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PT TIMBANG DELI INDONESIA

(SIPEF GROUP)

KABUPATEN DELI SERDANG

NORTH SUMATRA PROVINCE

INDONESIA

SUMMARY OF SIA AND HCV REPORTS

DECEMBER 2014



RSPO NEW PLANTINGS PROCEDURE

Summary Report of SEIA and HCV Assessment

1. Executive Summary

PT Timbang Deli Indonesia is a company engaged in rubber cultivation, under the management of PT Tolan Tiga Indonesia, a subsidiary of SIPEF (Societe Internationale de Plantations et de Finance), a Belgian agro-industri company listed on NYSE-Euronext, Brussel. The Sipef group has long been guided by a strong focus on sustainability, and has based its commitment to sustainable palm oil on the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO).

As a member of RSPO, SIPEF is committed to ensuring that PT TDI's operations comply with the RSPO certification requirement including those of the NPP (New Planting Procedure) which was enforced 1st January 2010.

PT Timbang Deli Indonesia (PT TDI) has obtained permanent land use title ("HGU") for oil palm plantations covering an area of ± 972.19 ha through the Decree No. 69/HGU/BPN/97 dated 10th July 1997.

Administratively, PT TDI is located in Deli Serdang region, North Sumatera province. PT TDI's area covers 3 (three) villages which are Timbang Deli village, Keramat Gajah village and Jahuran A village, all three villages are in Galang sub-district,

Based on maps of development of forest use of North Sumatera from Directorate General of Planology Forestry Republic of Indonesia, stated that the area of PT TDI is land for other uses (APL).

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Agricultural crops cultivated in the area is rubber and the existing lower area were planted with oil palm. Rubber were planted since 1978 with latex as its product and directly put into latex tank to be delivered to PT Bandar Sumatera Indonesia, part of SIPEF group too. Subsequently, PT TDI does not have sheet factory. And Fresh Fruit Bunches from oil palm areas are sold to other parties.

Based on Land System map and sheet of Suitability Deli Serdang scale 1:250.000 (Geology Research Center, 1990), PT TDI is found in formation of Tufa Tuba (Qvt) and formation of Aluvium and Beach (Qh).

Based on Land System map and sheet of Suitability Deli Serdang scale 1:250.000 (RePPPProt, 1987) and clasification of Soil Research Center (1983) also field survey, it is found that soil type of PT TDI are Podsolik and Regosol, with Podsolik is dominant (80%). Average pH is 6.07 (neutral).

From semi detailed soil survey by JH Agriculture Services in May 2014, the soil characteristic of PT TDI are shown in table 1.

Table 1. Land System of PT. TDI Plantation Area

SYMBOL	NAME	Area (ha)	%
SRK / TLU arb	Sorek / Talau series	913	90%
KLD / SBU arb	Keladang / Sungai Berau series		
TLN / KSM al	Tolan / Kesuma series	95	10%
Jumlah		1,008	100%

(Note : there is a descrepancy in the size of the area covered by the soil survey and the area licenced, due to small differences in coordinates used by the soil survey team. The size of the descrepancy is 35.81 ha more than 972.19 ha licenced, or 3.68%).

The conclusion from the soil survey stated that there are no major soil limitations. Soil properties and topography are favorable to good plant growth and production.

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However, rainfall for the estate is low and agronomic practices to conserve soil moisture must not be neglected. Mulching with EFB (empty fruit bunches) and establishment of *Mucuna bracteata* as cover crop is strongly recommended.

One of the results of the HCV assessment is the area is not a primary forest. HCV identification showed that HCV 1 is covers 1.52 Ha or 0.16% of the area, and HCV 4 is found on 3.79 Ha or 0.39% of the area, HCV 6 is found 0.89 Ha or 0.09% of the area. Total HCV area indentified in PT TDI is 6.20 Ha or 0.64% of the total permanent land use title.

Public consultation was done on 11th March 2014 from HCV and SIA Assessment by Forestry Faculty of IPB (Bogor Agriculture Institute). HCV peer review was conducted in May 2014 by independent consultant, Rachmad Hermawan.

2. Scope of the SEIA and HCV Assessment

The SEIA and HCV assessment covered the location of PT TDI, and identified existing HCV areas and social situation and challenges at the time of the assessment.

Organizational information and contact person of PT TDI :

Contact Person : Mr. Hamdani (Manager of Environment, Health and Safety)

- Personnel involved in planning and implementation
 1. Mr. Stephen Peter Connor Nelson (President Director)
 2. Mr. Adam Christian Quentin James (Director)
 3. Mr. Ahmad Subagio (General Manager)
 4. Mrs. Anita Ridhani (Manager, Corporate Affairs)
 5. Mr. Sahrul (Estate Manager, PT Timbang Deli Indonesia)
 6. Mr. Efri Paryanto (Environment, Health and Safety Coordinator, North Sumatra GMO)

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- Stakeholders involved during implementation
 1. Government officers: National Land Services (Badan Pertanahan Nasional), Forestry Services (DinasKehutanan), Police.
 2. Local government representatives (at Kabupaten, Kecamatan and Village levels) : Village-Heads of Keramat Gajah, Timbang Deli and Jaharun A.
 3. Company employees and their representatives.

