

Indonesian Smallholder Working Group (INA-SWG)

Doc: 01/INA-SWG/2009

National Interpretation RSPO Principles & Criteria for Sustainable Palm Oil Production

For Scheme Smallholders Republic of Indonesia

Final Document

Preamble

A. INA-SWG

Indonesian Smallholder Working Group, known as INA-SWG (formerly named as Indonesian Smallholder Taskforce, INA-STF), established on 18 January 2007, comprises of various smallholder-related players and agencies, including numbers of scheme and independent smallholders. INA-SWG was set up to develop and field test the National Interpretation of RSPO P&C for smallholders in Indonesia, the *sine qua non* for smallholder certification as producers of sustainable palm oil. In December 2007, INA-SWG has completed development of final document of National Interpretation of RSPO P&C for Indonesian smallholders. The document was based on generic RSPO P&C with consideration of smallholders' charateristics and the social impact which might happen when P&C was implemented

B. <u>Harmonization process with the 4th draft Generic Guidance on Scheme Smallholder (prepared by Task Force on Smallholder)</u>

INA-SWG submitted final document of National Interpretation of RSPO P&C for Indonesian Smallholder (INA-NI for smallholders) to the RSPO secretariat in December 2007, but the approval is awaiting the finalization of Generic Guidance for Smallholder, developed afterwards.

To speed up the approval and enable efforts in preparing smallholders towards the RSPO certification, a Steering Group Task Force on Smallholder (SG-TFS) meeting was held from 23-25 April 2009, attended by representatives from INA-SWG, MY-SWG and PNG-WG, to discuss harmonization of NIs with the Generic Guidance on Smallholder. Prior to the meeting, ProForest was appointed by RSPO Executive Board to review each NIs from Indonesia, Malaysia and PNG against 3rd draft of Generic Guidance for Smallholders, of which the results were then discussed at the meeting. One of the outputs of the meeting was 4th Draft Generic Guidance for Scheme Smallholders. Unlike the 3rd draft, the 4th draft focuses only on scheme smallholders. A generic guidance on independent smallholder will be developed separately.

C. 1st Public Consultation process on 25 May to 24 June 2009

Based on the results of the SG-TFS meeting, INA-SWG held a meeting on the 13th May 2009, to discuss harmonisation of INA-NI with the Generic Guidance. The discussion also took into account changes in the 4th draft of Generic Guidance for Scheme Smallholders. The meeting resulted in Final Document of INA-NI for Indonesian scheme smallholders (harmonized with 4th draft generic guidance for scheme smallholders), which was posted on the RSPO website for 30-days public consultation, from 25th May-24t^h June 2009.

On the 24th-25th June 2009, INA-SWG reconvened to discuss comments received during the public consultation period. In total, 34 comments were received. The document has incorporated relevant and necessary comments received from stakeholders.

D. <u>Harmonization process with Final Process RSPO Generic Guidance on Scheme Smallholders (prepard by Task Force on Smallholder) and input from lesson learnt of trial audit at PT Hindoli</u>

The Document of Generic Guidance on Scheme Smallholder prepared by Task Force on Smallholder has then inserted the comments from the public consultation process from 27 April to 26 June 2009. The result has been endorsed by the RSPO Executive Board on 2 July 2009.

Then the trial audit using Final Document INA-NI for Scheme Smallholder product of the 1st public consultation was conducted in PT Hindoli on 13-18 July 2009 by British Standard International. From the lesson learnt of the trial audit, auditor and auditee has given a few input to the document on trial.

For that, the INA-SWG has done another harmonization with the Final RSPO Generic Guidance on Scheme Smallholder that has been endorsed and also discussed the input from the trial audit lesson learnt on a meeting at 27 July 2009. The product of the meeting was Final Document INA-NI for Indonesian Scheme Smallholder (harmonised with the Final RSPO Generic Guidance on Scheme Smallholder) that has been submitted for 2nd public consultation for 30 days from 28 July - 28 August 2009. The public consultation done to comply with the requirement of 60 days public consultation in the RSPO Certification System, after the 1st public consultation that has taken place for 30 days. Inputs from the second public consultation has been discussed in the INA-SWG meeting on 7 October 2009 and resulted as the document INA-NI Scheme Smallholder October 2009 version 01.

