV 1.1, HCV 1.2, HCV 1.3, and HCV 1.4), HCV 2 (HCV 2.3), HCV 4 (HCV 4.1 and HCV 4.2), HCV 5 and HCV 6.

Scope of SEIA and HCV Assessment

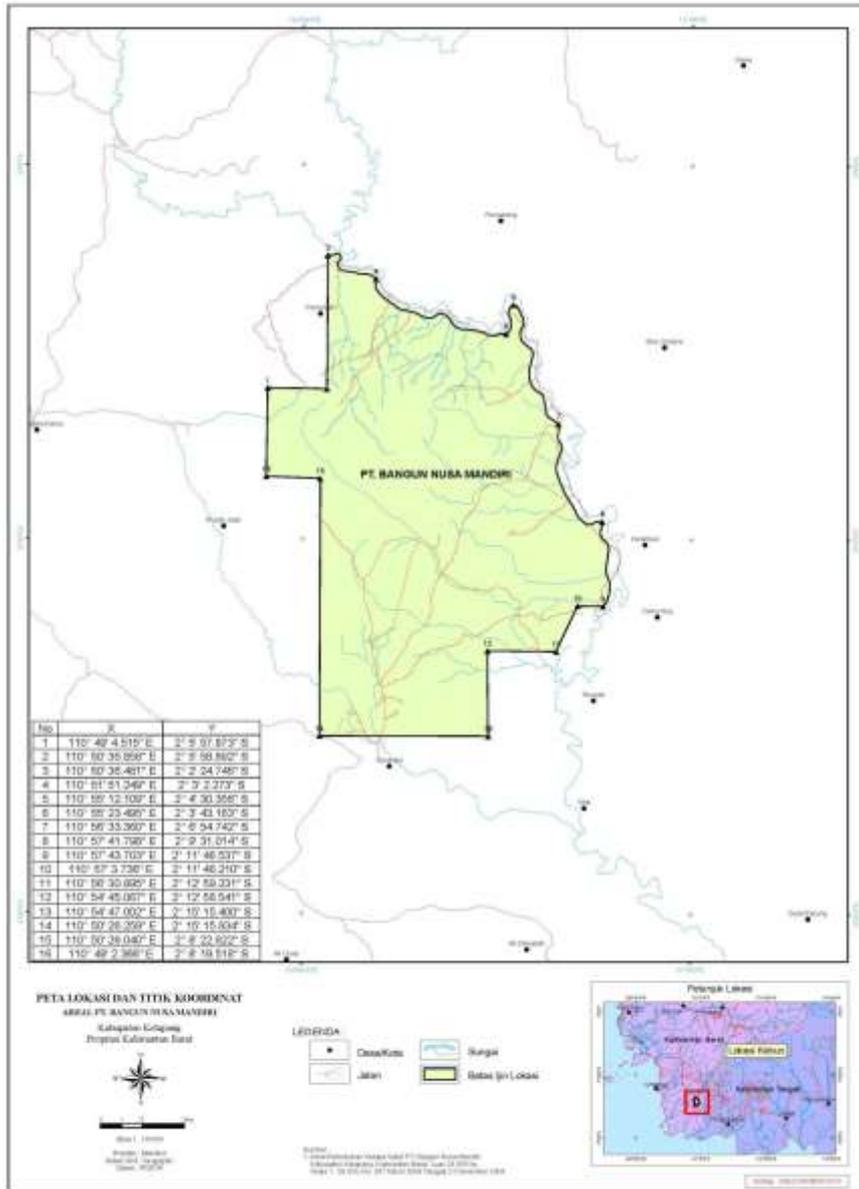
1. Company Name: PT Bangun Nusa Mandiri
2. Location: The villages of Sengkuang, Harapan Baru, Asam Jelai, Biku Sarana, Kelampai, Terusan, Kemuning, Merabung and Penyarangan, in the Sub-Districts of Jelai Hulu Air Upas and Manis Mata, West Ketapang District, West Kalimantan Province.
3. Geographical Location: 110°49'13" – 110°58'15" BT dan 02°02'19" – 02°15'13"LS
4. Surrounding Areas:
 - a. North: PT Fangiono Agro Plantation Plantation
 - b. East: PT Umekah Sejahtera Plantation
 - c. West: PT Andes Plantation
 - d. South: PT Polyplant Plantation

- Licenses

1. Plantation Business Permit: Ketapang District Head's Decree Number: 224/DISBUN-D/2012 dated 1 May 2012, with a total area of 18.138 ha and mill capacity of 80 tons of FFB/hour.
2. Extension of Land Permit based on Ketapang District Head's Decree no. 528 dated 30 December 2009 covering \pm 20.000 ha, valid for 36 months or until 30 December 2012.
3. Land Use Title (HGU): In process.

