

**Summary Report of SEIA and HCV Assessments PT Cahaya Nusa Gemilang
District of Marau, Ketapang Regency, West Kalimantan**

Executive Summary

PT Cahaya Nusa Gemilang (hereinafter referred to as “PT CNG”) is located in Marau District of Ketapang Regency, West Kalimantan, and has met legal requirements to perform land clearing for new plantation. It holds Location Permit, Plantation Business Concession (“IUP”) and Land Use Title (*Hak Guna Usaha* – HGU) as bases for running Oil Palm Plantation business.

PT CNG has carried out an Environmental Impact Assessment (“EIA”) which, in accordance with the Minister of Environment’s Regulation No. 11/2006, is compulsory to plantation cultivation covering an area of $\geq 3,000$ hectares and has been authorised by West Kalimantan Governor by virtue of Governor’s Decree No. 265/BLHD/2010 on Oil Palm Plantation Operational Feasibility dated 24 May 2010 (covering an area of: $\pm 3,374.17$ Hectares) for PT CNG in Marau District, Ketapang Regency, West Kalimantan. The EIA document was prepared by the consultant named ‘Intergraha Citrapersada’ and performed by qualified persons from relevant disciplines.

The Company already has Social Impact Assessment (“SIA”) in its possession prepared by PT SMART, Tbk.’s internal team, whose coordinator has been registered under RSPO Approved HCV Assessors, and team members are competent in their respective discipline. Socio-Environmental Impact Assessment (“SEIA”) document has been supplemented by Social Impact Management and Monitoring Plan. Social impact management was carried out by PT CNG’s management under the assistance of stakeholders being the company’s partner.

PT CNG’s High Conservation Value (“HCV”) Assessment was carried out within its IUP area, in which Faculty of Forestry of Bogor Agricultural University’s (“IPB”) ran its research in period of June-September 2010. The field assessment was done on 11-16 June 2010. The HCV Assessment Team consisted of seven, three out of whom are registered under RSPO Approved HCV Assessors. The findings of such HCV assessment concluded that no primary forest found within the PT CNG’s management

concession. There are 7 (seven) HCVs identified in PT CNG's concession, namely HCV 1 (HCV 1.1, HCV 1.2, and HCV 1.3), HCV 2 (HCV 2.3), HCV 4 (HCV 4.1), HCV 5, and HCV 6, forming a total HCV area of 233,01 hectares.

SEIA and HCV Assessment Scope

- Name of company : PT Cahaya Nusa Gemilang
- Location : Rangkung, Randai and Batu Payung Dua Villages of Marau District, Ketapang Regency, West Kalimantan
- Geographic site : 2° 4' 31,546" S - 2° 10' 47,611" S
110° 29' 49,007" E - 110° 33' 44,729" E
- Borders
 - a. North : Protected Forest and Production Forest
 - b. East : PT Kencana Graha Permai's Concession
 - c. West : Pimping River and Production Forest Area
 - d. South : Kendawangan River
- Permits
 1. Permit Location: Ketapang Regent's Decree No. 384/2004 on Location Permit Authorisation for PT CNG's Oil Palm Plantation Development covering an area of 35,000 hectares, dated 21 December 2004.
 2. Location Permit Extension:
 - Ketapang Regent's Decree No. 432/2007 on Extension of period of, and Amendment to, PT CNG's Oil Palm Development Location Permit, covering an area of ± 9,000 hectares, dated 12 December 2007.
 - Ketapang Regent's Decree No.38/2009 on Extension of period of, and Amendment to, PT CNG's Oil Palm Development Location Permit, covering an area of ± 3.444,17 Ha

