Summary Report of SEIA and HCV Assessments PT Mulia Indah Sambas District – West Kalimantan Province

Executive Summary

PT Mulia Indah which is located in Sub-district of Subah, Sajad, Sambas and Sejangkung, Sambas District, West Kalimantan Province, is one of the palm oil plantations companies that adopted the sustainable palm oil practices which based on the RSPO New Planting Procedures which was established since 1st January 2010. As a part of sustainable palm oil management, PT Mulia Indah has conducted Social Environmental Impact Assessment, (SEIA / AMDAL), High Conservation Value (HCV) identification and Social Impact Assessment (SIA). The HCV and SIA assessment were conducted from 4 - 12 April 2011 by RSPO accredited assessors from Aksenta.

The Consent License (Izin Prinsip) for PT Mulia Indah was approved on 19 November 2010 by the Sambas Regent decree (Surat Keputusan Bupati Sambas) No 582/299/BPMPPT-3; the total area based on Consent License is \pm 14.350 ha. The Permitted Area (Izin Lokasi) was approved on 15 March 2011 by the Sambas Regent decree (Surat Keputusan Bupati Sambas) No 77 Year 2011; the total area based on Permitted Area is \pm 8.260 ha. The Social Environment Impact Assessment (AMDAL) was approved by Head of Environmental Office of Sambas (Kepala Badan Lingkungan Hidup selaku Ketua Komisi Penilaian AMDAL) No 660.1 / 139 / Komisi on 6 June 2011 and the Environmental Permit (Izin Kelayakan Lingkungan) was approved by the Sambas Regent decree (Surat Keputusan Bupati Sambas) No. 189 Year 2011 dated on 7 June 2011.

HCV assessment has shown that there is no primary forest in the Permited Area (Izin Lokasi) of PT Mulia Indah. This is consistent with the confirmation by Balai Pemantapan Kawasan Hutan No. S.946/VII/BPKH-III/2010 dated on 1 December 2010 that the concession areas of PT Mulia Indah is area for other uses (Areal Penggunaan Lain, APL) and not a forest land. In the Aksenta HCV assessment report, it is indicated that almost the entire area is covered with shrubs or mixed crop farm land. As for potential HCV areas, four types of HCV were identified by Aksenta; these are HCV 1, HCV3, HCV 4, and HCV 6 within the Permited Area (Izin Lokasi) of PT Mulia Indah and the total area is ± 368.08 Ha (4.46 % of the total Permitted Area). Within the Permitted Area (Izin Lokasi), the important elements of HCV 1 include the presence of threatened species, such as the Sarawak Surili (*Presbytis chrysomelas*) and River Terrapin (*Batagur baska*), and several other endangered as well as protected species, such as Sunda Pangolin (*Manis javanica*) and Sunburst Turtle (*Heosemys spinosa*). HCV 3 elements comprise of riparian vegetation of the Teberau River flood plains. Important elements of HCV 4 include flood control, erosion control, and riverbank. Lastly, important elements of HCV 6 are the existence of old and sacred graveyards.

On the social impact, the development of oil palm by PT Mulia Indah will have positive social impacts to the local communities' livelihoods and social enhancement. Issues that may arise from PT Mulia Indah's oil palm development are categorized into ongoing social issues and potential social issues/risks as well as existing issues (problems that existed before the company's operations, such as water deficit during dry seasons, flooding during rainy seasons, as well as poor ground water quality).



Scope of SEIA and HCV Assessment

General Data of the Company			
Company Name	:	PT Mulia Indah	
Deed of Establishment	:	Notary Eddy Simin, SH	
		No 49, dated on 29 October 2004	
Adjustment Article of	:	Notary Eddy Simin, SH	
Association		No. 34 Dated on 8 July 2008	
Capital Status	:	Domestic Investment (Penanaman Modal Dalam Negeri PMDN,)	
Taxpayer Notification Number	:	02.528.798.8-112.000	
Company Address	:	Jl. K.L. Yos Sudarso Km. 6 Komp Citra Graha AA2, Tanjung Mulia, Medan Deli, Medan	
Type of business	:	Oil Palm Plantation & Processing	
Status of concession land	:	Consent Lincense (Izin Prinsip) (No 582/299/BPMPPT- 3, dated on 19 November 2010) (size ± 14.350 ha)	
	:	Permitted Area (Izin Lokasi) No.77 years 2011, dated on 15 March 2011) (size \pm 8.260 Ha)	
		AMDAL (SEIA) (Nomor : 660.1 / 139 / Komisi dated on 6 June 2011)	
		Environmental Permit (Izin Kelayakan Lingkungan) (No. 189 Year 2011, dated on 7 June 2011)	
Contact person	:	Senior Estate Manager Bapak Wie Chiang	
Geographical Location	:	See Picture 1, Picture 2, Picture 3 & Picture 4	
Surrounding Entities	:	North : Kota Sambas & Sungai Sambas Besar	
		South : PT Karya Boga Mitra.	
		West : Lahan Koperasi Batu Riam	
		East : PT Agro Nusa Investama &	
		PT Multi Daya Fortuna	

The scope of Social and Environment Impact Assessment (SEIA) of PT Mulia Indah covers the local social entities within the Permitted Area (Izin Lokasi) area, i.e: Sajad Sub-district (Beringin, Tengguli, & Jirak Village), Subah Sub-district (Sabung Village & UPT Sabung), Sambas Sub-district (Lubuk Dagang, Sei Rambah, Lumbang & Sumber Harapan Village), Sejangkung Sub-district (Semanga & Perigilimus Village). Thus, the High Conservation Value assessment covers the Permitted Area. It is also expanded into villages and other areas which considerably important to the surrounding of the proposed plantation area.