E. Indicator

Unlike the Generic Guidance, INA-NI has a different set of indicators developed by INA-SWG based on the main generic RSPO P&C and taking into account laws and regulations in Indonesia as well as characteristic of smallholders. The indicator has also been reviewed by ProForest, the result of which was presented in its review report prior to the SG-TFS meeting. The set of indicators enables RSPO audit for smallholders certification by certification bodies.

F. Definition of scheme smallholder

Scheme smallholders, while very diverse, are characterised as smallholders who are structurally bound by contract, by a credit agreement or by planning to a particular mill. Scheme smallholders are often not free to choose which crop they develop, are supervised in their planting and crop management techniques, and are often organised, supervised or directly managed by the managers of the mill, estate or scheme to which they are structurally linked.

Example of scheme smallholders in Indonesia are PIR-BUN, PIR-TRANS and KKPA managed by smallholders (KKPA scheme directly managed by estates and smallholders scheme based on the Minister of Agriculture decree No.26/2007 shall be certified using the INA-NI for large producers)

G. <u>Definition of scheme manager</u>

It is the responsibility of 'scheme managers' to ensure compliance with the standard. Such scheme managers will range from mill owners, through nucleus estate manager, to smallholders organisation, government agencies, consultants or even traders. However, this does not obviate the fact that the smallholders who are members of the schemes also have responsibilities to comply.

Principle 1: Commitment to transparency

Criterion	National Indicator		Guidance
Citterion	Major	Minor	Guidance
Criterion 1.1 Scheme manager provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation on decision making.	Requests of information and responses given to stakeholders are recorded and maintained for a period determined by existing regulations and to serve its purpose purpose		Scheme manager should respond constructively and promptly to requests for information from stakeholders. (See criterion 1.2 for requirements relating to publicly available documentation) Information and responses may include the followings: • Contract between scheme manager and smallholders (criteria 1.2) • Land titles/smallholders' user rights (2.2) • Training material in IPM and safe use of agro-chemical use (4.6) • Health and safety plan (4.7) • Plans and impact assessments relating to environmental and social impacts (5.1, 6.1, 7.1, 7.3). • Pollution prevention plans (5.6) • Details of complaints and grievances (6.3) • Negotiation procedures (6.4). • Procedure for calculating prices, and for grading, FFB (6.10) • Up-to-date records of debts and repayments, charges and

Cultural	National	Guidance	
Criterion	Major	Minor	Guidance
			fees (6.10) Continuous improvement plan (8.1)
Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	 Information and responses provided covers documents (that are publicly available) which shall be in accordance with current laws and regulations as follows: Legal: Evidence of legal ownership of the land or land-use rights; (certificate) Environmental: SEIA document (AMDAL), available at the smallholders organisation. Social: smallholders organisation has documents of organisational and social activities. 		Information that should be publicly available include, but are not necessarily limited to: land titles, owner domicile, size of landholding, type of vegetation, origin of seeds, productivity, location of landholding and other information relevant to legal, environmental and social issues. The SEIA document is in the form of AMDAL or DPPL (if relevant). For scheme smallholders, the SEIA is covered in their nucleus estate' SEIA documents or AMDAL (depending on total area of plasma plantations that required for AMDAL assessment), prepared by their nucleus estate and a copy of the document should be kept at the smallholders organisation. Partner nucleus estates facilitate the processing of legal ownership (in the form of certificate) of their scheme smallholdings' land.