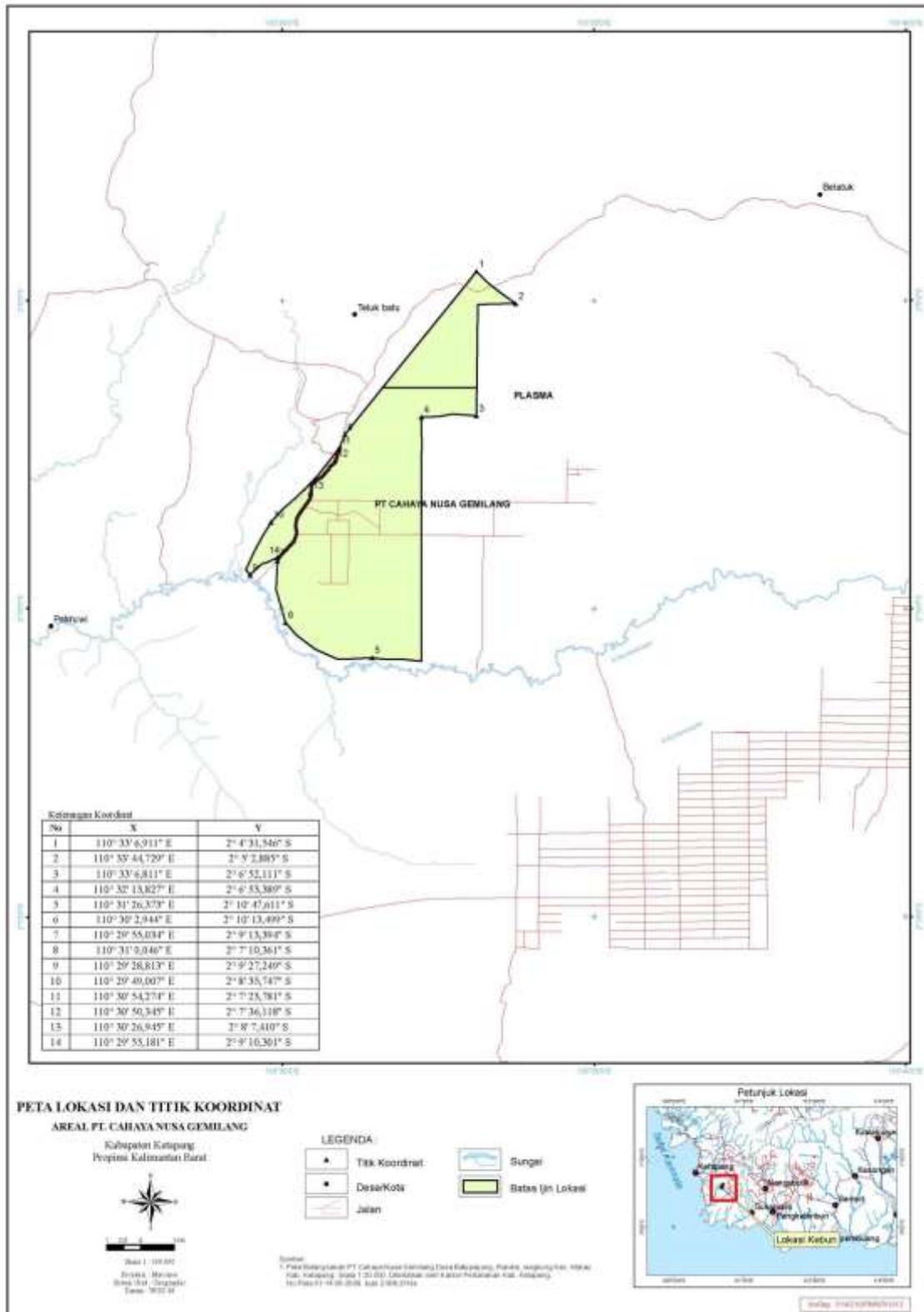
3. Land Use Title (HGU): PT CNG is still in the process of obtaining the title with relevant agencies.

4. Plantation Business Concession for Cultivation / IUP-B :

PT CNG has obtained Oil Palm Plantation Business for Cultivation (IUP-B) in accordance with Ketapang Regent's Decree No. 230/DISBUN-D/2012 dated 7 May 2012 on PT CNG Oil Palm IUP-B of 3,312 hectares.

- Location Map: See Figure 1

Figure 1: Map of PT CNG's Location in Ketapang Regency



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

Assessment Process and Procedures

a. SEIA Assessment

PT CNG has performed an EIA assessment according to Regulation of Environment State-Minister No. 11/2006, ruling that running EIA assessment is obligatory to plantation cultivation of area larger than 3,000 hectares. The EIA document has been authorised by West Kalimantan Governor through Decree No. 265/BLHD/2010 on Environmental Feasibility of PT Cahaya Nusa Gemilang Oil Palm Plantation Activities in Marau District of Ketapang Regency, West Kalimantan Province (covering an area of ± 3,374.17 hectares) dated 24 Mei 2010. This decree was annexed with Environmental Impact Statement (ANDAL), Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) with approved/signed by EIA Evaluating Committee of West Kalimantan Province.

The EIA assessment was carried out by a consulting firm, namely Intergraha Persada, whose personnel are qualified to run this activity. It was authorised in 2010.

The Environmental Impact Statement (ANDAL) document was prepared using the following method on data collecting and analysis.

- a. Secondary data collecting with desktop study.
- b. Data collecting with field observation and orientation.
- c. Data collecting with observation.
- d. Data collecting with lab analysis.
- e. Data and information collecting through Public Hearing and Focus Group Discussion (FGD).