Picture 1 Location of PT Mulia Indah in Indonesia



Picture 2 Location of PT Mulia Indah in West Kalimantan



Picture 3 Location of PT Mulia Indah in Sambas District



Picture 4 Location of PT Mulia Indah and its surrounding entities



Permits

PT Mulia Indah has obtained the following licences and permits inclusive of Consent License (Izin Prinsip), Permitted Area (Izin Lokasi), Social Environmental Impact Assessment (AMDAL) and Environmental Permit (Izin Kelayakan Lingkungan). The following is the list of the licenses and permits:

No	Licenses and recommendations	Issued by	Number and date	Note
1.	Trading Business Permit	Integrated Licensing Service Body, Medan (Badan Pelayanan Perizinan Terpadu)	No 238/12385/2287/1.01/040 1/06/2011, Dated on 20 June 2011	
2.	Letter of Company Domicile	Head of Lubuk Dagang Village	No 2002/01/SKD/2011, Dated on 12 April 2011	
3.	Company Registration	Department of Plantations and Commerce, Medan (Dinas Perindustrian dan Perdagangan Kota Medan)	No 02.12.1.01.10518, dated on 10 October 2008	
4.	Deed of Establishment	Notary Eddy Simin, SH	No 49, dated on 29 October 2004	
5.	Adjustment Article of Association	Notary Eddy Simin, SH	No. 34 Dated on 8 July 2008	
6.	Taxpayer Notification Number (NPWP)	Tax Serve Office, Medan (Direktorat Jenderal Pajak, Medan)	02.528.798.8-112.000	Registered 30-03-2007
7.	Consent License	Regent of Sambas (Bupati Sambas)	No 582/299/BPMPPT-3, Dated on 19 November 2010	± 14,350 ha
8.	Permitted Area	Regent of Sambas (Bupati Sambas)	No 77 years 2011, dated on 15 March 2011	± 8,260 ha
9.	Social Environnemental Impact Assessment (AMDAL)	Approved by the Head of Environmental Office of Sambas (Kepala Badan Lingkungan Hidup selaku Ketua Komisi Penilaian AMDAL)	No 660.1/139/Komisi Dated on : 6 June 2011	
10.	Environmental Permit (Izin Kelayakan Lingkungan)	Regent of Sambas (Bupati Sambas)	No 189 years 2011 Dated on 7 June 2011	



Area and time-plan for new plantings

The proposed new planting area by PT Mulia Indah is in the location of the Plantation Permit (Izin Usaha Perkebunan, IUP) which have been agreed by the owners of the land through the Free Prior Informed Consent Process (Report on Process of FPIC – Free Prior Informed Consent of PT Mulia Indah), and the area does not contain primary forest. Land development and planting of oil palm will begin in 2011 following the procedures of the RSPO New Planting Procedures (NPP).



Assessment Process and Procedures

a. SEI Assessment

Assessors and their credentials:

The Social Impact Assessment of PT Mulia Indah was carried out by Aksenta which is located at Jl. Gandaria VIII/10, Kebayoran Baru, Jakarta 12130; Telephone/fax: +62 21 739-6518, E-mail: <u>aksenta@aksenta.com</u>. The consultants conducting these assessments have been accredited and approved by RSPO. The team members are:

- 1. Nandang Mulyana (nandang@aksenta.com): In March 2010, Bp. Nandang Mulyana achieved the RSPO accreditation as Discipline Specialist Social (Participatory rural assessment; socioeconomic or cultural studies; participatory mapping; conflict resolution). He is the member of Aksenta team who is responsible for analyzing the Socioeconomic and Community Development Programme (CD/CSR aspects). His role in this Social Impact Assessment is as The Team Leader focus on social economic and community development assessment. He has conducted several HCV and Social Impact Assessments in oil palm plantations in Indonesia with Aksenta. Graduated from UMJ (Jakarta Muhammadiyah University) Jakarta majoring in Economics and a Master Degree holder from Bogor Agriculture University focuses on development and planning studies (*Ilmu Perencanaan Pembangunan Wilayah*). He is experienced in the field of socio-environment. He has also collaborated with Unocal Geothermal of Indonesia Ltd and Chevron Geothermal Salak since 2000. Nandang Mulyana wrote a book on "Membedah UMKM di Indonesia" published by Lugas.
- 2. Andri Novi (andri.novi@aksenta.comis) a Literary Scholar from Padjajaran University, Bandung with science culture literature and lingustic culture. Master of Participatory Action Research and Community Development and was a Capacity Building & Regional Development Training Expert for National Programs of Community Empowerment (PNPM). Has conducted the Social Impact Assessment in several oil palm plantations in Indonesia and in 2010 obtain the accreditation from RSPO as a Discipline Specialist to HCV studies in social and culture. Andri Novi jointly wrote a book named "Panduan Menakar Otonomi Komunitas (Guideline on Community's Autonomy)" which was published by Yappika and wrote an article "Tata Kehutanan Majemuk; Redistribusi Kekayaan Alam Nusantara (Forestry complex System; Redistribution of National Natural Resources)" in the Community Forestry Journal. Beside that, Andri Novi has translated the "Seni Membangun Kapasitas Pelatihan dalam Pengembangan Komuniti Forestri (The Art of Traininig Development Capacity in Forestry Community) " which was published by RECOFTC. His role in Social Impact Assessment as a member of the team with the focus of research in customs and culture.

3. Bambang Widyatmiko (bambang@aksenta.com), His competence in HCV/SIA studies has been recognized by the RSPO and was approved as RSPO Accredited HCV Assessor – Discpline Specialist. His role in SIA was as a member of the team with the focus on social-economic and regional development. He was a graduate of Bachelor's Degree in Geography Fakulty of Gajah Mada University, Yogyakarta, and Magister in Urban and Regional Planning in the same university. Presently, he is completing his Doctor in Regional Planning in Bogor Agriculture University. He is experienced in field study and land mapping to an oil palm development in Sumatra, Kalimantan, and Papua, and field feasibility study on resettlement land in Sulawesi, and spatial studies to development of fishery industry sector in Pantai Selatan Jawa. He has expertise and experince in spatial analysis in designing water resources management and land.

Assessment Methods (data sources, collection, dates, program, and visited places)

As the requirements of RSPO P&C and New Planting Procedure (NPP) the Social Impact Assessment was conducted following the methods of participatory Social Impact Assessment. The selection techniques are document review, participatory observation, structured depth interview and focus group discussion. Every information result then checked about the validity by Triangulation Methods. Triangulation Method is combining some social-research methods; in this situation is Social Impact Assessment. Based on NPP RSPO Policy, SIA must be done before the operational activities of the company begin.

Social Impact Assessment on the ground was carried out as bellows:-

- 1. **Participative;** issues identification and information searching were done in participative way. This participative approach enables the participants as the subjects in mapping the social issues that they are facing, expressing their opinions and ideas, as well as being involved in designing the administration and changing of the issues. (See **Appendix 2** for the list of stakeholders in participative process).
- 2. **Multiparty;** issues identification and information searching were done in multiparty way by involving related parties directly or indirectly in giving or receiving the impacts.
- 3. **Rapid and Ex-ante;** issues identification and information searching were done rapidly and based on the forecast of the changes tendencies that occur rather than the factual and accurate data as the solution to the Social Impact Assessment approach and time limitation.
- 4. **Appreciative;** issues identification and information searching were guided positively, not only to find out the gap on the location but also to collect the data about



expectations, potentials, and ideas in order to find out solutions and social issues that happened.