Principle 2: Compliance with applicable laws and regulations

Criterion	National Indicators		Guidance
Criterion	Major	Minor	Guidance
Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	Evidence of compliance with essential regulations relevant and related to oil palm cultivation.		Smallholders are required to have adequate knowledge regarding, and implement main legal requirements relevant to oil palm cultivation, including those related to the scheme partnership between companies and the scheme smallholders. Scheme manager regularly provide an up-to-date list of applicable laws and regulation. For existing plantation there are some condition that could earn exemption from the criterion. This is when only the implementation of the regulation could cause a significant social impact (conflict) and also when the extent of the land was very limited. If upon replanting the significant social impact (conflict) still may happen, then the exemption continues.
Criterion 2.2 The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	Smallholders are able to show legal ownership of the land or land-use rights	Where there are or have been disputes, records of resolution or progress towards resolution are available	Information on the status of land title should be those at the time being or those in the process of acquiring legal ownership.
			Where there are conflicts on the condition of land use as per land title, growers should show evidence that

Calbardan	National Indicators		
Criterion	Major	Minor	Guidance
Criterion 2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights,	Where other's customary or legally owned lands have been obtained, records of		necessary action has been taken to resolve the conflict with relevant parties. For any conflict or dispute over the land, the extent of the disputed area should be mapped out in a participatory way. Evidence of legal ownership of land in the form of certificate (see also criterion 1.2) Where lands are encumbered by legal or customary rights, the grower must demonstrate that these rights are
of other users, without their free, prior and informed consent.	process and/or negotiated agreements between previous customary land owners and the smallholders are available and complemented with a sketch in appropriate scale.		understood and are not being threatened or reduced. This criterion should be considered in conjunction with criteria 6.4, 7.5 and 7.6. Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities.
			This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in

Criterion	National	Cuidanas	
	Major	Minor	- Guidance
			appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements. Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members. Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts. Establishing certainty in land negotiations is of long-term benefit for all parties.

Principle 3: Commitment to long-term economic and financial viability

Criterion	National Indicators		Guidance
Criterion	Major	Minor	Guidance
Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	A documented operational work plan for a minimum duration of 3 years.		The minimum 3-years operational work plan, at least, covers estimation of FFB production. Smallholders together with the scheme managers prepare: • Estimation of FFB production • Access to new information and technology as well as market/price information • Factors affecting cost of production Smallholders organisation should be involved in the calculation of debts and repayments, relevant agreement with bank, loan mechanism, etc. Scheme smallholders receive training services from scheme managers in relation to the management of plantation to optimize continuous productivity.

Principle 4: Use of appropriate best practices by scheme manager

	National Indicators		
Criterion	Major	Minor	Guidance
Criterion 4.1 Operating procedures are appropriately documented and consistently implemented and monitored.	A documented procedure or manual of Good Agriculture Practices (GAP) in key activities (use of superior seeds, fertilizer application, IPM techniques and harvesting) is available.	1. Evidences of implemented procedures are available	Scheme smallholders implement GAP in accordance to the Standard Operating Procedure (SOP) of their nucleus estates or to the <i>Pedoman Teknis Pembangunan Kebun Kelapa Sawit</i> (Technical Guidance on Cultivating Oil Palm) issued by Directorate General of Plantations, Ministry of Agriculture Republic of Indonesia.
Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	 Records of type and volume of fertiliser supplied to smallholder Records of land productivity in the last 3 years 	Records of EFB and/or organic fertilizer application on the land, if such practices are of regular operation by the smallholders	Smallholders are expected to have and implement simple manual GAP related to oil palm cultivation (see also criterion 4.1) The use of organic fertiliser, where necessary, may be used to maintain soil fertility. Smallholders organisation are expected to test the quality of the planting materials (e.g fertiliser) before dispatching to their members. In this matter, smallholders organisation should consult with nucleus estates or mills purchasing their FFB. Smallholders organisation and partner nucleus estates should train the smallholders to maintain simple