The company already has a SIA document prepared by PT SMART, Tbk.'s team, led by a personnel registered under RSPO Approved HCV Assessors. The team consisted of those with relevant competencies. The SIA document is accompanied with RKL/RPL, for which PT CNG is responsible.

SIA Team Leader:**Yosaphat Ardhilla Renato, S.Ant.**

Born in Yogyakarta on 5 February 1987, he is a Corporate Social Responsibility (“CSR”) Officer to PT SMART, Tbk. Being an expert in social and cultural anthropology, he graduated bachelor of anthropology from Anthropology Department, Universitas Gadjah Mada (UGM) in 2010. He also joined HCV Resources Network and registered as a Social Discipline Specialist (*participatory rural assessment; socio-economic or cultural studies; participatory mapping; conflict resolution*) to RSPO Approved HCV Assessors.

Team Members:**Laurentius Vita Baskara, S.Sos.**

Born in Yogyakarta on 29 April 1987, he is a staff to CSR Department with expertise on social development and welfare. He graduated bachelor of social from Social and Politics Faculty in 2010. His experience in surveying and assessing social impact includes his works in a number of PT SMART, Tbk.’s plantations and mills, such as social impact survey and analysis in North Sumatera, Jambi, Belitung, etc. In addition, he has also been trained on Free, Prior and Informed Consent (FPIC) and Social Mapping.

Veranita Mei Pratiwi, S.Ant.

Born in Magelang on 16 May 1987, she is a staff to CSR Department with expertise on socio-cultural anthropology. Graduated bachelor of anthropology from Cultural Anthropology of Universitas Gadjah Mada (UGM) in 2010, she has been involved in several SIA surveys in a number of PT SMART, Tbk.’s plantation areas and mill.

Suma Nugraha, S.E.

Born in Garut on 7 July 1984, he is a staff to CSR Department with expertise on social, economy, and politics. He graduated bachelor of economy from Economy

and Management Faculty of Bogor Agricultural University (IPB) in 2008, and currently is pursuing his CSR master's degree from Trisakti University. He has been involved in social data gathering and social impact management monitoring in a number of PT SMART, Tbk.'s plantation areas and mill.

Widodo C. Yuwono

He currently holds position of Social Impact Assessment & Grievance Section Head. Having joined PT SMART, Tbk. since 1995, he graduated from Extra-School Education Major of IKIP-Jakarta State University. His carrier started as a Training Officer under Training & Development Department, tasked with training planning, making training syllabus, delivering training, and evaluation and training. Prior to holding position as Social Impact Assessment & Grievance Section Head, he was tasked with pioneering the company's CSR activities as a CSR Section Head whose main job was planning and implementing the company's CSR activities.

Assessment Methods

SIA Assessment

The method employed to collect data on socio-economic and cultural condition in the villages around PT CNG's plantations or mill is indirect collecting system. Indirect data collection system is carried out through desktop study over reading materials, such as EIA, HCV assessment, and other supporting literature containing government's data such as those found in the local government's website.

Primary data collection carried out through field visit contains collected items and represents all necessary data. Secondary data collected, other than through document/literature, is record/documentation of PT CNG's CSR programmes implementation and the local map. Upon extraction in the desktop study, the data was then analysed against RSPO principles relevant to sustainable social aspects.

b. HCV Assessment

HCV assessment was performed over PT CNG's concession, performed by Faculty of Forestry of Bogor Agricultural University (IPB), led by Ir. H. Nyoto Santoso, MS., with seven members from multidisciplinary backgrounds who are registered under RSPO Approved HCV Assessor.

Ir. Nyoto Santoso, M.Si. (Team Leader)

Born in Banyuwangi, 15 March 1962, he is team leader to HCV Team of IPB Faculty of Forestry. Mastering Biodiversity Management and Conservation, he completed his Master of Science in IPB Study Programme for Natural and Environmental Resources Management in 1992. His experience as an expert in environment and biodiversity fields started in 1987 with a study on Environmental Impact Assessment (EIA), Mangrove Ecosystem Management Inventorying of Flora and Fauna of Mangrove, Peat, and Tropical Rainforest Ecosystem, as well as Planning of Biodiversity Management in Industrial Forest, and Planning of Conservation Forest Management.

Ir. Siswoyo, M.Si.

Born in Purbalingga, 8 February 1965, he is a member of HCV Team of IPB Faculty of Forestry, being an expert in Flora Ecology. He completed his Master of Science in IPB Study Programme for Forest Management. He took IPB post-graduate course in 1999. His experience in HCV assessment field, particularly Flora Ecology, has started since year 2000. He also lectures Bioresources Conservation, Medicine Plant Conservation, Ethnobiology, and Ex-Situ Biodiversity Conservation subjects at the Faculty of Forestry.