5. **Social Learning Cycles;** the Social Impact Assessment is not a linear process which is instantly created but a cycled process which functions as the social learning processes to respond the changes in the environment.

The methods and techniques applied in the Social Impact Assessment were:

- 1. Literature Study; this method was used for the purpose of gathering the understanding on the socio-context and environmental aspect of the location which was evaluated. It was carried out in the early phase-before going to the field and at the result of analysis phase.
- 2. **Dialogue;** this method was used to identify the nature of the parties, identify the potential issues to impact, gathering information about expectations, ideas, and opinions to bring the solutions for the actual issues. The process was carried out through the meetings both in formal and in non-formal sequence with definite topics (Focus Group Discussion);
- 3. **Field Observation;** this method was used to understand directly the actual facts which will be the indicator of the issues and social impact happened;
- 4. **In-depth Interview;** it was used to get a deeper understanding about the issues. It was done in-depth by interviewing the key socialite who will act as respondents. The criteria of choosing the respondents were based on the knowledge possessed or their direct experience over the impacts.
- 5. **Tri Angulations (Triangulations);** the above methods were carried out in integrated way to reciprocally verify the actual issues, opinions, and ideas.
- 6. **Social Learning Cycle**; the social impact assessment is not a linear process which is instantly created but a cycled process which the functions as the social learning processes to respond the changes in the environment.



b. HCV Assessment

Assessors and their credentials

The HCV assessment was conducted from 4 – 12 April 2011 in the Permitted Area (Izin Lokasi) of PT Mulia Indah was carried by Aksenta, located at Jl. Gandaria VIII/10, Kebayoran Baru, Jakarta 12130; Telephone/fax: +62 21 739-6518, E-mail: <u>aksenta@aksenta.com</u>. The key consultants from Aksenta have been accredited and approved by RSPO. The team members are:

- 1. **Ganip Gunawan** (ganip@aksenta.com), in 2010, Bp. Ganip Gunawan obtained approval as team leader and Dicipline Specialist for RSPO HCV assessor. In this HCV assessment his role is as the Team Leader whose coordinate the entire activities. He was graduated from Bogor Agriculture University-Forestry Scholar and Geography Master from Indonesian University. Has an interest, expertise, and experience in Social-Conservation, planning and partisipative decision making, fasilitator and trainer to management process of natural resources collaboratively. Has a good experience in identified of HCV and SIA in plantations sector. As a member of Working Group HCVF in Indonesia.
- Pupung F. Nurwatha (pupung@aksenta.com), Bp. Pupung F. Nurwatha experienced in HCV assessment studies in plantations sector and registered in RSPO Accredited HCV Assessor – Discipline Specialist in HCV 1, 2, and 3 Biodiversity and Conservation. Biology Scholar from Padjajaran University, Bandung. Experienced in wildlife research since 1990, expertise in Community Based on Biodiversity Assessment and managing a wildlife conservationist group.
- 3. Sigit Budhi Setyanto (sigit@aksenta.com), In March, 2010, Bp. Sigit Budhi Setyanto obtained the accreditation from RSPO as the Discipline Specialist for Social Assessment on palm oil companies. His role in this HCV Assessment was as one of the team members focusing on the HCV 5 and HCV 6. He graduated from the Faculty of Agriculture of Universitas Negeri Jember and has been involved in research and has experiences in areas involved with growers and community's development since 1990. Since 2004 he has been active as the auditor for CAFÉ Practice Program in Indonesia and Papua New Guinea as well as an Agriculture Marketing Specialist for an international NGO for Rural Agroenterprise Development (RAeD) program. He is experienced in national and international training on Sustainable Organic, "SCS-Starbucks" CAFÉ Practice, "Rainforest Alliance" Sustainable Agriculture, Forest Management and Chain of Custody, as well as "DOEN-Roundtable Sustainable Palm Oil. In Aksenta, he has carried out assessments on "Socio Economic study on palm trees in West Pasaman and Sanggau", "Social Impact Assessment" and "High Conservation Value Assessment" for Indonesian Palm Oil Companies.

- 4. **F. Getsamany** (getsa@aksenta.com): He is experienced in GIS and remote sensing techniques for biology conservation and issues related to land management by the local communities. He has also carried out research on radiation quantity in forest and energy management by the forest using GIS and Remote Sensing techniques. He is also experienced in soil potential resource analysis, the analysis on water and conservation area.
- 5. **Robert H. Sinaga** (<u>rohansinaga@aksenta.com</u>): Science Scholar in Applied Meteorology in Mathematic and Natural Science Faculty of Bogor Agriculture University. His is experienced in GIS and Remote Sensing technic to Biology Conservation and land use issues. He has done his research in radiation quantities in the forest and energy using by the forest using the GIS techniques and Remote Sensing. In this Assessment, he identified the HCV 4 and HCV mapping.

Assessment Methods (Data sources, data collection, dates, program, and visited places)

HCV Identifying Methods

The assessment covers the Permitted Area (Izin Lokasi) which has been approved as the company's project area. Assessments also expanded into villages and other areas which could be considerably of relevant importance to the proposed plantation area. The field survey was conducted on 4 - 12 April 2011. The survey area covers ± 180 observation spots (**Picture 5**).



Picture 5 Distribution of the observation spots of site (Source: HCV Report of PT Mulia Indah by Aksenta, p. 2-14)

In the process, each observation team was accompanied by the local staff from the company and local representatives who familiar with the site. Besides field activities, the team also

collected information from the local community through individualistic interviews, Focus Group Discussion (FGD), as well as public consultations. At the same time, confirmation and cross checking of the findings were carried out with the local people using the technique of purposive sampling – which included the socialites, the enclaves' owners (if existed), and the related interest parties.

The definition and scope of HCV for the oil palm plantation sector refers to the HCVF definitions which apply to the forestry sector. The Identification of High Conservation Value in Indonesia was developed by the Consortium Revised HCV Toolkit Indonesia (2008) - the toolkit for the revision HCV consortium. Other references are such as IUCN, CITES, and other guidelines as well as the relevant laws of Indonesia were also subjects of consideration (See **Appendix 3**).