- Map Location: Image 1

Image 1: Location Map of PT Bangun Nusa Mandiri in West Ketapang



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

Assessment Process and Procedures

a. SEIA

PT BNM has an EIA for the plantation covering a total area of 20,000 ha and the oil palm mill with capacity of 80 tons FFB per hour. The EIA was conducted by Intergraha Citra Persada CV (of Jl. M.H Thamrin Komplek Untan No. P42, Pontianak, West Kalimantan Province). In addition, the company conducted an SIA in January 2013 through an internal team from PT SMART led by Yosaphat Ardhilla Renato S. Ant an RSPO-approved HCV assessor's specialist in social impact management. The SIA team comprised the following members:

Team Leader:

Yosaphat Ardhilla Renato S. Ant.

Currently working in PT SMART as a Corporate Social Responsibility (CSR) Officer specialising in social and cultural anthropology, he received a bachelor's degree in Anthropology from the Anthropology Study Programmeme of the University of Gadjah Mada (UGM) in 2010. He is also a member of the HCV Resources Network and an RSPO-approved specialist in participatory rural assessment, socioeconomic or cultural studies, participatory mapping and conflict resolution.

Team Member:

Laurentius Vita Baskara S. Sos.

A CSR staff specialising in social development and welfare, he obtained a bachelor's degree in Social Studies from the Faculty of Social and Political Studies at UGM in 2010. He has performed several social impact assessments for plantations and mills managed by PT SMART. He is also trained in the fields of Free, Prior, Informed Consent (FPIC) and social mapping.

Veranita Mei Pratiwi S. Ant.

A CSR staff specialising in social and cultural anthropology, she obtained a bachelor's degree in Anthropology from the Cultural Anthropology Study Programmeme of UGM in 2010. She is involved in several SIAs for PT SMART's plantations and mills.

Suma Nugraha, S.E.

A CSR staff specialising in socio-economics and politics, he earned a bachelor's degree in Economics from Bogor Agricultural University (IPB) in 2008. He previously worked as a supervisor in the World Bank Survey Project and Bravo Media Centre where he was assigned as a special staff for Vice President of Republic Indonesia. He has also worked as a supervisor in media relations and monitoring at PT FOX Indonesia Political and Strategic Consulting. He has been involved in social data collection and social impact management and monitoring at several of PT SMART's plantations and mills.

Widodo C Yuwono

Currently the Social Impact Assessment & Grievance Section Head at PT SMART, he previously pioneered CSR activities as the CSR Section Head. He obtained his bachelor's degree from Institut Keguruan Ilmu Pendidikan.

Assessment Methods

a. SIA Assessment

To obtain data on the social, economic and cultural conditions in the villages around the plantation / palm oil mill of PT BNM's, an indirect collection system was used. The data were collected by reviewing literature like the EIA study, HCV Assessment report, and supporting literature from official sources.

The primary data were collected through the literature study, containing items already gathered and able to represent the data required. Secondary data were also collected from local maps and the records of PT BNM's CSR activities. Based on the literature, the data were analysed according to the relevant RSPO principles.

b. HCV Assessments

The HCV assessment was conducted by a team from the Forestry Faculty of IPB.

Team Leader

1. Ir. H. Nyoto Santoso, MS

The Leader of HCV Team from IPB's Forestry Faculty, he obtained his master's degree from the Natural Resources and Environment Management Study Programme of IPB in 1992. He is an expert in biodiversity management and conservation. Since 1987 he has specialised in EIA, mangrove ecosystem management, inventory of flora and fauna of mangrove ecosystems, peat land, tropical rainforest and biodiversity management planning for the plantation industry, and management planning for forest conservation.

Team Members

2. Ir. Siswoyo, MSi

One of the HCV Team members from the Forestry Faculty of IPB, he obtained his Master of Science from the Forest Management Science Study Programme of IPB in 1999. Since 2000, he has specialised in flora ecology. He teaches conservation of biological resources, conservation of medicinal plants, ethnobiology and ex-situ biodiversity conservation at the IPB Forestry Faculty.