Ahmad Faisal Siregar, S.Hut.

Born in South Tapanuli, 9 April 1975, he is a member of HCV Team of IPB Faculty of Forestry, with expertise on socio-cultural matters. Graduated Bachelor of Forestry from IPB in 1998, he continued with master degree from major of Tropical Biodiversity Conservation, IPB Postgraduate School. His experience in social assessment debuted in 1997. He also works for LPP Mangrove NGO.

Eko Adhiyanto, S.Hut.

Born in Batang, 3 June 1978, he is now member of HCV Team of IPB Faculty of Forestry, particularly as a flora expert. He graduated Bachelor of Forestry at Study

Programme of Forest Resources Conservation and Ecotourism, IPB, in 2001 and started his debut of flora assessment in year 2000.

Febia Arisnegara, S.Hut

Born in Bondowoso on 7 February 1985, he is a staff of PT SMART, Tbk.'s Environment Department. He graduated Bachelor of Forestry from Bogor Agricultural University (IPB) in 2009, with thesis 'Utilisation of Reptile as Medicine and Food in Jakarta'.

Aep Hidayat, B.Sc.F

Born in Bandung on 29 April 1963, he is a member of HCV Team of IPB Faculty of Forestry with expertise on mapping. With associate degree from Study Programme of Forestry year 1987, he has been an expert in the field of environment since that year and mapping since 1990. His experience in HCV assessment, especially flora ecology, has started since 2009. He currently works as lab-assistant for LMGC-IPB.

Rae Birumbo, S.Pi.

Born in Yogyakarta on 24 August 1976, he is a member of HCV Team of IPB Faculty of Forestry with expertise in the field of socio-cultural aspects. With bachelor's degree from Universitas Gadjah Mada in 2002, his experience in social assessment started with Coastal Community's Economy Empowerment (PEMP) from 2002 to 2005. In period of 2007-2010 he joined LPP Mangrove Bogor. He is also experienced in HCV survey activities in Papua, Kalimantan and Sumatera.

The HCV Assessment Phases

COLLECTING OF DOCUMENTS/REPORTS
<ul style="list-style-type: none">• Relevant Document/Report• Relevant Map
REVIEW OF DOCUMENT/REPORT:
<ul style="list-style-type: none">• Assessed HCVs

• Availability and sufficiency of Data/Information applied in:			
ASSESSED HCVs		UNASSESSED HCVs	
ASSESSED HCVs SUPPORTED BY SUFFICIENT DATA AND INFORMATION	ASSESSED HCVs YET NOT SUPPORTED BY SUFFICIENT DATA AND INFORMATION	COLLECTING OF DATA AND INFORMATION	
FIELD VERIFICATION			
FIELD SURVEY			
DATA PROCESSING			
DATA ANALYSIS AND SYNTHESIS			
HCV PRESENCE ANALYSIS		Negative	REPORT OF RESULT OF ASSESSMENT AND ANALYSIS OF HCV PRESENCE
Positive	MAPPING	REPORTING	
ASSESSED HCV AREA MANAGEMENT AND MONITORING PLANNING	MAKING OF RECOMMENDATION		MANAGEMENT AND MONITORING PLAN DOCUMENTS FOR THE ASSESSED HCV AREA

HCV assessment stages are initiated by document collecting, followed with review and the final result is documents of HCV assessment, assessed HCV area management and monitoring. The process of assessing HCV is elaborated in the chart [above].

HCV assessment activities employ several research methods in combination. They are Rapid Assessment based on Landsat 7 ETM 543 Image Map, Semi-Detailed Soil Survey Map and Final Mapping, field survey, Focus Group Discussion, and interview of

key informants. To guide the assessment, 'Toolkit for HCV Area Assessment in Indonesia' and RSPO P&C are applied, thus HCV assessment process and the methodology are adjusted to each HCV.

Summary of Assessment Findings

a. SIA

Based on the objective of social impact analysis and assessment, following are the conclusion.

1. PT CNG's presence has contributed positive impacts to social condition of its neighbouring community.
2. PT CNG's positive impacts contributed to the community are those relating to economy improvement and increase of income which in turn provide positive impacts to the community's living standard and fasten cash circulation to open significant opportunity to the area development.
3. The land acquisition and compensation have been implemented with prior information, followed by mutual agreement between the company and the community to whom the compensation was made. This compensation is adjusted with PT CNG's procedure in place.
4. The company's policy relating to Occupational Health and Security (OHS) Management has already been implemented. This increases positive impacts the staffs received.
5. Negative impacts arising in findings of PT CNG's Social Impact Analysis and Assessment are social apprehension related to land clearing activities, water resources management and environment destruction, as well as local workforce absorption quota. Also, the local community's deteriorating health and environmental quality which often relates to water and environmental quality degradation air pollution-related disease, riverbank erosion level, and poor sanitation quality.