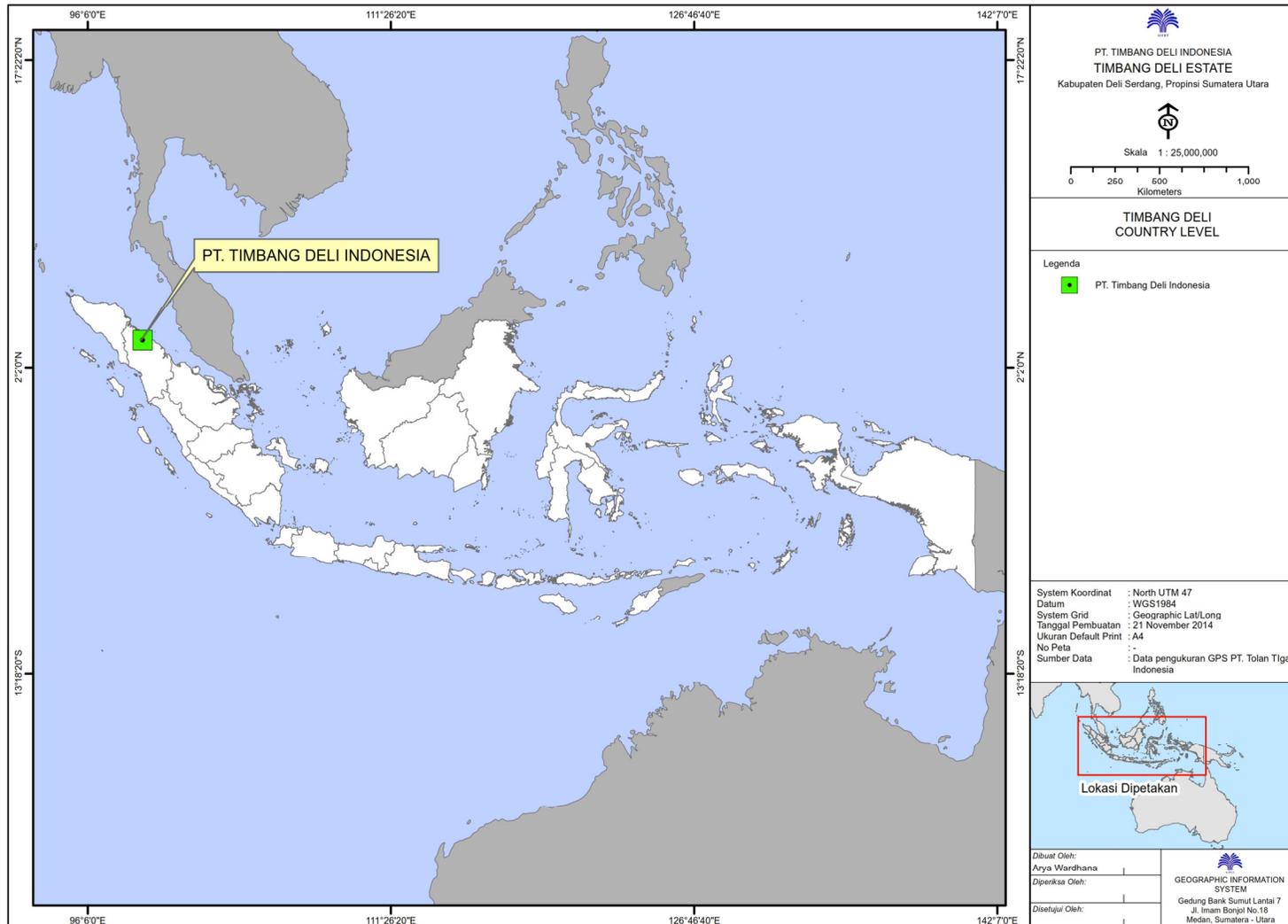
Legal documents already obtained and on progress for this new planting are listed in the table 2 below.