Identifying Methods for HVC 1, 2, and 3

The target of HCV 1, 2, and 3 identifying was to find out the areas which have important values in the biological context. Such areas were marked by the location status, the originality of the communities, or the existence of the ecosystem of flora and fauna with high values. The significant values of flora and fauna refer to the status defined by the law, endemics (endemic, limited spread), and scarcity (scarce, facing extinction or almost extinct) was in accordance to the national and international law (IUCN and CITES) which protect such flora and fauna. Moreover, the significance of the value of the wildlife as well as the habitat was also based on the ecology roles from the species and from the cultural and traditional point of view.

The method of inventories was done using reconnaissance survey to analyze the existence of the important flora and fauna. The existence of every fauna was recorded through:

- Direct observation, either through the identification of visual appearance or sound (for both diurnal and nocturnal animals),
- The existence of the marks or residual from the animals' activities in their former habitat (such as tracks, scars on trees, nest, scales, snake skin, bird feathers, or mammal hair, etc.)
- The finding of the residual of animals' body parts (skull, horn, skin, hair, tusk, scales, and other recognized part of the animals' body) which were possibly hunted or caught by the local people in the observed locations. Interviews were carried out to complement the information about the time and location of the hunting activities.
- The secondary information was the existence of the animals which were documented based on external information, such as local people information or the local authorities. The consistency of such information was always monitored through cross checking

(check and recheck) with other relevant parties as well as checking the validity of the description on every species of animals from the interviewed people. All information was then matched with the natural distribution and the history of the existence of such species in the locations (as mentioned in the literature references). Then, the data compared to the type and condition of the habitat at the time when the survey was done. Any mismatching between the description and their natural distribution zone and habitat, will put the existence of such species in doubt.

HVC 4 Identification Method

In order to identify the existence of HVC 4 in an oil palm plantation, two approaches were applied. The first approach was analysis to find out the interactions and correlations between the water system and the plantation land in a wide context. The approach also covered the area outside the plantation area. The second approach was another analysis to find out the significant values of such locations and their impacts to the plantation location. Thus, in this analysis, the perspective used was the inside area in the plantation. Based on both approaches, the phases of identifying HCV 4 were analysis of the secondary data, field survey, and the integrated data analysis of secondary data and the field survey.

The identification of the HCV 4 areas was done by analyzing the area from the metrology point of view, the soil analysis, topography, watershed, and the field survey and interviews. The field observation was carried out on the chosen locations; i.e. water springs, river, river condition, land clearing, plantation in production, and other locations representing the condition of the water management in the plantation.

HVC 5 and HCV 6 Identification Method

The focus of the HCV 5 assessment was the area inside the plantation which has significant values to fulfill the basic needs of the local community. The focus of the HCV 6 assessment was the area inside the plantation which has the significant values for identification and sustainability of the tradition or culture living of local community. The methods adopted in the assessment of HCV 5 or 6 are:

- Mapping participation of locations containing elements of HCV 5 and 6.
- Interview the local community, either with invidual or Focus Group Discussion (FGD)
- Ground assessment and analysis.



The HCV Assessment Phases

This HCV assessment is generally carried out through a series of phases such as: desk study, field survey, data analysis, spatial analysis of HCV area, and indicative HCV mapping as shown in **Picture 6**.



Picture 6 The HCV Assessment Phases (Source: HCV report for PT Mulia Indah by Aksenta, p. 2-9)



Summary of Assessment Findings

a. SEI Assessment (SIA Assessment)

The SIA assessment was conducted with a social sustainability approach, an approach that includes continuation of social production and reproduction processes. There are two premises or underlying question within this approach, they are: 1) what is the impact of the palm oil plantation and crude palm oil factory had regarding its surrounding social continuation and 2) the existing natural resource will only last within the act of continuous preservation.

The existence of the company and its developing strategy of oil palm plantation and mill have been considered to pose an impact toward social sustainability of local society and its local plantation. Therefore, there are five key elements of social sustainability. They are *Human Capital*, *Natural Capital*, *Financial Capital*, *Social Capital*, and *Physical Capital*. Each capital itself includes various elements. And the extension and focuses of these elements has played an important role for the *stakeholders*.

Identified issues and problem from this party later has lead into a fieldwork and exploration. Each key issue that plays a significant impact toward social sustainability had been assessed with the existing RSPO criteria. RSPO – in this matter – had been a benchmarking tool of assessing the ongoing and future program has been done accordingly to the sustainability corridor. The benchmarking procedures had been done to value the existing management, and on which issue the management should need an affirming or revitalizing act toward a better management

On its social context, the SIA includes local social entity; the existing society who inhabited the area of land-use permit given to the oil palm plantation and mill production and its surrounding. The Social Impact Assessment was conducted as follows:



No.	Aspect	Details	
1.	Numbers of Aksenta's team	3 person	
2.	Numbers of day in which the field assessment was conducted	9 days	
3.	Numbers of formal meetings	2 meetings	
4.	Numbers participants for formal FGD meetings	63 people	
5.	Numbers of non formal meetings	6 meetings	
6.	Numbers participants for non formal meetings	31 parties	
7.	Numbers of interviewed stakeholders	26 stakeholders	
8.	Numbers of visited sites	11 location	
9.	Numbers of observed sites	33 sites	
10.	Numbers of field respondents	85 people	
11.	Document reviewed	11 Documents	
12.	Number of event has recorded	> 400 picture	

Table 2 Scope and	d result of the field	Social Impact	Assessment
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Source: SIA Report of PT Mulia Indah, April 2011, Page 2-8

In the context of sustainable palm oil production, key stakeholders include internal and external stakeholders that significantly influence PT Mulia Indah's oil palm processes and production. Assessment results indicated that there are 28 key stakeholders, external and internal, that create/receive direct impact directly as well as indirectly from the oil palm plantation and company operations plan. Each stakeholder has its own impact level and relationship. The stakeholders are categorize as external (local community) and internal (company management and employees). List of the stakeholders, stakeholder description, and their main role in the studies presented in **Appendix 4** and **Appendix 5**.