List of PT CNG's Social Issues

No.	Social Impact	Social Issue
1.	Increase of the community's income	Increase of the community's income compared to before the company's development of infrastructure through its operations providing permanent income to the community.
		The company engages certain contractors sustainably according to the work portion regularly worked.
		Opening of small kiosks providing daily needs due to the community's increasing economic activities.
		Plasma programme under partnership between the company and the community.
2.	Social Apprehension	Attention must be paid to local workforce absorption quota which needs to be adjusted to the company's workforce demand.
		The community's unawareness of the company's investment and management plan. This can be minimised with simultaneous proactive efforts.
		Land acquisition activities have opportunity to cause apprehension or polemic because of disagreement upon the land compensation price.
		Water quality management and monitoring because water is the main resource to the community living in the assessment area.
3.	The community's health problems	Waste from the company's activities is responsibly reused to support its operation. Those falling under toxic & hazardous materials (B3) are well managed under cooperation with third parties.

		Poor environmental sanitation in the community because of post-land clearing deteriorating environmental quality.
		FFB transportation activities often cause dust and pollution. The company also makes effort to reduce the pollution level potentially causing respiratory diseases.

General Recommendation Based on the Social Impact Analysis and Assessment

1. Increase of the community's income

Increase of the community's economic level is implemented through several management actions, namely: provision of information on workforce demand to the local government according to the needs and qualifications set by the company; employees' salary payment according to or above the minimum standard wage; community empowerment through local partnership and local purchase; implementation of Occupational Health and Safety (OHS) policies; delivery of trainings on entrepreneurship to the community; and promotion of the local community's business growth through local purchase and partnership. In addition to the internal efforts, PT CNG also construct plasma plantation to boost up the economic activities of the local community and outgrowers participating in that programme.

2. Social apprehension

Based on the socialisation during investment stage, PT CNG which would be developed in the assessment area mentioned under the EIA document has gone through land acquisition and compensation according to FPIC process and method. This land acquisition process was hindered by disagreement over the investment and the company's management scheme in the operational activities. Also, compensation requirements need to be socialised to reach mutual agreement with the community to whom the compensation is to be made, as well as the company area determination process leading the land compensation process. This is applied to

determine potential locations to compensate. The compensation process that the company runs is according to its procedure in place ruling compensation.

PT CNG needs to socialise its workforce demand based on the quota and the current positions available. It should also communicate the most updated data to the villages/local governments. In addition to the employment issue, PT CNG needs to perform the management, monitoring, and strict supervision on environmental pollutants mainly water pollutants. Deteriorating water quality will become a major problem if it is not well managed, because water is the primary resource to community living in the assessment area.

3. Community Health Problems

Proactive communication with relevant stakeholders within the assessment area needs to be done intensively to ensure the restriction of expanded negative social impacts. Several communication issues with the company stakeholders are as follow.

- Communication with local contractors in order to strictly monitor that they perform environmental control in their operations during waste transportation and management operations.
- Communication with the management's internal, environmental office, and local community to perform the best management practices in processing oil palm wastes, toxic and hazardous materials, as well as socio-environmental impact management reporting.
- Communication with the local community to provide information on adequate sanitary pattern and environmental management.

These are a set of efforts to manage the principal negative impacts consisting of social unrest and community health problems.

b. HCV Assessment

There are seven HCV types found in PT CNG's concession, namely HCV 1 (HCV 1.1, HCV 1.2, and HCV 1.3), HCV 2 (HCV 2.3), HCV 4 (HCV 4.1), HCV 5, and HCV 6, total area of which is 233.01 hectares. Following is the explanation for each of them.

