

# **RSPO New Planting Procedures**

## **Summary Report of Planning and Management**

### **PT Hindoli Smallholder Scheme, South Sumatera Indonesia**

#### **1. Executive Summary**

PT.Hindoli is a company operating palm oil plantations in the area of South Sumatera Province. In its operation, the company always follows and implements government policies, both in production, environment and the social economy. The company remains committed to construct its own palm oil plantation, and maintain harmonious relationship with the local community, among others by developing plasma oil palm in order to contribute some income for the community.

PT.Hindoli plans to develop 3,837 ha of land for smallholder oil palm. Situated in Mukut and Penuguan villages; approximately 40km by river downstream from Sungai Lilin, Sub district of Pulau Rimau, Banyuasin regency, South Sumatera Province. PT.Hindoli is adhering to sustainable palm oil practices based on the RSPO New Planting Procedure which was enforced on 1<sup>st</sup> January 2010, as part of sustainable palm oil management.

The Consent License (izin prinsip) for PT.Hindoli was approved by Forestry Minister of Republic Indonesia on 18 September 2006 No. S.990/MenHut II. The Permitted area (Izin Lokasi) for PT.Hindoli was approved by regent of Banyuasin on 21 June 2010 No. 377 year 2010. The Plantation Permit (Izin Usaha Perkebunan/IUP) was approved by regent of Banyuasin on 7 June 2006 No. 340. Based on The Plantation Permit (IUP), total area approved for PT.Hindoli is 11,000 Ha for Inti and 3,837 Ha for Plasma, which are located at Mukut and Penuguan.

PT.Hindoli commissioned the preparation of an AMDAL in 2010 and received government approval in March 2011. The AMDAL was prepared by an accredited AMDAL consultant and included consideration of both negative as well as positive social

and environmental impacts. The scope of the AMDAL included assessment of impacts associated with land development, infrastructure, road access, mill operations and transportation. The AMDAL included assessment of the suitability of soils, topography and drainage and analysis of the land cover vegetation. The AMDAL assessed the impacts on natural ecosystems and water resources. Although the AMDAL did not assess HCVs, PT.Hindoli carried out a separate HCV assessment study in 2011 by an appropriately qualified and experienced team comprising an Ecologist and a Social Scientist from Department of Forest Resources Conservation, Bogor Agricultural University. The HCV assessment collected additional information from local communities on environmental and social aspects related to their use of resources of the Mukut development site.

The AMDAL preparation process involved a social survey at the communities likely to be directly affected by the project. The survey involved the interview of local people to collect information on the background of the respondent and also to seek the respondents' views on the project as well as respondents' suggestions. The AMDAL included assessment of current land resources use, land ownership and user rights and potential social impacts. Subsequent to the preparation of the AMDAL, PT.Hindoli has commenced a program to socialize information to the local communities on the project and to receive feedback. This started with a meeting in September 2010 between Government, the representatives of local villages and PT.Hindoli, prior to land development. PT.Hindoli staffs have held follow-up public meetings at each of the villages. PT.Hindoli recorded information on meeting attendees, topics discussed and issues raised. PT.Hindoli has used information from the AMDAL, the HCV assessment and information from stakeholder meetings to prepare a list of social and environmental aspects and impacts.

PT.Hindoli's AMDAL consultant prepared an RKL/RPL that was approved by the Government in March 2011. The RKL/RPL is considered appropriate for the project. PT.Hindoli has documented SOPs for implementing the new development that draw

upon the collective experience of Cargill’s group of oil palm companies in Indonesia. PT.Hindoli has not yet commenced land development for the Mukut smallholders. PT.Hindoli has stated its commitment to a smallholder scheme and that it will maintain detailed records, as required by relevant laws. PT.Hindoli has experience in development and operation of a very successful smallholder scheme associated with its existing estates and will implement the same scheme at Mukut.

## **2. Reference Documents**

### **2.1. List of legal documents and regulatory permits related to the areas assessed.**

The permits that have been obtained by the company included Consent License (Izin Prinsip), Permitted Area (Izin Lokasi), Social Environment Impact Assessment (AMDAL) and Plantation Permit (Izin Usaha Perkebunan). The following are the list of the licenses and recommendations.