Table 2. Legal Documents of PT Timbang Deli Indonesia

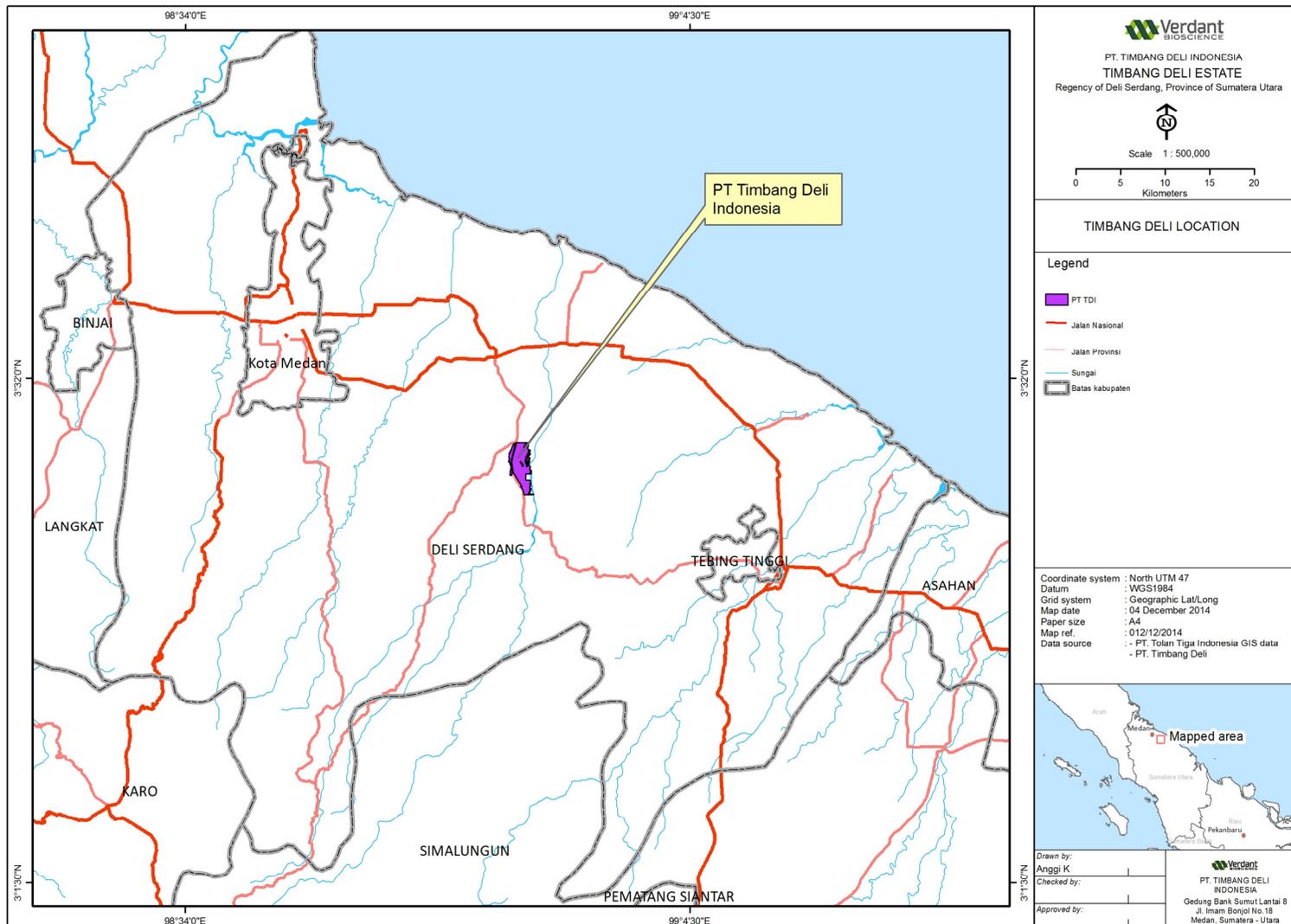
No	Legal Documents	Numbers	Remarks
1	Tax Registration Number (“NPWP”)	No.01.001.800.0-058.000	Stamp and initials by tax office of foreign investment, dated 14 th November 1982
2	Permanent Land Use Title (HGU=Hak Guna Usaha)	No. 4.	Signed by Head Office of Land Deli Serdang District, dated 10 th July 1997.
3	Decision Letter of Permanent Land Use Title	No. 69/HGU/BPN/97	Signed by Minister of Agraria, Head of National Land Agency, dated 10 th July 1997.
4	Permanent Business Permit (“Izin Usaha Tetap”)	No. 386/T/Kehutanan/Perkebunan/1998	Signed by Minister of Forestry and Plantation, Minister of Investment, Chief of Investment Coordinating Body, dated 21 st August 1998.
5	Plantation Business Permit (“Izin Usaha Perkebunan”)	No. 209/Menhutbun-VII/2000	Signed by Minister of Forestry and Plantation, Directorate General of Plantation, dated 10 th March 2000
6	Harzardous Waste Permit	No. 784 year 2010	Signed by Mayor of Deli Serdang District, dated 06 th August 2010.