Criterion	National I	Guidance	
Criterion	Major	Minor	Guidance
Criterion 4.3 Practices minimise and control erosion and degradation of soils.	Evidence of terracing or other conservation efforts for plantings on sloping terrains at or before replanting	Evidence of ground cover crops establishment during immature plantings Proof of drainage system construction on peat and low lands	records of their plantation activities. The use of EFB by scheme smallholders depends on its availability at the nucleus estates. Smallholders are expected to have and implement simple manual GAP related to oil palm cultivation (see also criterion 4.1) Smallholders should show efforts to minimise erosion on stream banks within their land if their land was very limited. If the extent of the land is sufficient for conservation of riaparian area, then the conservation should be done Development in peatland should be in accordance with government regulation
Criterion 4.4 Practices maintain the quality and availability of surface and ground water.	Records of training on soil and water conservation.	Evidence of efforts to prevent erosion and maintain natural water resources Records of fertiliser and pesticides application	Smallholders are expected to have and implement simple manual GAP related to oil palm cultivation (see also criterion 4.1)
Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed	Records of monitoring and control of pests and diseases.	Smallholders shall be able to demonstrate adequate knowledge on IPM and are	Smallholders are expected to have and implement simple manual GAP related to oil palm cultivation (see also

Criterion	National I	- Guidance	
Criterion	Major	Minor	Guidance
through using appropriate Integrated Pest Management (IPM) techniques.		able to implement it.	criterion 4.1)
Criterion 4.6 Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use, and if agrochemicals, which were categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, were used, growers are actively seeking to identify alternatives, and this is documented.	 Evidence of registered and permitted agrochemicals use as regulated by the Minister of Agriculture and no use of agrochemicals categorized as WHO Type 1A or 1B or are listed by the Stockholm or Rotterdam Conventions. Evidence of user of pesticide is using in accordance with targeted species, appropriate dosage, method and time of application. Sufficient working safety equipment is available Evidence of pesticides storage and disposal of their containers in accordance with existing regulations. 	 Records of treatment for pesticides operators, where toxicity cases have occurred. Records of training on the use of limited pesticides Records of type and volume of pesticide supplied to the smallholders 	Smallholders are expected to have and implement simple manual GAP related to oil palm cultivation (see also criterion 4.1) List of registered and permitted agrochemicals as regulated by the Minister of Agriculture has considered prohibition to the use of agrochemicals categorised as Type 1A and 1B WHO or listed in the Stockholm and Rotterdam Convention. Smallholder organization keep records of used pesticides Smallholder organization is suggested to consult with Local Pesticide Surveillance Commission for proper chemical container disposal manner Pesticide storage warehouses are equipped with warning signs Pesticide is not applied by pregnant women or children The use of paraquat should be reduced in stages and replaced with other pesticides

Criterion	National Indicators		- Guidance
Criterion	Major	Minor	Guidance
			Scheme manager supplies the pesticides to its scheme smallholder members
Criterion 4.7 An occupational health and safety plan is documented and effectively communicated and implemented.	 Health and safety guideline for smallholders is in place, which may be developed by nucleus estate, smallholders organisation or other relevant institution Evidence of having received training on safe working practices. 	 Evidence of an understanding and/or implementation of emergency procedures and handling of possible accidents. Records of accidents, if any Record of meetings regarding occupational health and safety. Safety working equipment is available 	 Smallholders in this criterion, include their families working in their oil palm plantation. Scheme smallholders should: Have adequate knowledge on high-risk working practices in the field and develop necessary guidance on safe working condition. Record the pesticides application (including trademark, dosage and application method). Conduct the application in a safe way for both workers and environment. Nucleus estate, co-operatives, smallholders organisation and smalholders monitor the implementation.
Criterion 4.8 All staff, workers, smallholders and contractors are appropriately trained.	Programme and training held for smallholders organisation, tailored to the smallholder' needs.	2. Records of implementation of training	Smallholders organisation in this criterion, is farmers group or Village Unit Cooperation (KUD) Smallholders can show that they have received necessary training relevant to their duties and knowledge of RSPO.