### **2.2. Table 1. Type of permits and recommendations of PT.Hindoli**

| No | License and Recommendation                     | Issued by                               | Number and Date                                    |
|----|--|---|--|
| 1  | Consent License                                | Forestry Minister of Republic Indonesia | No. S.990/Menhut-II/2006, dated 18 September 2006. |
| 2  | Permitted Area                                 | Regent of Banyuasin                     | No. 377 dated Jun 2010                             |
| 3  | AMDAL (Social Environmental Impact Assessment) | Regent of Banyuasin                     | 12 March 2011                                      |
| 4  | Plantation Development Permit                  | Regent of Banyuasin                     | No. 340 year 2006 dated 7 Jun 2006                 |

## 2.3 LOCATION MAPS

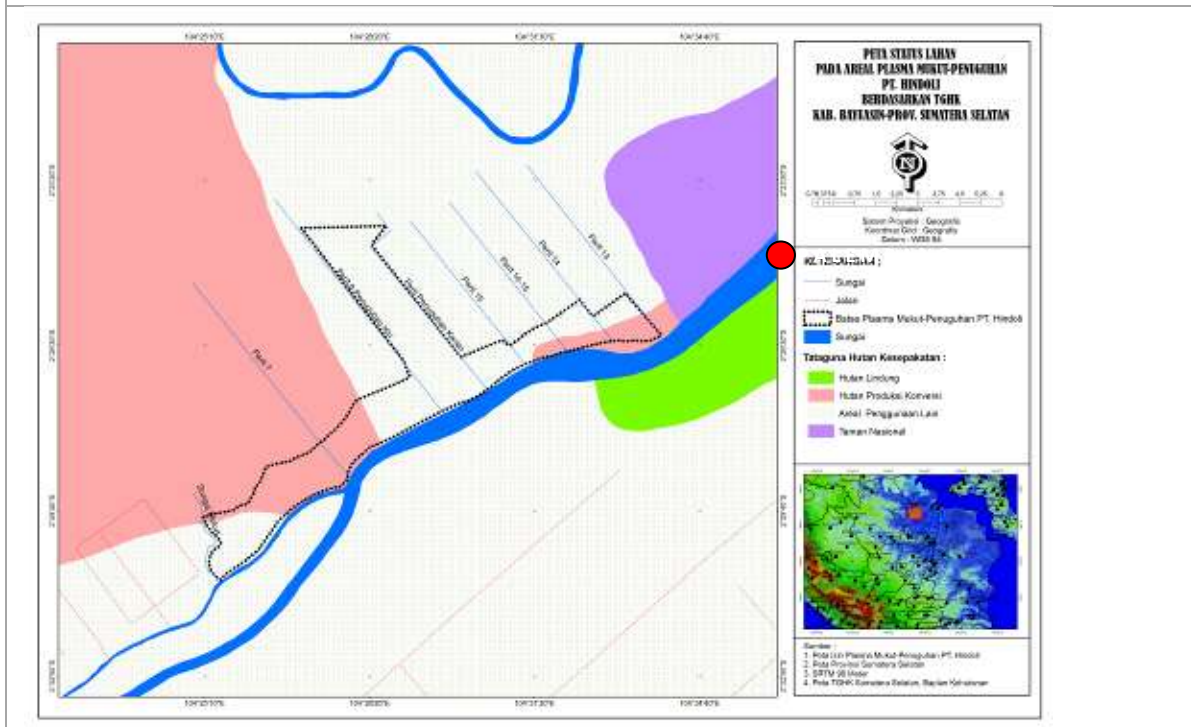
### a. Indonesia Map



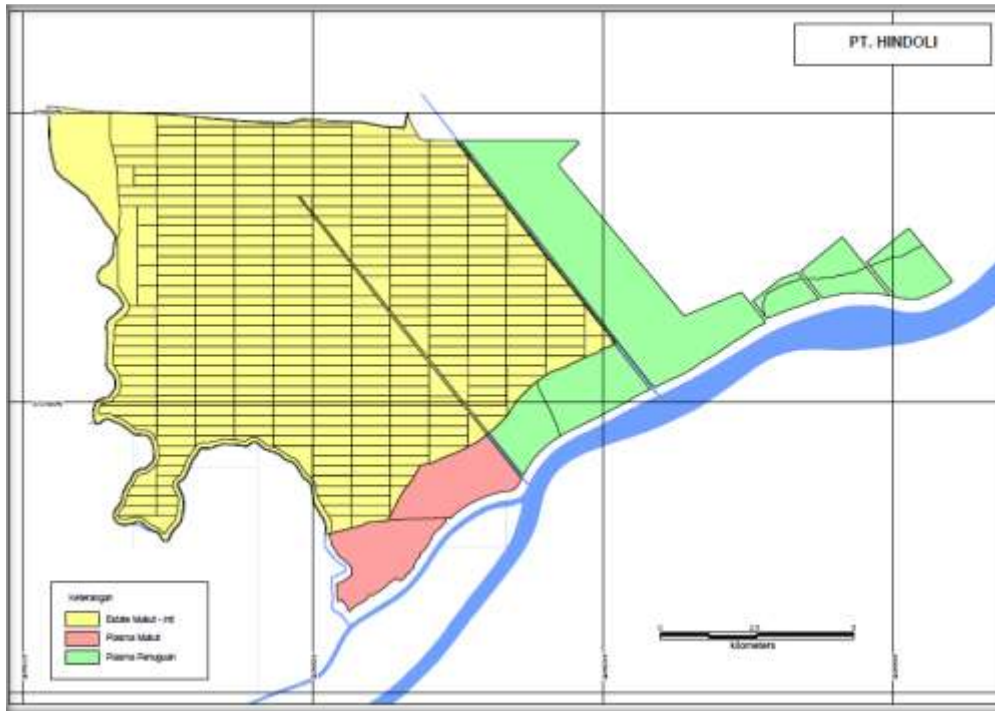
### b. South Sumatra Province (location of PT.Hindoli)



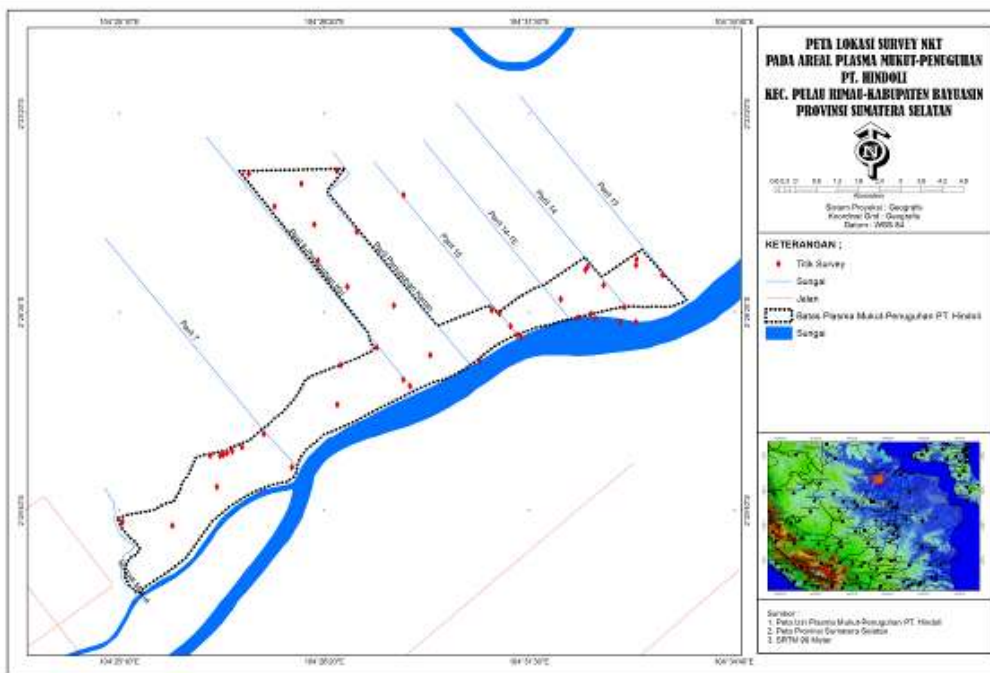
c. Map of Land Use in the area of PT.Hindoli Mukut-Penuguan plasma Oil Palm Plantation based on Forest Use Agreement (TGHK)



d. Map showing the location of the proposed new planting for Plasma Mukut-Penuguan



e. Picture - Map of Survey Location of PT.Hindoli Mukut-Penuguan plasma oil palm plantation area