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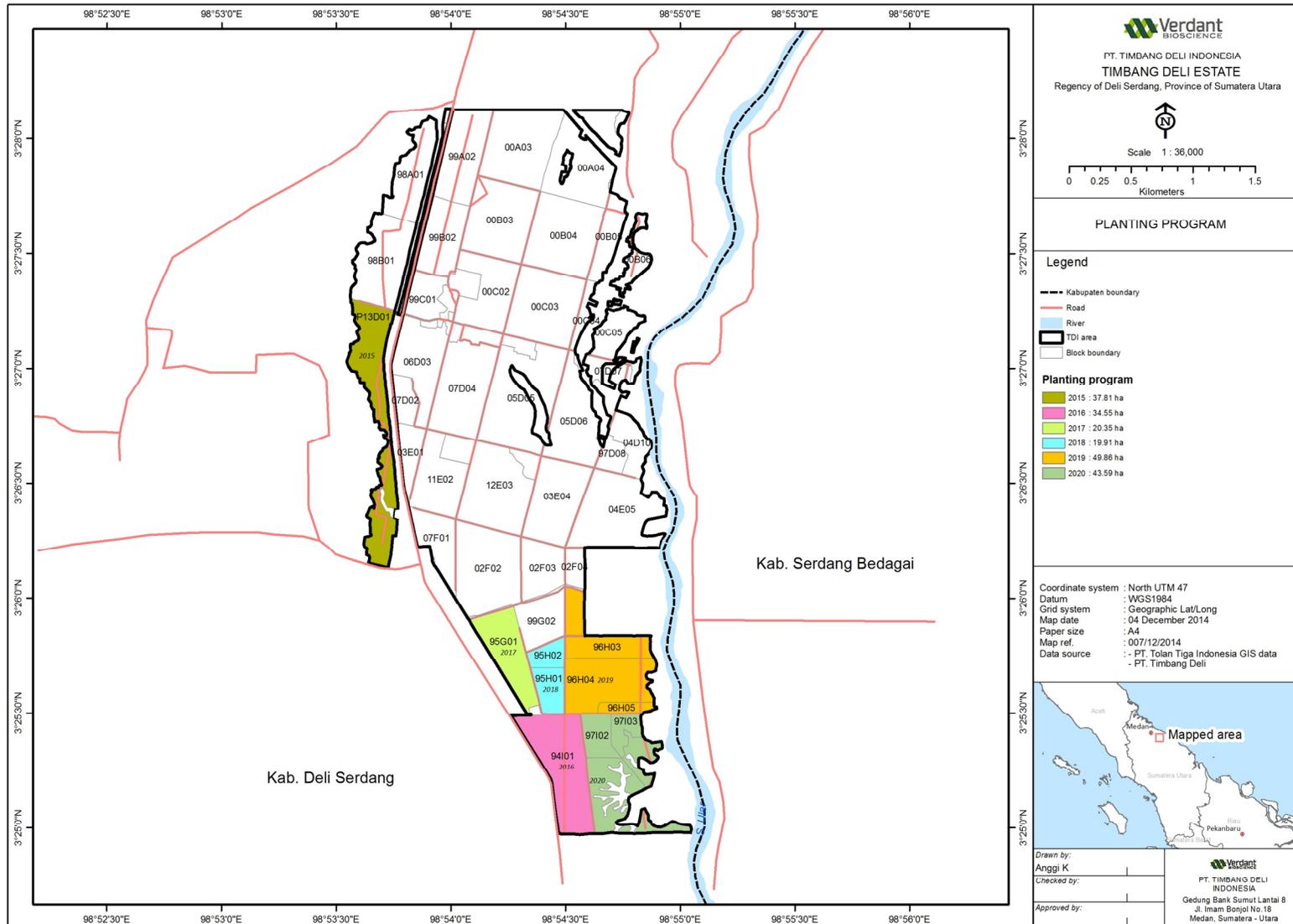
7	Company Registration Number (“Tanda Daftar Perusahaan”)	No.02.12.1.01.00927/2518/2422/2443/07/2011	Signed by Head of Licensing Service for the Mayor of Medan, dated 18 th July 2011
8	Principle Permit (“Izin Prinsip”)	No. 602/1/IP-PB/PMA/2014	Signed by Head of Coordinator Investment Republic of Indonesia, dated 12 th March 2014.
9	UKL / UPL	No. APDL.T/305A/VII/2014	Signed by Head of Environmental Impact Control Agency of Deli Serdang District, dated 06 th August 2014.



Map 1. Location of PT TDI (country level)



Map 2. Location of PT TDI (Kabupaten Level)



Map 3. Planting Program of PT Timbang Deli Indonesia

3. Assessment Process and Procedure

The HCV assessment team, which involved experts in Biodiversity Wildlife and Vegetation, Social and Culture also supported by GIS expert, had conduct field data collection in 5 (five) days, from 07 – 11 March 2014. Data collection was facilitated by the staff of the company and assisted by the village community. Likewise with SIA assessments conducted at the same time.

The assessment of SIA and HCV of PT TDI were carried out by Forestry Faculty of Bogor Agriculture Institute (IPB) which it's office at Jl. Lingkar Akademik, Kampus IPB Darmaga, Bogor – 16680, West Java. Consultants conducting these assessments have been accredited and approved by RSPO.

The assessment team of Forestry Faculty-IPB consists of a Team Leader (expert in wildlife), members were supported in mapping or GIS (Geographic Information Systems), vegetation and social-culture expertises. The composition of the assessment team are presented in Table 3.

Table 3. Complete Team of HCV & SIA Team Forestry Faculty of IPB

No.	Name / Title / HCV Assessor Certified / RSPO Status	Brief Information
1.	Dr. Ir. Nyoto Santoso, MS. Team leader Registered in RSPO and HCV Indonesian network	Born in Banyuwangi, 15th March 1962. As a team leader, he got his degree as Magister of Science for Natural Source and Environment Management in 1992 from IPB, then his doctor degree for Science in 2012 from the same institute. He started his profession since 1987 in environment

		and biodiversity, study of Environment Impact Analysis, Mangrove Ecosystem Management, Inventory of Flora dan Fauna Ecosystem of Mangrove Forest, Peat Forest, and Tropical Rain Forest, also Planning Management of Conservation Forest.
2.	Eko Adhiyanto, S. Hut. Team member Registered in RSPO and HCV Indonesian network	Earned his degree in 2001 from IPB with study of Natural Source Forest Conservation and Ecotourism, he was born in Batang on 3 July 1978. Since 2000 started his assessment in flora in various activities such as High Conservation Value (HCV), Lembaga Penilai Independen (LPI), Ecosystem Baseline Analysis (EBA), ANDAL, UKL UPL and Ecological Sensitivity Index (ESI).
3.	Handian Purwawangsa, S.Hut., M.Si. Team member Registered in RSPO and HCV Indonesian network	Born in Cipanas, 01 January 1979. He is a member of the team, expertise in social and culture. Got his magister degree from IPB study of Forest Science in 2008 and started his professional since 2002.
4.	Udi Kusnidar, S.Hut. Team member	Born in Ciamis, 13th May 1984. He is part of the team as a member expertise in social and culture. Earned his bachelor degree from IPB with study in