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Criterion	Major	Minor	Guidance
			Workers on smallholder estates also need adequate training and skill that can be achieved through extension activities as provided by growers or mills who purchase fruit from them, by smalholders organisation or through collaboration with other institutions or organisations. Records showing smallholders training should not be required but anyone working on the farm should be adequately trained for the job they are doing. Scheme smallholders should be facilitated by nucleus estate and their relevant cooperatives or smallholders organisation.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

	Indicators		
Criterion	Major	Minor	Guidance
Criterion 5.1 Aspects of plantation and mill management which have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.	 A documented SEIA, available at smallholders organisation. The document shall be made known to all members Environmental impact assessment involves smallholder participation 	Records of implementation and report on management of environmental impacts, kept at smallholders organisation	Smallholders are expected to understand potential negative impacts of their operations and appropriate mitigation techniques and methods to implement them (in particular on land clearing, pesticides application, river stream banks erosion) For scheme smallholders, a documented environmental assessment and management, in the form of AMDAL, is prepared by nucleus estate, where a copy should be available at smallholders organisation In general, scheme smallholders' land are in the same landscape with their nucleus estates, hence the AMDAL of nucleus.
Criterion 5.2 The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation	Smallholders are able to list protected flora and fauna in their local areas.	Where protected species exist within the plantation, a dedicated person in smallholders organisation structure shall be appointed to train smallholders on conservation including how	Information on protected species and habitat with high conservation values may be obtained from smallholders organisation and relevant government institution such as the government Plantation Agency

Criterion	Indicators		Guidance
Criterion	Major	Minor	Guidance
taken into account in management plans and operations.		to mitigate conflict with relevant protected species. 2. Results of high conservation value identification kept at the smallholders organisation (see also criterion 5.1)	(Dinas Perkebunan), BKSDA (government conservation of natural resources agency). Scheme managers assist in the development of list of local protected flora and fauna species (both in local and the latin names) Information on protected species and measures to mitigate conflict may be obtained from relevant government institution such as Plantation Agency (Dinas Perkebunan), BKSDA or competent NGOs. Information on protected species and high conservation value identification is prepared by nucleus estate in accordance with and included in SEIA documents (AMDAL).
Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	 An agrochemcial waste management plan is available Smallholders can explain measures to dispose hazardous chemicals and their containers in accordance to instruction labels as stated by the manufacturer. 	Records of complaints from local communities related to disposal of hazardous chemicals and its resolution, if any.	 Management and plan of agrochemical waste disposal should include steps for: Appropriate disposal of hazardous chemicals and their containers. Surplus chemical containers should be disposed of or cleaned in an environmentally and socially responsible way (e.g. returned to vendor or

Criterion	Indicators		Guidance
Criterion	Major	Minor	Guidance
			cleaned using a triple rinse method). The used water, for triple rinse, was not disposed in water sources. The disposal instructions on manufacturer's labels should be adhered to.
Criterion 5.4 Efficiency of energy use and use of renewable energy is maximised.		An appropriate guidance for improving the efficiency of energy use by scheme smallholders, prepared by scheme manager.	Efficiency of energy use includes for example the use of cattle for FFB transportation and the use of cattle waste as fertilizer and/or biogas (if possible) This provision does not apply to scheme smallholders who only use manual labour to care for and harvest FFB.
Criterion 5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.	 During replanting, smallholders shall be able to prove that fire was not used to prepare land and disposal of waste. Fire is only permitted in special cases which involves elimination of pest and diseases where recommendation from relevant government agencies must be in place prior to use of fire. Smallholders understand emergency responses procedure against forest fires 	 Smallholders organisation owns simple fire control equipments. Smallholders receive extension services on zero- burning techniques in land preparation 	Fire should be used only where an assessment has demonstrated that it is the most effective and least environmentally damaging option for minimising the risk of severe pest and disease outbreaks, and with evidence that fire-use is carefully controlled. Use of fire on peat soils should be avoided.