### 3. SEIA and HCV Management and Planning Personnel

#### 3.1. General Data of the Company

|                         |   |
|-------------------------|---|
| Company Name            | PT.Hindoli  |
| Capital Status          | Foreign Investment (PMA)  |
| Tax Notification Number | 01.061.916.1.058.000  |
| Company Address         | JL Raya Palembang-Jambi, Desa Teluk Kemang, Kecamatan Sungai Lilin, Kab. Musi Banyuasin Regency, South Sumatera 30755       |
| Type of Business        | Oil Palm Plantation and Processing  |
| Status of business land | Consent License (Izin Prinsip) by Forestry Minister of Republic Indonesia No. S.990/Menhut-II/2006, Tgl. 18 September 2006. |
|                         | Permitted area (Izin Lokasi) No. 377 tahun dated on 21 June 2010  |
|                         | Frame of Reference Environment Impact (KA-ANDAL) No. 15 year 2011 by Regent of Banyuasin                                    |
|                         | Plantation Development Permit (Izin Usaha Perkebunan No. 340 year 2006 dated 7 Jun 2006                                     |

|                       |  |
|-----------------------|--|
| Contact Person        | President Director - Anthony Yeow<br>Email Address: <a href="mailto:Anthony_Yeow@cargill.com">Anthony_Yeow@cargill.com</a><br>Group Program Assurance Manager – Yunita Widiastuti<br>Email Address: <a href="mailto:Yunita_Widiastuti@cargill.com">Yunita_Widiastuti@cargill.com</a> |
| Geographical Location | 02°00’-4°00’ South Latitude<br>102°21’-102°31’ East Longitude  |
| Region Boundaries     |  |
| North side            | PT. Hindoli Main Estate, PT. Surya Cipta Kahuripan Estate, Settlement, Public Agricultural Field/Plantation  |
| South side            | Settlement and Public Agricultural Field/Plantation, Calik River and Beriak River  |
| West side             | Mukut River, Settlement and Public Agricultural Field/Plantation, and PT.Sumber Terang Estate.   |
| East side             | Settlement, Public Agricultural Field/Plantation, and Sembilang National Park  |

### 3.2. Scope and SEIA and HCV Assessment

The scope of both the Social and Environmental Impact Assessment and the High Conservation Value (HCV) assessment of PT.Hindoli cover the local social entities within the Permitted area (izin Lokasi) and it is also expanded into villages and other areas which are considered important to the surrounding area.

### 3.3. Assessor and their credential

The HCV assessment was carried out by an independent consultant from Faculty of Forestry IPB (Bogor Institute of Agriculture). The team members consist of consultant accredited and approved by the RSPO includes:

- a) *Dr. Ir. Jarwadi Budi Hernowo, MSc F – Team Leader*, expertise as an expert wildlife, especially ornithology. Obtaining a master's degree in forest science of wildlife ecology field of forestry science faculty University of Gottingen - Germany in 1995. Obtaining a doctorate from the Bogor Institute of Agriculture in 2011. Experience in the field of biodiversity studies have been conducted since 1999. He is also a faculty member in the Department of Forest Resources Conservation and Ecotourism - Faculty of Forestry with courses held for ecology and wildlife management, forest science and ornithology.
- b) *Ir. Siswoyo, Msi*, with expertise as an ecologist Flora. Holds a Master of Science in Forestry Management Science Program, Graduate School of IPB in 1999. Experience



in field studies of HCV, especially in terms of Ecology Flora since 2000. In addition, he is also a lecturer at the Faculty of Forestry with the courses held for the Conservation of Biological Resources Allam, Plant Conservation Medicine, Etnobiologi, and Biodiversity Conservation Eksitu.