		Conservation of Natural Source Forest, Natural Source Forest Conservation and Ecotourism Department. Started his professional since 2009.
5.	Ir. Heri Wiyono Team member	He expertise in social culture, and got his bachelor degree in 1987 from IPB, study in Forest Management. He was born in Nganjuk on 12th August 1962.
6.	Irham Fauzi, S. Hut. Team member	Graduate from Forestry Faculty of IPB in 2013, with study in Conservation of Forest Natural Source, Natural Source Forest Conservation and Ecotourism Department. His experiences in mapping with GIS and Remote Sensing since 2011.

This assessment used HCV toolkit Indonesia, version of 2nd June 2008.

3.a. Methodology of Social Impact Assessment.

Location of assessment is areal of PT Timbang Deli Indonesia and villages surrounding, Timbang Deli village, Keramat Gajah village, and Jaharun A village. All are in Galang sub-district, Deli Serdang District, North Sumatera Province, Indonesia.

Material that were used in the assessment are documents/reports related with social aspect study (report activities of CSR, list of employment, list of personel protective equipment, up dated statistic book of Galang Sub-District). The object

of the study are the community around the plantation and company's employment, for dept interview and respondents. The equipment used are stationery, computer, camera and GPS.

For the SIA, there are 5 steps which are :

1. Rational Basic Thought and Framework Approach

Basically this study has assumption that PT TDI's operational has to pay attention for the social economy of the community surrounding and their needs. So as the PT TDI's activities can be done well and sustainable. Subsequently, the framework approach that used to plan SIA is looking for data and information of the existing condition. From that based line, the planning of social management contains activities which should be done in order to build ideal and better condition in every aspects for PT TDI and community.

2. Focus of Social Studies

Social and economy of community are affect and effected by companies. In that case, it is needed to determine which factors of social economy that influences and focus in this assessment :

- Relationship between PT TDI and community which is based on the findings in the field.
- Public perception and the impact of PT TDI.
- Social and economic activities required by the surrounding community.
- Social activities that have been carried out by PT TDI.
- Potential issues and problems analysis by parties.
- Employment aspect.

3. Sampling Technical

Distribution of the sampling technical was determined by representation of characteristics of population.

4. Data Collection

Data needed is included primary and secondary data, and should be verify by interview in the field.

5. Analysis and synthesis data

Primary and secondary data are analysed with quantitative and qualitative methode. Quantitative analysis is by reading the table frequency. This methode has to be supported by qualitative analysis, which give emphasis on description or overview various facts and relation among variables found in the field.