Criterion	Indicators		Guidance
Criterion	Major	Minor	Guidance
	(Prosedur Tanggap Darurat Kebakaran Lahan).		
Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		Identification of pollution sources in smallholders' plantation is available An emission reduction plan is available.	Scheme managers should include an assessment of all polluting activities of scheme smallholdings in their overall plans for pollution and emissions abatement.

Principle 6: Responsible consideration of employees and of individuals and communities affected by scheme smallholder

Calteration	Indicators		
Criterion	Major	Minor	Guidance
Criterion 6.1 Aspects of plantation and mill management that have social impacts are identified in a participatory way and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.	Social impact assessment documents is available at smallholders organisation and is made known to the members.	 Smallholders own records of management and monitoring of social impacts (RKL/UPL) which are available at smallholders organisation An implementation timetable for management of impacts is available, which is in accordance with AMDAL 	A documented social impact assessment (AMDAL) is done by nucleus estate
Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or mills, local communities and other affected or interested parties.	 Smallholders organisation has records on communication and consultation with local communities. Records of periodic meeting between smallholders' organisation and its members. 	 Smallholders organisation has records on communities' aspiration and their responses or follow-up actions. A dedicated person appointed in smallholders organisation responsible for communication and consultation with stakeholders. 	Communication and consultation mechanism should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/formation of a multistakeholder forum. Communication should take into account differential access to information of women as compared to men, village leaders as compared to day labourers, new versus established community groups, and different ethnic groups. Consideration should be given to involving third parties, such as

Criterion	Indicators		Guidance
Criterion	Major	Minor	Guidance
			disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.
Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	A system for complaints are in place at smallholders organisation.	 Smallholders organisation has records on complaints/ grievances, and reports on steps to address them. A documented process and outcome of resolution of disputes, if any 	Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.
Criterion 6.4 Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		Records of negotiation processes and/or outcome of agreed compensation are in place, if any.	Procedure for compensation payment should consider gender, local communities and migrants. Local communities have right to appoint their own representatives for negotiation of compensation. Smallholder should follow existing procedure for identifying legal and customary rights and the procedure for identifying people entitled to compensation. A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented.

Criterion	Indicators		Guidance
Criterion	Major	Minor	Guidance
			The process and outcome of any negotiated agreements and compensation claims were documented and made publicly available.
Criterion 6.5 Wage and conditions for employees and for employees of contractors always meet at least legal or minimum industry standards and are sufficient to meet basic needs of personnel and	Proof of wage payments to workers.	A work contract is in place for permanent employee, if any.	Smallholders organisation should periodically be aware of the Regionally Minimum Wage (<i>Upah Minimum Regional, UMR</i>) according to the local regulation where the plantation is established.
to provide some discretionary income.			For temporary workers, work condition should be in accordance with the agreement which was made transparently and freely.
			Evidance of wage payments can be achieved by getting acknowledgement from some workers
Criterion 6.6 The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.		Evidence of no restriction for workers and contractors to join unions	The rights of workers and contractors to form union and to negotiate collectively to their employer should be respected.

Criterion	Indicators		Guidance
Criterion	Major	Minor	Guidance
Criterion 6.7 Child labour is not used. Children are not exposed to hazardous working conditions. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes.	Smallholders can show that use of child labour is in accordance with the regulation.		Smallholders should refer to minimum working age and school leaving age in accordance with existing regulations. Work by children is acceptable on self-managed family smallholdings, under adult supervision and not disturbing their education and also in accordance with existing regulations.
Criterion 6.8 The employer shall not engage in or support discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.	Evidence that all employees and employee groups, including migrant workers are treated equally.		Negotiation process should include women, indigenous people and minority ethnic. Smallholders organisation have procedure to receive complaints which may be dealt with in accordance to criterion 6.3. Positive discrimination to provide employment and benefits to specific communities is acceptable as part of negotiated agreements.
Criterion 6.9 A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.	1. Smallholders organisation has established documents that advise its members against sexual harassments and forms of violence against women and to protect their reproductive rights.		Smallholders respect reproductive rights of their workers.