1. HCV 1.1 (Areas that Contain or Provide Biodiversity Support Function to Protection or Conservation Areas). There are protected areas within PT CNG's concession, i.e. riverbank, lake surroundings, and spring surroundings with forested condition. The total area is 181.91 hectares.
2. HCV 1.2 (Critically Endangered Species), in the form of a plant species falling under 'Endangered' category according to IUCN, i.e. Belangeran (*Shorea balangeran* (Korth.) Burck).
3. HCV 1.3 (Areas that Contain Habitat for Viable Populations of Endangered, Restricted Range or Protected Species) which is located in riverbanks, lakes, springs and *tembawang* field. Several flora and fauna species were found in this area; they are protected by Government Regulation No. 7/1999 and/or belong to CITES's Appendix II and/or classified 'Vulnerable' (VU) or Critically Endangered (CR) according to IUCN. They are Agarwood (*Aquilaria malaccensis* Lamk.), Red Balau (*Shorea balangeran* (Korth.) Burck), Pekawai/Durian Pulu (*Durio kutejensis* (Hassk.) Beccari), Ironwood (*Eusideroxylon zwageri* T. & B.), Sambar Deer (*Rusa unicolor*), Black Hornbill (*Anthracoceros malayanus*), Brahminy Kite (*Haliastur indus*), Grey-Headed Fish Eagle (*Ichthyophaga ichhyaetus*), Black Eagle (*Ictinaetus malayensis*), and Common Hill Myna (*Gracula religiosa*). HCV 1.3 total area is 232.05 hectares
4. [HCV 2.3 (Areas that Contain Representative Populations of Most Naturally Occurring Species). Areas containing HCV 2.3 are found in PT CNG's concession. Area proven containing high population of constantly reproducing predator is also found and is very likely to be viable. The total HCV 2.3 area size is 232.05 hectares.]
5. HCV 4.1 (Areas or Ecosystems Important for the Provision of Water and Prevention of Floods for Downstream communities) in the form of riverbanks, lake area, and spring surroundings. Total HCV 4.1 area is 232.05 hectares.

6. HCV 5 (Natural Areas Critical for Meeting the Basic Needs of Local People). Forested area or natural ecosystem in PT CNG's concession is considered quite important to the community to meet its basic needs, such as drinking water sources, and other daily activities. The total area is 11.65 hectares.
7. HCV 6 (Areas Critical for Maintaining the Cultural Identity of Local Communities). Cemetery/sacred places and *tembawang* area are found in this concession, being an identity to the local community. Its total area is 51.10 hectares.

Recommendations

1. It is advisable to PT CNG as the concession holder to immediately prepare management and monitoring plan over the already assessed HCV areas.
2. Once the HCV area management and monitoring plan is made, the company must immediately implement such plan to the assessed HCV areas.
3. The company management must found assisting an assisting body to implement the management and monitoring plan over the assessed HCV area.
4. The company management must coordinate with and consult the local government and other relevant institutions to address issue of land overlapping with production forest area.

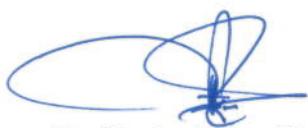
Attended by approximately 26 individuals from PT CNG's management unit representatives, the HCV assessment team, and neighbouring stakeholder representatives (consisting of the Village Heads and secretaries, public leaders and local government), public consultation was held on 16 June 2010 in Marau District Meeting Hall.