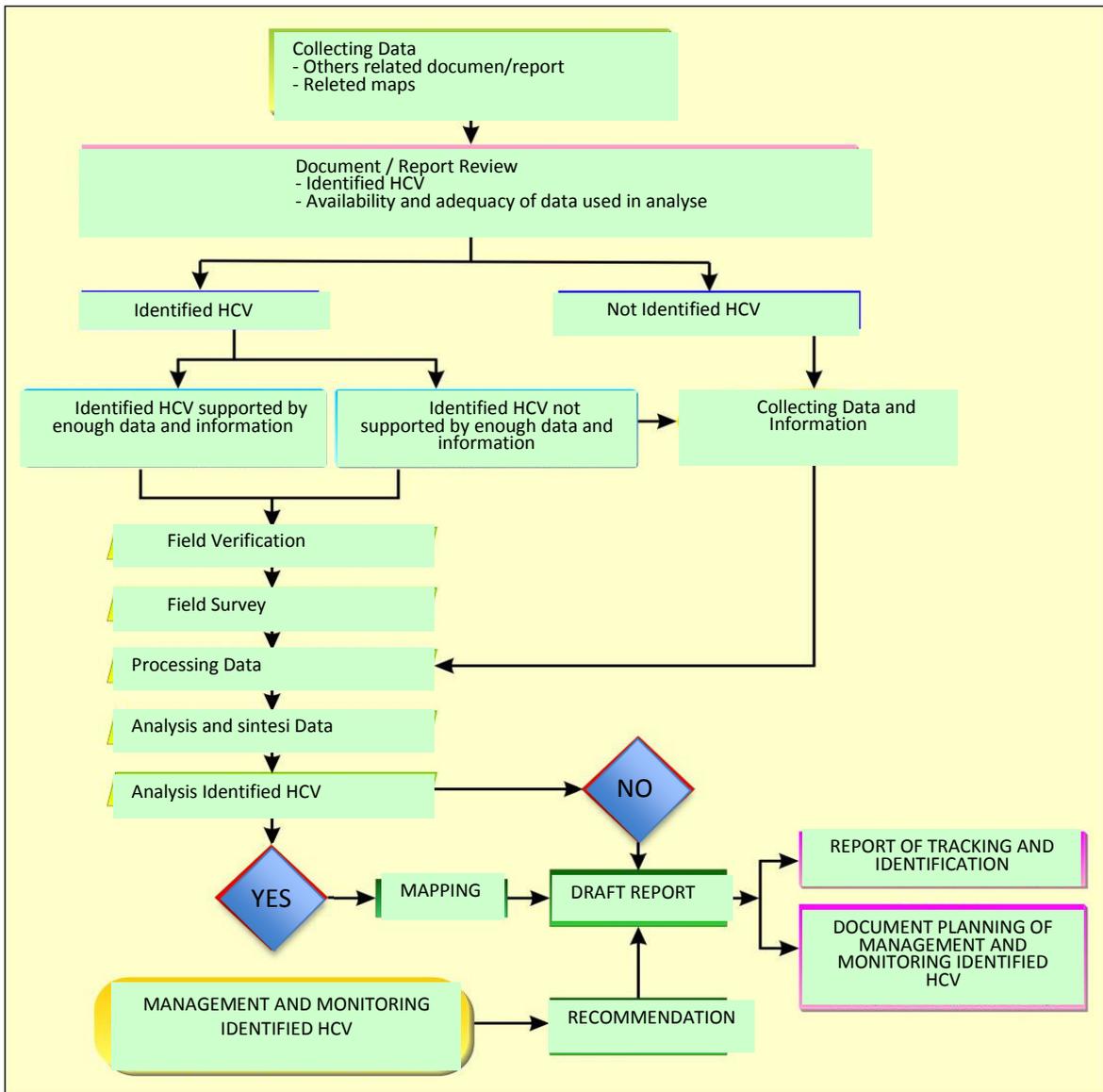
3.b. Methodology of High Conservation Value Assessment.

Location of assessment is areal of PT Timbang Deli Indonesia, Deli Serdang District, North Sumatera Province, Indonesia.

Material that were used in the assessment are maps of PT TDI, Citra Landsat image, Elevation and Topography, documents/reports related with social aspect study (report activities of CSR, list of employment, list of personel protective equipment, up dated statistic book of Galang Sub-District). The object of the study are the community around the plantation and company's employment, for dept interiew and respondents. The equipment used are GPS, compass, plastic rope, meter, camera, binocular, and stationery.

Assessment of PT TDI used the process of method as follows :

1. Framework Approach



Picture 1. Framework Approach of Identified and Analysis HCV of PT TDI

2. Phases of Activities

Activities have been done in identification and analysis of HCV finding in area of PT TDI: documents collecting, review of documents, collecting data and information, analysis data, identification HCV, mapping, management and monitoring identified HCV.

3. Analysis and Mapping

At this step, analysis carried out a comprehensive and depth study of the primary and secondary information obtained from field survey, which include physical, spatial, flora, fauna, social and cultural. The result of analysis then is used to identify the area with HCV, and then mapped with GIS software.

4. Identification and Analysis HCV

To identify each of HCV, the consultants use toolkit Indonesia, version of 2nd June 2008, that prepared by consortium of HCV Toolkit Revision Indonesia.

5. Management and Monitoring Identified HCV

In the management and monitoring plan identified HCV, refers to the study result in Identification and Analysis HCV Findings at PT TDI and Draft of HCV Management and Monitoring Guidance prepared by HCV RSPO Indonesian Working Group (HCV-RIWG) August 2009.

6. Public Consultation

The next process that important and could not be neglected is public consultation. It is important to obtain feedback toward HCV findings from related parties, especially from stake holders, example government (villages and district), PT TDI, villagers that live surrounding PT TDI, university, and NGO. Commentary from the participants was documented to provide inputs in finalization of HCV and SIA report.

7. Peer Review Document

This is a process of checking or research of a scientific work by experts in that field. It is needed to meet their standart of science. Peer review is done so as the final report of assessment is a comprehensive, factual and according with the rules of scientific standart.

Table 5. Schedule Activities of Assessment HVC and SIA of PT TDI

No.	Day	Date	Activities	Location
1	Friday	7 March 2014	Opening Meeting	PT TDI's office
2	Saturday	8 March 2014	Field Survey	Area of PT TDI and villages
3	Sunday	9 March 2014	Field Survey	Area of PT TDI and villages
4	Monday	10 March 2014	Field Survey	Area of PT TDI and villages
5	Tuesday	11 March 2014	Closing Meeting and Public Consultation	PT TDI's office

4. Summary of SIA Findings and HCV Findings

4a. Summary of SIA Findings

Demography and Social issues.

PT Timbang Deli Indonesia is administratively located in the District of Deli Serdang, Sub-District of Galang. The villages located around the licenced area are Timbang Deli, Keramat Gajah dan Jaharun A.

All are reasonably not far from the district capital which is 4 km for Timbang Deli village, 7 km for Keramat Gajah village and only 1 km for Jaharun A village.