Criterion	India	Guidance	
Criterion	Major	Minor	Guidance
Criterion 6.10 Scheme managers deal fairly and transparently with smallholders and other local businesses.	 Records of no repitition of complaints from nucleus estate (partner companies) and/or other local business partners to smallholder. Records of FFB price determination mechanism from the Price Determination Team (<i>Tim Penetapan Harga</i>) to smallholders' organisation and receipt of FFB payments issued by the mills. 	 Smallholders organisation has documented contracts with their business partners, if any. Evidence that contract payment is made on-time Evidence of credit payment, if any. Evidence of road maintenance and transportation if smallholders pay related levies. Replanting plan is prepared in adequate time. 	Contract made should be understood by all involved parties, fair, legal and transparent and all costs, fees and levies are explained and agreed in advance. Smallholders' organisation should involve in the determination of FFB price.
Criterion 6.11 Scheme manager contribute to local sustainable development wherever appropriate.		Records of smallholders organisation and/or individual smallholders' contribution to the local development.	Scheme smallholders, after conversion, contribute to the local development through their organisation. Smallholders organisation actively negotiates with nucleus estate on substraction of smallholders' FFB sales for local development contribution and its management. Smallholders organisation participate in the determination of the use and management of the contribution fund.

Principle 7: Responsible development of new plantings

	National Indicators		
Criterion	Major	Minor	- Guidance
Criterion 7.1 A comprehensive and participatory independent social and environmental impact assessment is conducted prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	 SEIA document is in place prior to establishing new plantations. For scheme smallholder, SEIA is prepared by nucleus estate. Evidence of impact assessments made with participation of local communities. 	Evidence of results of impacts analysis are referred when plans are made to establish new plantations.	Scheme smallholders should be aware of the social and environmental impacts of their operations, which is part of the SEIA documents (AMDAL) of nucleus estate and they actively implement plans of its management (RKL-RPL). AMDAL is kept at smallholders organisation. Scheme smallholders consult nucleus estate in the management of impacts of their smallholdings. In addition to the considerations outlined in the RSPO P&C, environmental and social impact assessments should include participatory consideration of: Land use planning and land allocations of smallholders and arrangements regarding land acquisition. Identification and mitigation of environmental impact, road building and road maintenance. Debt provisions and payments, FFB pricing procedures, transport and grading.

Criterion	National Indicators		Guidance
Criterion	Major	Minor	Guidance
			 Conservation Values (see criterion 7.3) which could be negatively affected. Asssessment of potential effects on adjacent natural ecosystems of planned smallholdings developments, including whether development or expansion will increase pressure on nearby natural ecosystems. Identification of watercourses and assessment of potential effects on hydrology by planned smallholding developments. Measures should be planned and implemented to maintain the quantity and quality of water resources. Baseline soil surveys and topographic information, including the identification of marginal and fragile soils, areas prone to erosion and slopes unsuitable for planting. Analysis of type of land to be
			used (forest, degraded forest, cleared land). • Analysis of land ownership
			 and user rights. Analysis of current land use patterns. Assessment of potetial social

	National Indicators		
Criterion	Major	Minor	Guidance
			impact on surrounding communities of a plantation and associated smallholdings, including an analysis of differential effect on women versus men, ethnic communities, migrant verus long term residents.
Criterion 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.	A result of topography and land suitability survey is available, prepared by nucleus estate Planting on peatlands shall be in accordance with existing regulation .		For scheme smallholders, establishment of new plantings should be in line with nucleusplasma program.
Criterion 7.3 New plantings since November 2005 (which was the date of adoption of these criteria by the RSPO membership), have not replaced primary forest or any area containing one or more High Conservation Values.	1. Smallholders can show that the lands for new plantings have not derived from primary forest or area with high conservation value (HCV).		Nucleus estate should conduct HCV identification at partner smallholders' lands.
Criterion 7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.		When limited planting on steep terrain, and/or marginal land is unavoidable, nucleus estate shall give technical guidance.	Nucleus estate together with their member smallholders should develop plans for the development of new plantings. Lands allocated to scheme smallholders on steep terrain and/or marginal and fragile soils,