The assessment has recorded 18 key issues that are related within stakeholders (external & Internal), that are considered to be the result of the existing and future operation of oil palm plantation and crude palm oil production on society's social sustainability. On the social impact, the development of oil palm by PT Mulia Indah will have positive social impacts to the local communities' livelihood and social enhancement. Issue that may arise from PT Mulia Indah's oil palm development are categorized into current/ongoing social issues and potential social issues/risks as well as existing issues (problems that existed before the company's operations, such as water deficit during dry seasons, flooding during rainy seasons, as well as poor ground water quality). These issues are explained in detail in **Table 3** and **Table 4**.

Table 3 The results of identification of social issues as the impact on social sustainability,which is caused by the existence and operation of the company, who dug through aparticipatory process.

No	Category (Issue's Resources)	No	Social Issues
Ι	I Attendance (Presence) and socialization of the company		The emergence of the pros and cons among the people against the presence of the company
		2	The community has not make any decision yet to refuse or received the presence of the company because they are still waiting for the company socialization
		3	The worried appears that the company will break the agreement
		4	The worried if the company does not run the steps that are not in accordance with the procedures
		5	Worried if the company stops in the middle of the steps and does not continue the plan (the agreement)
		6	There is a village that refuse the presence of the company
II	Changes in land use by handing over	7	Worried if the reduce of the land will happen
	land for oil palms plantations	8	Evictions carried out without any changes advances. There should be a beneficial compensation to land that are exempt
		9	The company presence is worried that it can cause the loss of livelihood that has been the foundation of community life.
		10	Worried if the company will take over the community land forcibly.
		11	worried the company opened the garden in the community-owned productive land
III	III The operational of the Oil Palm Plantation (land clearing and nursery)		Social expectation from the villages around the plantation area, that the presence of the company will can creates the job vacancies to the local community
		13	Social expectation that will happen the increases of the community welfare because the econimic is increasing
		14	Worried if the pollution in the river, because the river is the source of community water needed. Some villages declare that the river has been polluted now
		15	Increase the community accesibility (develop the road)
IV	IV The role and contribution of the company in develop the region		Give a hope that the company will increase the community education
		17	Develop the infrastructure and social facilities which so far could not be built by the communities themselves
		18	An expectation that the company can be a partnet to the communities in develop the village by social-develop program

Tabel 4. Social risks that can should be faced of the company in develop the plantation in the social community area and condition in given and deciphrable as the existing condition before the presence and the operational of the company, which are explore by the participative process.

No	Category	No	Issue
Ι	Social risks	1	Some of the communities still disapointed with the behavior of the company which ever wanted to invest.
		2	Most of the Permitted Area in the company is the plantation and communities land
		3	The influent of local leads (both of formal and informal)
II	Given issues	4	Local commuties in some villages has realize that the land water quality does not suitable to consume because of the high acid rate
		5	The limit of the infrastruktur road (in some villages)
		6	The boundary of the villages has not settled defnitively
		7	The education of the local communities are low
		8	Low rate of the communities health
		9	Less of the water when its dry season
		10	Flood in some villages when the rain season comes

This Social Impact Assessment generally concluded that the issues which are estimated can be the negative impact mostly come from the limited information from the other stakeholders (Not from the company). These are the concluded that are resumed as long as interacting with the local communities :

- Generally, the local communities not know yet about the name of PT Mulia Indah, it is only some of the socialites and highly communities who knows the name and the presence of the company.
- Social impact that are declared by the local communities mostly categorized as a worried (negative impact) and expectations (positive impact) because the potential impact or changes caused by the company not happen yet.
- Sociaization of the company is limited to some socialites and the orgware (appointee) of the village, thus indirectly affect the emergence of the horizontal violance in communities, that mainly because of the weakness of the leader and the village orgware communication and some individualist behavior from the highly communities.



General recommendations of social impact management:

Based on the above conclusion on the social livelihood sources sustainability, the following are several general recommendations provided for the company to implement, including:

- 1. Conduct socialization and FPIC during land acquisition and compensation processes in accordance with RSPO New Planting Procedure mandates and involving every land owner/worker.
- 2. Explaining in detail to the community through open socializations that there are given negative conditions occurring before the company's operations, such as water deficit during dry seasons, flooding during rainy seasons, as well as poor ground water quality present before the company's operations, and therefore the company cannot be blamed as the cause of these conditions later on. However joint effort should be conducted to handle these issues involving the company, government, and surrounding community.
- 3. The company must appoint a company representative team in the local level that is competent in carrying out participatory communication and social facilitation.
- 4. Company should compile comprehensive information on the company profile, collaboration concepts to develop, and adequately and transparently communicate these information and company plans and each implementation stage to the company stakeholders.
- 5. Maintain and strengthen the conduciveness of the company social environment, immediately develop a Social Management Plan. Social Management Plan should be developed strategically and systemically in a medium- or long-term perspective, in accordance with the urgency and priorities (steps), and with company capabilities.
- 6. Together with related stakeholders (government and community) to re-socialize the boundaries of the company areal permit and the opportunities and challenges which will be faced together.
- 7. Compile participatory Corporate Social Responsibility (CSR) involving local stakeholders and participatory based on this Social Impact Assessment by bringing in line and synergizing with the local government's programs.



b. HCV assessments

The results of the HCV assessment by the RSPO accredited assessors from Aksenta have shown that there is no primary forest in the Permitted Area of PT Mulia Indah. This is consistent with the confirmation by the Balai Pemantapan Kawasan Hutan No. S.946/VII/BPKH-III/2010 dated 1 December 2010 that the concession areas of PT Mulia Indah is area for other uses (Areal Penggunaan Lain, APL) and not a forest land. In the Aksenta HCV assessment report, it is indicated that almost the entire area is covered with shrubs or mixed crop farm land. As for potential HCV areas, four types of HCV were identified by Aksenta; these are HCV 1, HCV3, HCV 4, and HCV 6 within the Permitted Area of PT Mulia Indah and the total area is \pm 368.08 Ha (4.46 % of the total Permitted Area). Within the Permitted Areas (Izin Lokasi), the important elements of HCV 1 include the presence of threatened species, such as the Sarawak Surili (Presbytis chrysomelas) and River Terrapin (Batagur baska), and several other endangered as well as protected species, such as Sunda Pangolin (Manis javanica) and Sunburst Turtle (Heosemys spinosa). HCV 3 elements comprise of riparian vegetation of the Teberau River flood plains. Important elements of HCV 4 include flood control, erosion control and riverbank. Lastly, important elements of HCV 6 are the existence of old and sacred gravesites. The details of these HCVs are presented in Table 5. Mapping details of HCV distribution can be seen in Picture 7.