Figure 2. HCV Area Assessment and Project Plan from PT CNG

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 Cahayanusa Gemilang**,

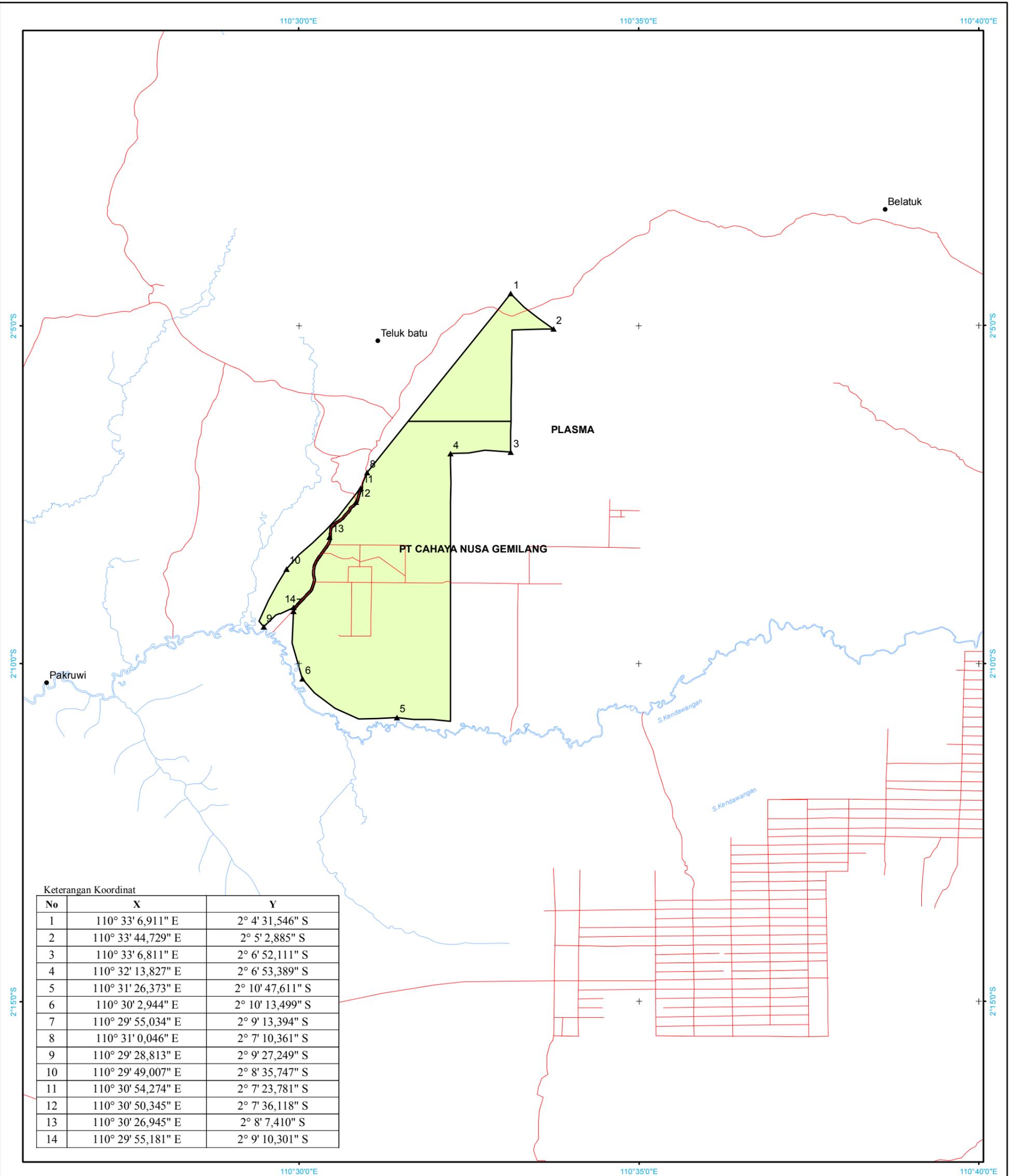
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Dr. Haskarlianus Pasang

Head of Sustainability Division

Date: June 4th, 2013

Appendix 1. Figure 1: Map of PT CNG's Location in Ketapang Regency



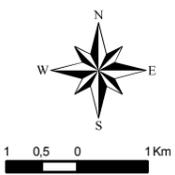
Keterangan Koordinat

No	X	Y
1	110° 33' 6,911" E	2° 4' 31,546" S
2	110° 33' 44,729" E	2° 5' 2,885" S
3	110° 33' 6,811" E	2° 6' 52,111" S
4	110° 32' 13,827" E	2° 6' 53,389" S
5	110° 31' 26,373" E	2° 10' 47,611" S
6	110° 30' 2,944" E	2° 10' 13,499" S
7	110° 29' 55,034" E	2° 9' 13,394" S
8	110° 31' 0,046" E	2° 7' 10,361" S
9	110° 29' 28,813" E	2° 9' 27,249" S
10	110° 29' 49,007" E	2° 8' 35,747" S
11	110° 30' 54,274" E	2° 7' 23,781" S
12	110° 30' 50,345" E	2° 7' 36,118" S
13	110° 30' 26,945" E	2° 8' 7,410" S
14	110° 29' 55,181" E	2° 9' 10,301" S