- c) *Handian Purwawangsa, SHut, MSi*, a team member of Team HCV Faculty of Forestry, an expert in the field of social and cultural. He obtained a master's degree from the Bogor Institute of Agriculture at the Forest Science Program in 2008. His experience in social studies began in 2002.
- d) *Ir. Heru B Pulonggono, Magr*, with expertise in hydrology and soil conservation. He obtained a master's degree with specific studies of agricultural tropical geography from the University of Kyoto - Japan. His experience in the field of soil conservation and hydrology began in 1999. He is also a lecturer in the Department of Soil Science and Land Resources - Faculty of Agriculture, IPB.
- e) *M. Sayidina Ali, AMd*, with kahlian in the field of GIS. He obtained a baccalaureate degree (D3) on Ecotourism Study Program, Department of Forest Resources Conservation and Ecotourism Faculty of Forestry - Bogor Agricultural University in 2007. He is experienced in the assessment of HCV using GIS since 2007. He is currently continuing education in Strata 1 at the Faculty of Forestry - University of Nusa Nation - Bogor

#### **3.4. Personnel Involved in Planning and Implementation**

- The team members consist of consultant accredited AMDAL and approved by Indonesia Government, AMDAL Type A, B and C.
- The team members consist of consultant accredited and approved by the RSPO.
- PT.Hindoli Personnel's: General Manager, Senior Smallholder Operation Manager, Chief Development Manager, Estates Managers, Program Assurance Department and Technical Support Department, Public Affairs Department and other relevant supporting department.

### **3.5. Stakeholder involved**

The process of HCV and AMDAL development and preparation of management plans and monitoring of PT.Hindoli involved consultation with the relevant stakeholder:

- Local communities located inside and around the licensed area of PT.Hindoli Mukut-Penuguan plasma oil plantation:
  - Mukut villagers
  - Penuguan villagers
  - Puwodadi villagers
  - Karang Manunggal villagers
  - Ringin Harjo villagers
- The heads of all relevant village.
- Local Government Agencies.
- District Government Agencies.
- Local NGO's

A consultation program between PT.Hindoli and CV.Indolestari Makmur, as the Social Environment Impact Assessment consultant, and stakeholders identified by the (BAPEDALDA) regency of Banyuasin was commenced on 23 September 2010 at Pulau Rimau sub district meeting room. The meeting communicated details of the proposed development and the changes that are likely to occur. The consultants recorded details of the meeting discussions, including concerns raised by local people as well as their aspirations such as the opportunity for employment. Details were recorded of the locations and dates of communities visited, list of stakeholders and photographic record of each meeting.

#### **4a. Summary of SEIA Management and Mitigation plan**

The SEIA development and the management and monitoring Plan for PT.Hindoli were prepared under the Cooperation Agreement between PT.Hindoli and CV.Indolestari Makmur as consultant and Faculty of Forestry IPB (Bogor Institute of Agriculture), Number: 326 /I 3.5/PM /2010 NO 413/CTP/GMHIN/XII-2010, dated 13 December 2010 for

HCV. The report refers to the results of identification and analysis of High Conservation Value (HCV) existence in the area of PT HINDOLI Mukut-Penuguan Plasma Oil Palm Plantation, Banyuasin Regency, South Sumatera Province and the frame of reference of the agreed work.

The Management and Monitoring Plan of the SEIA in the Area of PT HINDOLI Mukut-Penuguan Plasma Oil Palm Plantation Banyuasin Regency South Sumatera Province is conducted in line with achieving the certificate of RSPO (*Roundtable on Sustainable Palm Oil*). The steps taken in the HCV and SEIA development and preparation of management and monitoring plans were:

### **Company Social Impact Management for Social sustainability of local communities**

#### I. Impact to human capital

##### a) Job opportunities

- Collecting data for the current types of livelihood
- Providing information for the job opportunities and qualifications and skills required for the vacancies.
- Making job announcement that is easily accessible and understood by all society levels.
- Giving priority for local communities in filling available job vacancies in accordance with the qualifications or skills they have.
- Providing training to new labor recruits according to the needs of each person.