The total population of the three villages neighbouring the licence area is 9,262 people, with an average population density of 949 people/square km. The lowest density Timbang Deli village, 304 people/square km. And the highest density is Jaharun A village for 1,302 people/square km.

From in-depth interviews and discussions, generally response from community for PT TDI is good, especially PT TDI already been there for quite a long time and most of villagers is employee or ever been employed or has relatives working at PT TDI or used to work at PT TDI. Community do not reject the existence of PT TDI in the area.

Some social issues related with management PT TDI are latex and enplumps theft, fires in the dry season, cattle grazing, limited land use for villagers, potential flooding from government's land that beside PT TDI which planted/used by villagers.

Most of the area surrounding the licence area is covered by rubber and oil palm owned by villagers and others plantation companies. There is no any forest or forestry spot in the area.

Ethnically, the population mostly is from Java, with significant numbers of people from other areas (Melayu, Karo and Batak) and small quantity of Nias and Tionghoa (Chinese). Majority is moeslim, and some villagers are Christian and Buddhist.

Education and Health

Education and health are relatively good. With buildings for toddlers, play-group and kindergarten also a good proportion of the younger people reaching high school. Further education opportunities as university, can be found in Medan that only 1 hour by bus. Public medical facilities are available in the plantation and in villages / towns nearby. Villagers prefer to go to Puskesmas, Puskesmasdes, or doctor or midwife for health treatment.

Economy and Communication

Local community that live near by PT TDI mostly is Batak tribe from Timbang Deli village, they work as casual laborers or employee at PT TDI.

Others profession in the villages are farmers, government employee and some have their own business.

Community shop for their daily needs from small stalls or store and peddlers. And in the district capital, there is a wet market, mini markets and stores that open daily.

Communication availability is good in the area. There are various banks and not hard to be reached.

Environment

The villagers are still depend on environment as some of them are farmers (rubber, oil palm or paddy). They sustain clean water for daily need from deep well and well, their own or build by government.

Positive and negative Impacts

The local populations will expect some positive outcomes from the development of oil palm in PT Timbang Deli Indonesia. Increase of employment opportunities, grazing for their cattles, participation in social villages activities, and fire woods. Besides that, with the development of PT TDI, villagers could have new opportunities to make their own business as employees of PT TDI need goods and services that the villagers can supply.

From the interview, it is noticed that PT TDI have contribution to social activities in the area, example: cement for mosques (Pulau village, Bakaran Baku village, Dusun 4 Timbang Deli, Dusun 41 Timbang Deli, Keramat Gajah village, Kampung Pamah village, Keramat Gajah village), cement for GKPI church, computer for schools (SMKN 1 Galang, SD Kampung Serutu, SD Timbang Deli Dusun 3) and cement for government facilities.

PT TDI also allocated some of its land for the building of Kantor Desa Timbang Deli (office for the village's administration purpose where the head of village and his/her staff work), and schools (SDN Timbang Deli and SMKN Galang).

From the interviews with community, it is gathered that PT TDI give almost no negative impact. One thing the villagers concern is the lack of land for farming. But there recognise that PT TDI is legally established and has been there for a long time, even more longer than some villages.

4b. Summary of HCV Findings

From the data of survey and analyse, the licence area of PT. Timbang Deli Indonesia (PT TDI) covers 972.19 Ha, identification showed that HCV 1 is covers 1.52 Ha or 0.16% of the area, and HCV 4 is found on 3.79 Ha or 0.39% of the area, HCV 6 is found 0.89 Ha or 0.09% of the area. Total HCV area indentified in PT TDI is 6.20 Ha or 0.64% of the total permanent land use title.