Picture 7. Map of HCV areas in the Permitted Area of the PT Mulia Indah.



Table 5 Presence of HCV areas in the Permitted Area of PT Mulia Indah

Tipe HCV	Presence*	Note	
1.1	-	The assessment area is not adjacent or near to any Conservation Area or Protection Forest or any proposed Conservation Area or Protection Forest	
1.2	+	Several Endangered wildlife species occur in the area (ERT species)	
1.3	+	Several natural areas which function as <i>refugia</i> (refuges) occur in the area, including refuges to important wildlife species (protected, endangered, rare, or threatened).	
1.4	-	Areas with temporal use for wildlife species include some riparian forests which function as wildlife corridors	
2.1	-	The area does not consist of forest or natural ecosystems within a wider landscape	
2.2	-	A wide landscape with two or more natural ecosystems (eco-tone) was not found	
2.3	-	A wide natural habitat which supports populations of wildlife species in their natural densities was not found	
3	+	A rare or threatened natural ecosystem	
4.1	+	Areas functioning as important water sources for daily use, springs, wells, or water seepage areas were found	
4.2	Important areas for water catchment, flood control, and erosion a		
4.3	4.3 + Significant area or a place that serves as a closure to the land and for fires.		
4.4	+	The use of water for agriculture or fish cultivation	
HCV 5	-	Areas important for the livelihood of local communities were not found .	
HCV 6	+	Important areas for local identity and tradition were present	

*(+) =found, (-) =not found

Source : HCV Report of PT Mulia Indah – April 2011 by Aksenta



Several issues which might threaten the HCV areas were identified:

Some threats are actually and potentially identified to the existences of HCV in PT Mulia Indah, such as:

- 1) Illegal logging and land clearing.
- 2) Unwisely wildlife hunting
- 3) Fishing by poisoning
- 4) Agricultural activities and land clearing of the communities by burning
- 5) Land clearing by the contractor that are not in accordance with the procedure (HCV area)

General Recommendations for HCV Management:

Several general recommendation are made, which can immediately be followed up to protect and manage the HCV areas:

- 1) Convey the findings of the HCV areas and their purpose to all staff, employees and plantation residents.
- 2) Develop an HCV Management and Monitoring Plan
- 3) Develop organization for HCV management.
- 4) Strengthening the capacity in identification of HCV management, monitoring, and evaluation.



Internal Responsibility

Formal signing off by assessors and company

This document is summary of assessment result on High Conservation Value (HCV) and Social Impact Assessment (SIA) in PT Mulia Indah and has been approved by the Management of PT Mulia Indah.

Aksenta,

Aksénta

Ganip Gunawan Team Leader Assessment HCV / SIA 24 May 2011 Management PT Mulia Indah,

Wie Chiang Senior Estate Manager 24 May 2011

Statement of acceptance of responsibility for assessments

Assessment result document on High Conservation Value (HCV) and Social Impact Assessment (SIA) of PT Mulia Indah by Aksenta, will be applied as one of the guidelines in managing palm oil plantation in PT Mulia Indah

Management PT Mulia Indah Wie Chiang Senior Estate Manager



Appendix 1 Land use in PT Mulia Indah based on Landsat Data 2010



Source: http://glovis.usgs.gov/ in HCV Report PT Mulia Indah – April 2011, p. 3-7

Appendix 2 List of respondents and/or informal Focus Group Discussion (FGD) participants on site during the implementation process of social impact and HCV assessment in the area of study

Name	Gender	Job	Adress
Go Swee Aun	L	GM	Sambas
Wie Chiang	L	SEM	Sambas
Peron Sembiring	L	Manajer	Sambas
Azikin Ansari	L	Head of Sejangkung Sub-district	Sejangkung
Mulyadi	L	Head of Subah Sub-district	Subah
Edi Supriadi	L	Head of Sajad Sub-district	Sajad
Asyari	L	Head of BPD	Sungai Rambah Village
Khalidi	L	Head of BPD	Lubuk Dagang Village
Yohanes Titus	L	Head of Village	Madak Village
Petrus Lupo	L	Secretary of Customary (Sekretaris Adat)	Sabung Vilage
Zandi	L	Boatman Crossing	Tanjung Rengas Village
Asnadi Asmo'e	L	Head of Beringin Village	Beringin Village
Kastani Kasman	L	Secretary of Beringin Village	Beringin Village
Al Hadi	L	Teacher of Beringin Junior High School	Beringin Village
Arif	L	Teacher of Beringin Junior High School	Beringin Village
Mariani	Р	Honorarium Teacher of Beringin Junior High School	Beringin Village
Udin	L	Speed driver	Tumuk Manggis
Kelana	L	Community	Sambas
Arifin	L	Community	Sambas
Azima	L	Community	Sambas
Heri Kusnadi	L	Head of Sumber Harapan Village	Sumber Harapan Village
Tahzan	L	Secretary of Sumber Harapan Village	Sumber Harapan Village
Almizan	L	Affairs Chief Pem	Sumber Harapan Village
Kaurum	L	Village orgware	Sumber Harapan Village
Iswan Daud	L	Head of Jirak Village	Jirak Village
Libanin A. Somad	L	Head of Tengguli Village	Tengguli Village
Fauzan Muhsin	L	Secretary of Tengguli Village	Tengguli Village
Andi Kusmainar	Р	Government Affairs Chief	Lubuk Dagang Village
Uray Abduh	L	Coordinator	Sambas
Diman Rabuan	L	Community	Sei Rambah
Jam'ani	L	General Affairs Chief	Sei Rambah
Dulhadi	L	BPD Secretary	Sei Rambah
H. Bujang Dare	L	Head of the Sub-village	Sei Rambah
Suherman	L	Development Affairs Chief	Sei Rambah
Fuad	L	Head of Mosque Youth	Beringin Tunggal Sub- Village
Kliwon	L	Chief Neighboring Affairs	Beringin Tunggal Sub- Village