3. Dadan Mulyana, S.Hut, M.Si

A member of the HCV Team from the IPB Forestry Faculty, he specialises in environmental services. He obtained his bachelor's degree from the Forestry Faculty of IPB in 1998, and is now on the teaching staff of IPB's Silviculture Department, teaching on the impact of forests, forest ecology and management of forest nutrients.

4. Ahmad Faisal Siregar, S. Hut

Involved in social studies since 1997, his area of expertise is social and cultural. He gained his bachelor's degree in Forestry at IPB in 1998. He continued with post-graduate studies at IPB, specialising in Tropical Biodiversity Conservation. In addition, he is the current Executive Director of Research and Development at the Institute of Mangrove Indonesia.

5. M. Sayidina Ali, AMd

A member of the HCV Team from the Forestry Faculty of IPB, his area of expertise is geographical information systems. He obtained his diploma from the Ecotourism study programme at the Natural Resource and Ecotourism Conservation Department of the Forestry Faculty of IPB in 2007. He has been involved in HCV studies as a GIS specialist since 2006. He is currently undertaking a bachelor's degree from the Forestry Faculty of Nusa Bangsa University, Bogor.

6. Febia Arisnegara, S.Hut

A member of the HCV Team from the IPB Forestry Faculty, he specialises in fauna. He obtained his bachelor's degree from IPB in 2009, with a thesis on *The Use of Reptiles for Medicine and Food in DKI Jakarta*.

7. Sulfan Ardiansyah, S.Hut

A member of the HCV Team from IPB's Forestry Faculty, he is an expert assistant in flora ecology. He obtained his bachelor's degree in Forest Resource Conservation and Ecotourism from the Forestry Faculty of IPB in 2008. He has specialised in flora ecology since 2009.

The HCV Assessment Phases

The HCV mapping was conducted inside the concession area of PT BNM in the surrounding villages of Priangan, Biku Sarana, Asam Jelai, Kelampai, Pelempangan, Sengkuang, Merabung, Kemuning, Terusan and Harapan Baru. The identification and analysis process lasted nine months, from May 2010 to February 2011. Prior to this, a nine-day field survey was conducted from 6 to 14 February 2010. A public consultation took place on 15 June 2011.

The process and methods of assessment were customised for each of the HCV criteria:

Data Collection Methods

HCV 1, 2 and 3

The condition of the ecosystem in general and the types of vegetation and wildlife in some observation sites were recorded as field data. The types of vegetation and wildlife recorded were subsequently determined by referring to binomial nomenclature to identify the name of their type,. Their conservation status was then determined by referring to the list of protected species according to the IUCN, CITES, Government Regulation No. 7/1999 and several other Indonesian regulations.

HCV 4 Data

Identification of HCV4 involved combining several methods. The field survey was conducted at certain locations in the region, such as the watershed, lakes, springs, riparian ecosystems, wetland ecosystems, land with a high rate of erosion, burnt areas, land clearing sites , nursery areas and sources of water supply for the community and employees. To obtain relevant data, some employees and members of the local communities around and within the study area were interviewed.

HCV 5

Various methods were used to identify HCV5 areas. Interviews were conducted with a number of respondents and a more detailed focus group discussion (FGD) was organised. Possible HCV5 areas as identified in the FGD were then checked on the ground.

HCV 6

Sources of data in the identification of HCV6 were members of the local communities including community leaders, as well as information from research, historical and other available documents. Information was also collected through the FGD.

Summary of Assessment Findings

a. SEIA Assessment

Conclusions of the SIA were as follows:

1. The presence of PT BNM has had a positive social impact on communities living near where the company operates.

2. Positive social impacts generated by PT BNM include: improvements in income levels of the local communities, public accessibility and social relations. The increase in income has made a positive impact on daily lives and created substantial opportunities for further development in the region.
3. The process of land acquisition and compensation has been accomplished with prior notification and mutual agreement between the company and members of the community who received compensation. The compensation process is in line with the existing procedures of PT BNM.
4. PT BNM's occupational health and safety (OHS) policy has been implemented. This also has a positive impact on the company's employees.
5. Negative impact emerging from the SIA included social anxiety over land clearing, the quotas on local employment and a decrease in water quality. Another negative impact was conflicts over land ownership, which related to who first owned the land. Clarity of land ownership is therefore vital in the land acquisition and compensation process. PT BNM also needs to manage negative impact of its operations on public health. This is due to the decrease in water quality and the increase in air pollution. To address this, it was recommended that PT BNM draw up health education and awareness programmes relating to environmental sanitation and how to handle outbreaks of disease.