PETA LOKASI DAN TITIK KOORDINAT

AREAL PT. CAHAYA NUSA GEMILANG

Kabupaten Ketapang
Propinsi Kalimantan Barat



Skala 1 : 100.000

Proyeksi : Mercator
Sistem Grid : Geographic
Datum : WGS 84

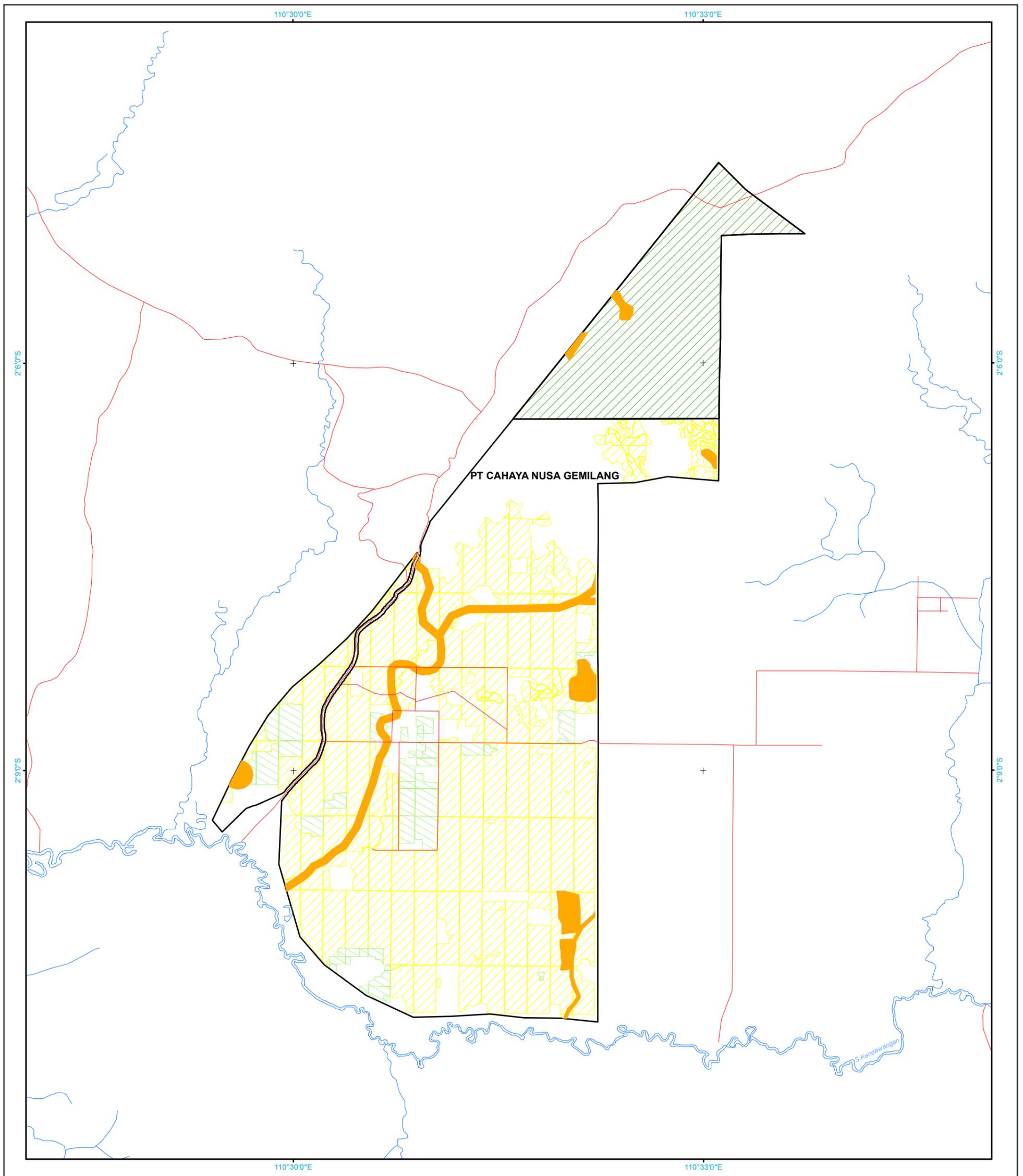
LEGENDA :

- Titik Koordinat
- Desa/Kota
- Jalan
- Sungai
- Batas Ijin Lokasi

Sumber :

1. Peta Bidang tanah PT Cahaya Nusa Gemilang Desa Batupayung, Randai, rangkong Kec. Marau Kab. Ketapang. Skala 1:20.000. Diterbitkan oleh Kantor Pertanahan Kab. Ketapang. No Peta 01-14.06-2009. luas 2.906,81Ha





PETA AREAL STATEMENT DAN SEBARAN NKT

AREAL PT. CAHAYA NUSA GEMILANG

Kabupaten Ketapang
Propinsi Kalimantan Barat



0 0,25 0,5 1 1,5
Km

Skala 1 : 50.000

Proyeksi : Mercator
Sistem Grid : Geographic
Datum : WGS 84

LEGENDA :

- | | |
|-------------------|--------------------|
| Jalan | Tahun Tanam < 2010 |
| Sungai | Tahun Tanam ≥ 2010 |
| Batas Ijin Lokasi | Areal HCV |

Sumber :
1. Peta Bidang tanah PT Cahaya Nusa Gemilang Desa Batupayang, Randai, rangkong Kec. Marau Kab. Ketapang. Skala 1:20.000. Diterbitkan oleh Kantor Pertanahan Kab. Ketapang. No Peta 01-14.06-2009. luas 2.906,81Ha
2. Peta Tanam sampai dengan Februari 2013 areal PT. Cahaya Nusa Gemilang, PMNP Division