Name	Gender	Job	Adress
Bujang Ajis	L	Chief Neighboring Affairs 02	Semaku'an Semanga Sub-
			Village
Suhaimi	L	Chief Neighboring Affairs 03	Semaku'an Semanga Sub-
D 111	×		Village
Bul'ie	L	Head of Sub-Village	Semaku'an Semanga Sub- Village
Arifuddin MS, SH	L	Head of Village Semanga	Semanga
Husni	L	Community	Beringin Village
Wartina (Mona)	Р	Nurse of Village	Beringin Village
Ronny	L	Staff Humas	Sambas
Erwin D. Hutagaol	L	Staff Humas	Sambas
Noferia	L	Surveyor	Sambas
Erik	L	Humas	Sambas
Hadi	L	Humas	Sambas
Hasto tri Djatmiko	L	Sustainability	Sambas
Kanda Aulia	L	RSPO	Sambas
Rahman HK	L	Chief Neighboring Affairs	Lumbang Village
Rabnah	L	Chief Neighboring Affairs 03	Lumbang Village
Junaidi	L	Head of Sub-Village	Lumbang
Muhammad Junaidi	L	Kaus II	Lumbang
Cholidi	L	BPD	Lubuk Dagang
Sahran	L	Head of the Gelam Sub-Village	Jirak Village
Iswandanu	L	Head of the Jirak Sub-Village	Jirak Village
Sanepo	L	Head of the Sebenua Sub-Village	Lubuk Dagang Village
Asy'ari MA	L	Head of BPD	Lubuk Dagang Village
Arifin	L	Orgware Village	
H. Anwar	L	Head of the Sarang Burung Sub- Village	Beringin
Tumarnamlan	L	Village Secretary	Lumbang Village
Jackson	L	Youth Socialite	Sabung Village
Yeremias Emi	L	Health welfare	Sabung
A. Muis	L	Head of Sub-Village	Lubuk Dagang
Hamidi	L	Head of Sub-Village	Beringin
Yohanes Maryono	L	Head of the Tradition	Sabung Village
Mahyus	L	Head of the Salwa Sub-Village	Beringin Village
Jacob Lumansit	L	BPD	Sabung
Albert Matrate	L	Village Secretary	Sabung
Suparno	L	Head of Sub-Village	Sabung

Appendix 3 List of prevailing applicable regulations and some supporting guidelines which used as references in the identification process of HCV and SIA Assessment.

No	List / Type of Reference	Details	
1.	Status of vulnerability according to the World Conservation Union (IUCN), 2009	CR:Critically EndangeredEN:EndangeredVU:VulnerableNT:Near threatened	
2.	Status in terms of trade of world's wild fauna and flora (CITES), 2009	 App. I : list of all plants species and animals which are prohibited to be internationally traded by any means. App. II : list of species that trading required rules to diminish the threats of extinction. 	
	RI State Legislation (Acts):		
	1931 <i>Dierenbeschermings Ordinance</i> (Wild Animals Protection Ordinance) / 1931	Wildlife protection	
	1970 Decree of Minister of Agriculture, No. 421/Kpts/Um/8/1970	Wildlife protection	
	1973 Decree of Minister of Agriculture, no 66/Kpts / Um / 2 / 1973	Wildlife protection	
3.	1977 Decree of Minister of Agriculture, No. 90/Kpts/Um/2/1977	Wildlife protection	
	1978 Decree of Minister of Agriculture, No. 327 / Kpts / Um/5/1978	Wildlife protection	
	1979 Decree of Minister of Agriculture No. 247 / Kpts/Um/4/1979	Wildlife protection	
	1980 Decree of Minister of Agriculture, No. 716 / Kpts/Um/10/1980	Wildlife protection	
	1999 Government Regulation No. 7 of 1999	Wildlife protection	
	Government Regulation, PU 63/1993 PU	Determination width of the river riparian	
4.	Map of TGHK (Forest Land Use Agreement) and government's official documents concerning the appointment status of forest areas.	To determine the status of an area whether or not in the protected areas	

Appendix 4 Results of analysis and identification of external stakeholders resulting from the assessment and participatory processes in the field.

No	Stakeholders	Description	Role
1	Local Government (Regent Officer along with the related Official)	District Government agencies and offices and agencies of the district-level policies, plans and programmers that may affect the policy of the company, on public administration and public services.	Between the institution of the local government, the person who has important role to publish the Permit Area is the Regent Officer but his role still in under-control to his Head Officer. The related official to the presence of PT Mulia Indah are Agricultural Official, Plantations Official, Forest Official and BPN District. When the SIA was held, the officials did not included in any other socialization that conducted.
2	Head of Sub- district	The leader of the Sub-district as a district or city. Head of Sub-district is government serves as a coordinator in the Sub-district, under and responsible to the Regent through the secretary of the district or city	Party district is an important stakeholder in the maintenance phase of licensing and socialization about the plan of he company. PT Mulia Indah has make a good relationship with the Sub-district of Sambas, Sajad, Subah, and Sejangkung.
3	PNPM Sub-district Management	At the Sub-district level, the main element is implementation of the PNPM Responsible Operational Activities (PJOK) is usually held in <i>exoficio</i> by the staff of Sub-district (Economic and development section). The roles and responsibilities of each, the Head of Sub-district role of supporting and ensuring the smooth implementation of the working zone PNPM and PJOK verification activities at Sub-district level in working areas.	National Program of Community Development (PNPM - Program Nasional Pengembangan Masyarakat), is an important role in develop the area, specially in the isolated areas. While the land cleared by the company for the garden are usually the countryside that have not opened. That makes the PNPM has the strategic position as a partner to working together in developing the area.
4	Village Representative Corporation (BPD, Badan Perwakilan Desa)	It is the embodiment of democratic institutions in village governance. BPD can be considered as a "parliament" of the village. BPD is a new institution in the village in the era of regional autonomy in Indonesia. BPD members are representatives of the villagers based on the presentation area outlined by discussion and consensus.	BPD has the important role to develop the village because BPD also decide about the budget plans and village development. The head or the memeber of BPD is used to influent and representative the social condition of the village and has a good relation to the head of the village. This can be seen in the villages around the Local Permit Area of the company. And also its role to accept the presence of the company.
5.	Head of Village	Head of villae is the head of village administration. Mayor's Office is a political office and is elected directly by villagers. The village head has an important role, but these role different levels from one village to another. The village head is not responsible to the Sub-district, but coordinated only by the Head of the Sub- district.	The head of village has a great role to an oil palm plantations development in its area, because the head of village in-charge of land administration in the village, whether the village to accept or reject the presence of investment in the region also has the ability to mobilize labor.
6.	LPMD	Institute for Community Empowerment or LPM is the official agency responsible for rural development programs and empowerment of rural communities.	Potential of rural residents more often join in this institution. For a new plan which will be held in the village usually pretty important role LPM, LPM representative is usually present at the village level FGD informal but different individual capacity.