Social Impacts of PT Bangun Nusa Mandiri

| No. | Social Impact | Social Issues |
|-----|----------------|--|
| 1 | Economic | Community income has improved since the company began infrastructure development. PT BNM's operations provide a steady income to those members of the community who are employed by the company. |
| | | The company provides facilities for the workers and increases their quality of life. |
| | | The company engages local contractors to meet its needs. |
| | | The growth of groceries stores, local business and economic activity in general is generating more income for the community. |
| 2 | Social Anxiety | The local employment quota needs to be considered and adjusted based on the company's labour requirements. |
| | | Water quality needs to be managed and monitored. |
| 3 | Public Health | Poor sanitation has caused outbreaks of disease in the local communities. The company can conduct public health education and awareness programmes to promote better sanitation. The company is also expected to control the spread of diseases among its workers and to coordinate with local health authorities to minimise outbreaks. |

| | | |
|---|--------------------------|---|
| | | Transportation of FFB to the mill often generates air pollution and dust. The company needs to make the necessary efforts to reduce such pollution which can cause respiratory diseases. |
| 4 | Land Ownership Conflicts | Confusion over the original ownership of land has caused problems in the land acquisition and compensation process. Such problems can be mitigated with proactive socialisation efforts prior to land compensation, to ensure that a clear agreement is reached with the communities. |
| 5 | Road Access | Road access developed by the company to facilitate its operations can also be used by the local communities. The local communities can also borrow the necessary heavy equipment from the company in order to fix their road. |
| 6 | Social Relations | Assistance provided by the company has been given to the surrounding villages and to a larger scope. |
| | | The local communities have received numerous contributions from the company for social and cultural causes. These have strengthened relations between the villagers. |
| | | The number of graduates with higher education is increasing in the study area. The higher level of education in local communities underscores the company's contributions. |

General Recommendations based on SIA

1. Land Acquisition Programme as the start of sustainable relationships

Based on the EIA, on the early development of PT BNM, the socialisation concerning the land acquisition and compensation process adhered to the principles of free, prior, informed consent (FPIC). This process can be seen from several written and verbal statements that support the investment and development of PT BNM's oil palm plantation. This is also underscored by the SIA findings of positive social impacts on the local communities. The process of land acquisition and compensation was conducted in accordance with the procedures of PT BNM and witnessed by local government officials and other witnesses.

2. Social Impact Management and Monitoring Programme as part of social relations

- Economic aspect: To improve community welfare, the company pays workers at least the local minimum wage, conducts community development through local partnerships and local purchasing, implements health and safety policies in the workplace, conducts capacity building training to enhance employee competency, and supports the growth of local enterprise.
- Health and environmental aspect: Pro-active communication with relevant stakeholders, adopting best practices in managing hazardous waste, reporting to relevant government institutions on the management and monitoring of social and environmental impacts, and implementing health and safety measures in the company's operations.
- Social relations aspect: Improving education by providing scholarships to outstanding students, supporting local cultural activities including traditional ceremonies.

3. PT BNM's role in local economic development

The company should help community development by providing employment opportunities to the local community, purchasing local commodities, forming local partnerships with local transportation providers, and developing smallholder plantations.

b. HCV Assessments

Nine HCV have been identified In the concession area of PT BNM, namely 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.

Recommendations

1. The management of PT BNM should prepare a management and monitoring plan for identified HCV areas.
2. Once the HCV management and monitoring plan is ready, the management of PT BNM should immediately implement it.
3. Other organisations should be engaged to implement the management and monitoring plan.