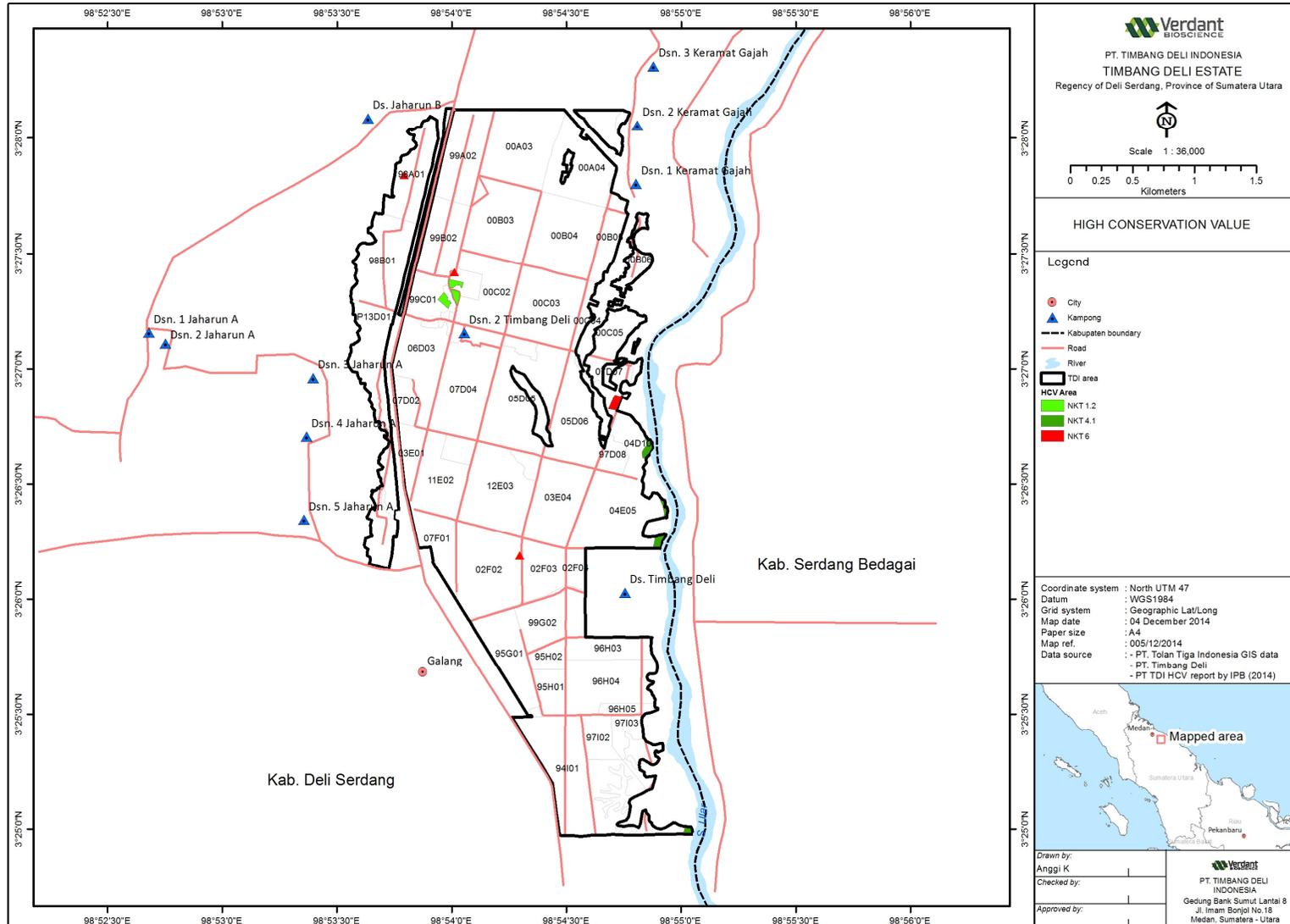
Table 6. Summary of HCV findings at PT. Timbang Deli Indonesia

Criteria HCV	Findings	HCV	(Ha)
HCV1. Areas with Important Level of Biodiversity			
1.1. Areas that Contain or Provide Biodiversity Support Function to Protection or Conservation Areas	No	-	-
1.2. Critically Endangered Species	Yes	Arboretum	1,52
1.3. Areas that Contain Habitat for Viable Populations of Endangered, Restricted Range or Protected Species.	No	-	-
1.4. Areas that Contain Habitat of Temporary Use by Species or Congregations of Species	No	-	-
NKT2. Natural Landscapes and Dynamics			
2.1. Large Natural Landscapes with Capacity to Maintain Natural Ecological Process 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	-	-
NKT3. Rare or Endangered Ecosystems.	No	-	-
NKT4. Environment Services			
4.1. Areas of Ecosystems Important for the Provision of Water and Prevention of Floods for Downstream Communities.	Yes	Riparian zone of Ular river	3,79
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	-	-

Criteria HCV	Findings	HCV	(Ha)
NKT5. Natural Areas Critical for Meeting the Basic Needs of Local People	No	-	-
NKT6. Areas Critical for Maintaning the Cultural Identity of Local Communities	Yes	Public cemetary	0,8862
		Dutch graveyard	0,0002
		Chinese graveyard	0,0015
		Old Moeslim graveyard	0,0004
Total Area HCV			6,20
Area PT. Timbang Deli Indonesia			972,19
Percentage Area HCV			0,64%
Total Area Effective for Planting			965,99

Public consultation took place on 11th March 2014, at PT TDI, and was attended by the Forestry Faculty-IPB team, PT TDI's employees, community and head-villages, government (Deli Serdang Forestry Agency, Environment Impact Control Agency of Deli Serdang District, Regional Development Agencies).

Public consultation was conducted to obtain feedback toward HCV findings from related parties. The process of public consultation, the feedback and commentary from the participants was documented, and provide some inputs for finalizing the report of Social Impact and High Conservation Value Assessment.



Map 4. Location of Combined HCV at PT. Timbang Deli Indonesia

5. Internal Responsibility

This document is the Summary of SIA (Social Impact Assessment) and HCV (High Conservation Values) Assessment of PT Timbang Deli Indonesia.



Dr. Ir. Nyoto Santoso, MS.

Team Leader HCV and SIA
Forestry Faculty - IPB

Statement of Acceptance of Responsibility for Assessments.

The assessment results of the Social Impact Assessment (SIA) and High Conservation Value (HCV) Assessment of PT Timbang Deli Indonesia by Forestry Faculty – IPB will be applied as part of the guidelines in developing and managing PT Timbang Deli Indonesia.

PT TIMBANG DELI INDONESIA

Stephen Peter Connor Nelson
President Director

Ahmad Subagio
General Manager