7	Head of Sub- village	Head of Sub-village is a person who leads an Sub-village, an area under the village. Head of Sub-village included to the village orgware which appointeed and stopped by the Head of the Village that the heads assign one or several villages hamlet	In the sub-village around the Permitted Area, Head of Sub-village has an improtant role in land issues and development. Can help or impede the socialization of the company activities. Knowing the process of land release. Conduct the deliberation in agreement with another orchard boundary.
8	Proper Socialite/Proper Corporation	Institutions that implement and maintain ongoing customary law (mainly in the Dayak).	Decide is the land that belong to the tradition can be released or no, including to buy and sell and land released.
9	Religion Leaders	The religious leaders also give consideration and advice for people in pick and choose what is best for society.	The suggestions from the religion leaders is important to the company to pay attention about the presence of the rligious facilities in the housing of the company so people can easily fulfill the religious obligation.
10	Education Socialite	The teachers are very influential in decision-making in the hamlet or village. This is because the teacher is seen as intellectual knowledge and understanding of problems associated with the presence of the company.	The teachers is influent enough in decision making in the orchard level or village. This because the teachers seen as knowledgeable and understand intellectual issues associated with the presence of the company.
11	Youth Socialite	Youth leaders who formally or informally communicated to ordinary companies.	Their role generally is to take part in maintaining the operational security company
12	Communities, the owner of the land	People who live and be around and in the Local Permit Area and a land company	As the owner or tenant of land, workers at the company's prospective, community members who may be affected/influenced directly or indirectly with the company's presence.
13	Farmworkers	The collector or rubber tapper who do not have their own gardens. They work in the gardens of others and work in accordance with the pattern of results, although in practice the revenue sharing scheme is not strictly applied.	The collector or rubber tapper who do not have their own gardens. They work in the gardens of others and work in accordance with the pattern of results, although in practice the revenue sharing scheme is not strictly applied.
14	Ahli waris tanah waris Pangeran Cakra Negara Panji Anom	Land heir named Prince Cakra Negara Panji Anom is a descendant of Prince Cakra Negara Panji Anom which controls the inheritance of land.	Hair has a pwoer to get the large land in the Local Permit Area of the company.
15	Rubber Farmer	Is someone that is dedicated to the agricultural activity through land use planning in order to cultivate and maintain a rubber plant in the hope of obtaining of these plants by selling to other.	As a party that may less of the land because of the company presence
16	Oil Palm Farmer	Is someone who earns a meager living in agriculture by way of land management with the aim to develop and maintain the plant oil palm in the hope to gain from this crop by selling it to others	As the party that they land will be reduced because of the presence of company, in addition to opening new opportunities to sell their FFB to the company when the company will operate. Oil palm farmers also as an owner/tenant in the Permitted Area of the company.
17	Non-Rubber/Non- Oil Palm Farmer	Is someone who earns a meager living in agriculture by land management in order to grow and maintain plants (such as rice,	As the party that can get the impact of the company. The rubber/oil palm as the owner of the land in the Local Permit Area.

		flowers, fruit, etc.), Hoping to gain from this plant for its own use or sell it to someone else.		
18	Farmer Groups	Farmers groups are groups that formed with the aim to facilitate access to its members for infrastructure in agricultural production and marketing	As a farmer group who can make a partner with the company in the future. Some of the groups are gain control of the large land in a Local Permit Area.	
19	Cooperation	Economic institution that was founded as a place of business and economic activities of its members. For example, the collection and sale of palm oil / rubber of local farmers.	Cooperatives are a very strategic position for the company, because the rubber cooperatives average area of land with members of the significant control.	
20	Communities	Local communities who live in / around the area of corporate site licenses affected / affect the presence of the company, either directly or indirectly.	Local communities has the potency as a provider of human resources for the company.	
21	Local Partner	rtner Groups or individuals who have relationships with companies in order to socialize and get land for gardens A role and determine in bridging communication and early socialization to local leaders about the whereabouts and plans of the company.		
22	Local Entrepreneur	One of the partners coming from the environment around the company that runs various activities to support the company. The contractor has contractors that are legal entities but also exist only because of the ability to perform activities and good relations with PT Mulia Indah.	Perform various activities such as construction of houses, provision of materials for road maintenance, make bridges, culverts, maintenance, water supply and others.	
23	Entrepreneur Small Shop	The Small Shops to meet their needs as market exists only once a month.	The presence of the company will give employers a multiplier effect to the store, because the purchasing power increases	
24	Cangkau/Cengkau Rubber	Is the distributor in the selling (collecting) field coagulate of rubber.	The existence of the company and land use change will affect the amount of rubber that can be collected by <i>Cangkau</i> . Then they tend to reject the presence of the company.	
25	<i>Cangkau</i> Oil Palm	Is the distributor in the selling (collecting) fresh fruit bunches of oil palm.	The existence of the company and land use change will affect the amount of palm oil which can be collected by <i>Cangkau</i> . The presence of the palm oil mill (in the future) will shorten distribution channels, so that farmers can sell directly to the plant through cooperatives / farmer groups with a higher price.	
26	Residents Transmigration	Program that made by The Government of Indonesia to move out the society from the crowded area to another rarely populated areas in Indonesia. The society that doing the transmigration called with transmigrant	Around the area there is Permitted Area transmigration expect companies to become partners in managing their land.	

Appendix 5	Results of analysis and identification of internal stakeholders as a result of the
	assessment and participatory processes in the field

No	Stakeholders	Description	Role
1	Management of the Company	This is the party that runs the function of planning, organizing, coordinating, and controlling resources to achieve the objectives (goals) to effectively and efficiently. Effective means that the goal can be achieved in accordance with the planning, while efficient means that the task is done properly, organized, and in accordance with the schedule (Ricky W. Griffin)	Conduct all field operations of the company in accordance with sections and responsibilities. Management functions. Establish policies, plans, procedures, activities / programs, management, administration, supervision, and sanctions and rewards, including in this case is an organization of the clusters that function as to support the operations.
2	Staff and Employees of the Company	Operational employees in all work units in the plantation, who recruited and paid by the company.	At least there are 3 main groups of employees, namely, Field Manager, Field Assistants and Foremen and employees who work for land clearing and seeding.