Management and Monitoring Plan of HCV areas

1. HCVA Management

The HCV management plan for PT BNM, covers the management of riparian areas, springs, lake areas, hills and cultural heritage sites. Actions to protect and improve the condition of HCV areas include:

- Marking of HCV area boundaries
- Maintenance of HCV area boundary markers
- Protection of flora and fauna in HCV areas
- Rehabilitation and enrichment in the HCV areas
- Socialisation to the local communities
- Employee training
- Development / improvement of SOP for managing HCV
- Organisation Empowerment
- Coordination with relevant authorities

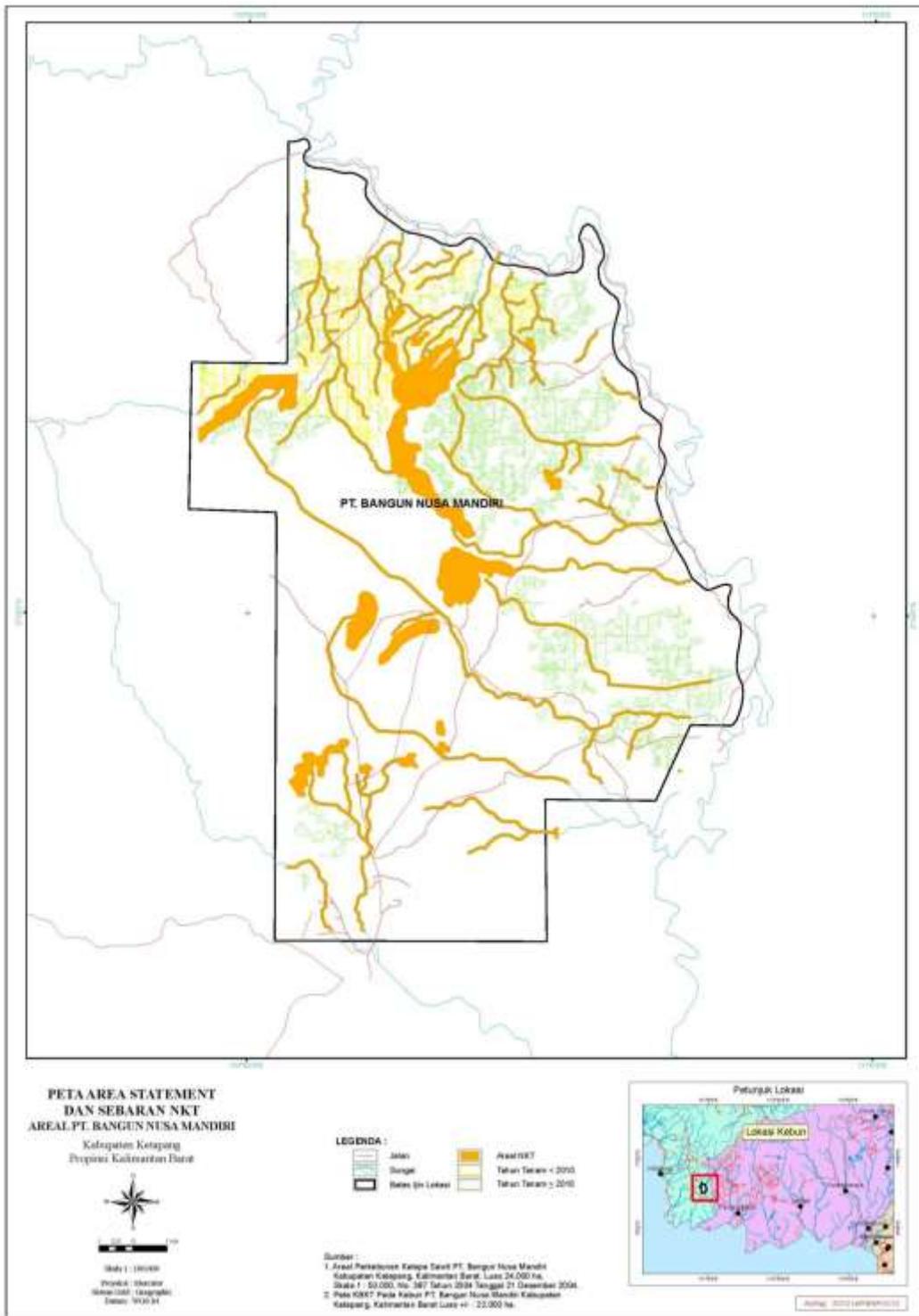
2. Recommendations for monitoring

The following should be monitored in all HCV areas in the concession area of PT BNM:

- Disturbance intensity to the HCV areas, including fire risk
- Biodiversity and population density of rare, threatened, endangered species in HCV areas
- Rehabilitation and survival rate of vegetation planted in HCV areas
- Changes in river width
- Surface water quality and source of water
- Water biota in river

Image 2: HCV Area Map and Area of Project Plan of PT Bangun Nusa Mandiri

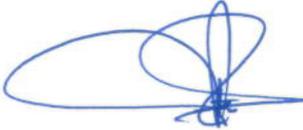
Note: Maps with higher resolution have been attached in appendix 1.