##### b) Improvement on the level of community education

- Collecting data for the number of available education facilities and infrastructure
- Identify and record the highest level of education received by the community.
- Identify the number of people that have not received formal education.
- Identify the number of teachers and students at each school
- Discuss and develop a workable plan for supporting the education program (repair school buildings, assistance with stationeries, sport facilities and others)

- c) Increase public awareness of good agricultural practice
  - Give training on “good agricultural practices” to the KUD, farmers and local communities especially those who have oil palm and who can become potential FFB suppliers to the mill
  - Build a cooperative partnership with KUD and farmers to facilitate them to obtain agricultural inputs (fertilizers, pesticides, seeds, etc)
- d) Development of alternative income generating activities to supplement the local economy post-development of the project
  - Identify the affected communities that can be assisted by the plantation company
  - identify potential alternative economic development
  - Plan a program to monitor the community economy.

## II. Impact to natural capital

- a) Companies’ participation in managing water quality
  - Manage domestic and scheduled waste in accordance with regulatory requirements
  - Routinely monitor the quality of river water.
  - Communicate with local community the techniques of waste handling
  - Communicate the management of the riparian areas of rivers with local communities and village officials.
- b) Land acquisition through legal and community approval processes
  - Inventory of community land ownership and land use rights
  - Survey with the related parties to delineation of land ownership for acquisition purpose.
  - Create a land acquisition agreement with the respective holders of the land without any pressure or coercion.
  - Involve relevant parties and government in any land acquisition problem solving.

## **Social Impact Management for KUD and farmers**

### a) Workplace Health and Safety

The Corporate Environment, Health, and Safety (EHS) Department provides leadership and support for Cargill in environmental, occupational health and safety, process safety and risk management, and vehicle safety areas on a global basis.

Provide Health and Safety training for the KUD and farmers.

### b) Available tools for workers on freedom of association

Communicate awareness to KUD and farmers on their right to form or join a union.

## **4b. Summary of Management and Mitigation plans (HCV)**

### **HCV Management Plan**

The management plan of HCV in the area of PT.Hindoli Mukut-Penuguan plasma oil palm plantation, Banyuasin South Sumatera consists of management of the buffer zones along water bodies (Border of Mukut River and the Canals 7, 8, 14 and 15) This is proposed to protect the riparian area from human activity, to improve water quality and to protect and/or improve biodiversity. The management plan of HCV is as follows:

### **Activity of HCV Management**

#### a) Technology Approach

- Inventory of land cover condition will be conducted along the riparian areas.
- Marking of the buffer zones along the rivers and canals and installing sign boards to communicate protection of the area.
- Maintenance of buffer zone boundary markers and sign boards.
- Enrichment planting of vegetation to improve the source of food for wild fauna.

b) Social Economic Approach

Holding regular awareness to people regarding the importance of preserving the HCV area and biodiversity and improving the capacity employees of PT.Hindoli Environment Department by participating in Education & Training/Course in the field of HCV management and biodiversity that are arranged by related institutions.

c) Institutional Approach

- Preparation of SOP is made to SOP that is required for the management and monitoring of KBKT area; while revision of SOP is made to the existing SOP with the purpose for reference in the management and monitoring of KBKT area.
- To maximize the function of environment department and other related department in the management of KBKT area and biodiversity.

d) Coordination with related institutions

- Preparing MOU regarding hunting wild animals among ijin PT.Hindoli, Sub-BKSDA Regency and Perbakin Regency.
- Making coordination with informal leaders, village heads, subdistrict head, Regional Government of Banyuasin Regency, Provincial Government of South Sumatera (particularly Plantation Agency), BKSDA and Environmental NGOs.

**5. Internal Responsibility**

***Statement of Acceptance of Responsibility for Assessments***

This document is summary of assessment result on HCV and SIA in PT Hindoli and Mukut/Penuguan and has been approved by the management of PT Hindoli.

Signed for on behalf of:



PT Hindoli