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 Bangun Nusa Mandiri**,

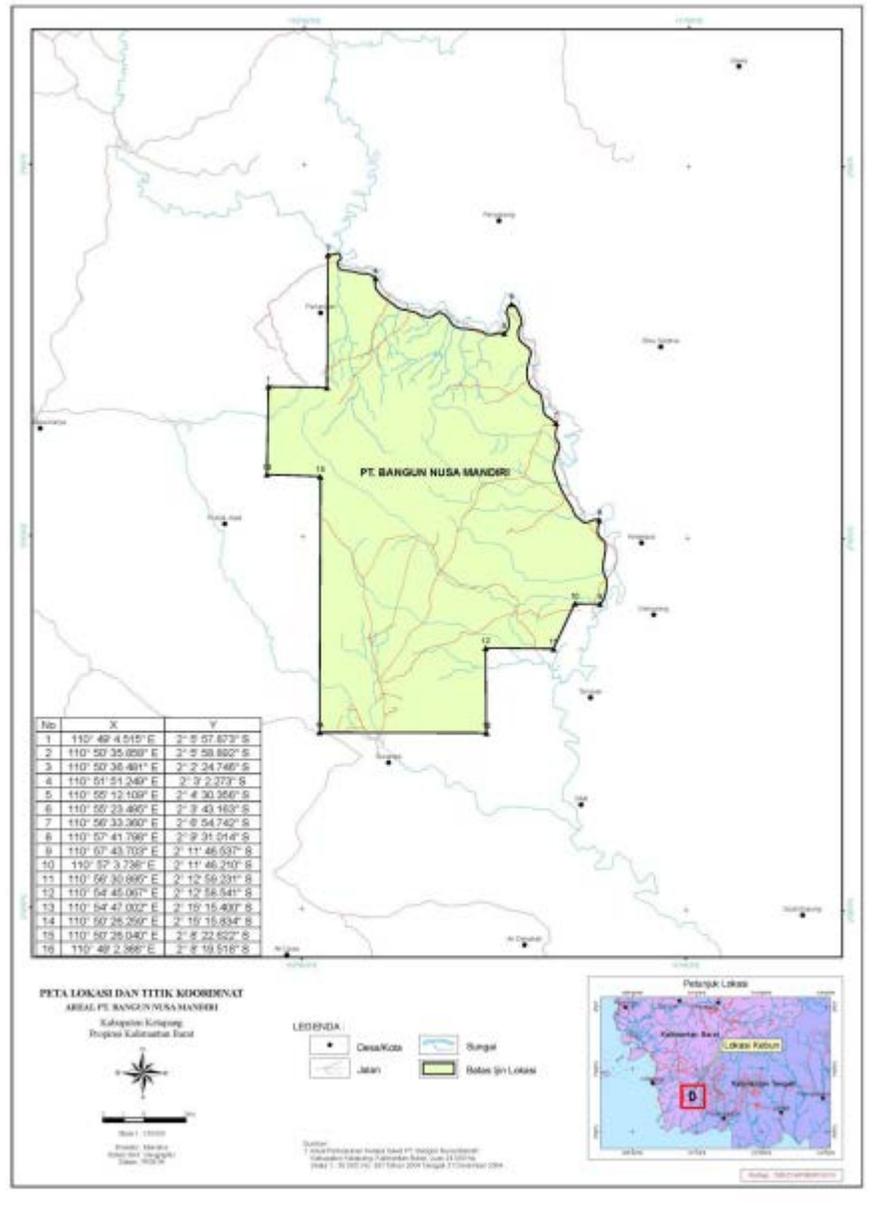
A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Dr. Haskarlianus Pasang

Head of Sustainability Division

Date: May 10th, 2013

**Image 2: Location Map of PT Bangun Nusa Mandiri in West Ketapang
(Page 3 – Summary Report of SEIA and HCV Assessments of PT BNM)**



Total HCV Area of PT BNM: **2.761,19 Ha.**

Map of HCV area are below.

Image 2: HCV Area Map and Area of Project Plan of PT Bangun Nusa Mandiri
 (page 11 – Summary Report of SEIA & HCV Assessments PT BNM)