Criterion	National Indicators		Guidance
Criterion	Major	Minor	Guidance
Criterion 7.5 No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	1. Smallholder can show that there are no rejection from indigenous people and local communities on the development of new plantings. (Evidence may be in the form of agreement letter from indigenous people and local communities, which is acknowledged or approved by Head of indigenous people/Head of village or in accordance with local regulations)		should be avoided Plantings on steep terrain and/or marginal and fragile soils should be in accordance with existing regulations Scheme manager should identify scope of legitimate indigenous people's land and prepare the related map. Scheme manager engages with indigenous people and local communities prior to the development of new oil palm plantings, and where the lands are encumbered by local or customary rights, these must be negotiated to reach settlement agreed by both parties. All negotiated agreement must be well documented for a long-term benefit for all parties.
Criterion 7.6 Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	Evidence of agreement settled (e.g agreed compensation for land acquisitions etc) prior to the establishment of new plantings (letter of agreement).		Scheme manager should identify scope of legitimate indigenous people's land and prepare the related map This criterion should be preceded by criterion 7.5, to enable compensation payment and fulfilment of other agreed

Cuitouiou	National Indicators		Cuidanas
Criterion	Major	Minor	Guidance
			settlement done before the establishment of new plantings.
Criterion 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.	1. Smallholders can show that they have knowledge on and are able to implement zero-burn techniques in land preparation for new plantings.		Smallholder should have sufficient knowledge and comply to legislation/regulation that prohibit the use of fire for land preparation. For instance smallholders have brochures, attend training on guideline of land preparation techniques without use of fire which are issued or provided by relevant agencies. Relevant agencies or extension service agencies provide training to smallholders on the land preparation techniques avoiding use of fire. Land preparation in scheme smallholders landholdings follow zero-burning techniques as practiced by the partner nucleus estate.

Principle 8: Commitment to continuous improvement in key areas of activity

Criterion	Indicators		Guidance
Citterion	Major	Minor	Guidance
Criterion 8.1 Scheme managers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.	Scheme manager, together with smallholders, prepares action plans for continous improvement, based on consideration of the main social and enviromental impacts and opportunities for improvement.		

APPENDIX 1

Definition

Customary rights: Patterns of long standing community land and resource usage in accordance with indigenous peoples' customary laws, values, customs and traditions, including seasonal or cyclical use rather than formal legal title to land and resources issued by the State (from World Bank Operational Policy 4.10).

Environmental Impact Assessment: a process of predicting and evaluating the effects of an action or series of actions on the environment and social, then using the conclusions as a tool in planning and decision-making.

High Conservation Value (HCVF): The forest necessary to maintain or enhance one or more High Conservation Values (HCVs):

- HCV1. Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species).
- HCV2. Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.
- HCV3. Forest areas that are in or contain rare, threatened or endangered ecosystems.
- HCV4. Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).
- HCV5. Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).
- HCV6. Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

(See: 'The HCVF Toolkit' - available from www.hcvnetwork.org)

Natural vegetation: Areas where many of the principal characteristics and key elements of native ecosystems such as complexity, structure and diversity are present.

Plantation: The land containing oil palm and associated land uses such as infrastructure (e.g., roads), riparian zones and conservation set-asides.

Primary Forest: A primary forest is a forest that has never been logged and has developed following natural disturbances and under natural processes, regardless of its age. Also included as primary, are forests that are used inconsequentially by indigenous and local communities living traditional lifestyles relevant for the conservation and sustainable use of biological diversity. The present cover is normally relatively close to the natural composition and has arisen (predominantly) through natural regeneration. National interpretations should consider whether a more specific definition is required. (From FAO Second Expert Meeting On Harmonizing Forest-Related Definitions For Use By Various Stakeholders, 2001

http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/005/Y4171E/Y4171E11.htm).

Prophylactic: A treatment or course of action applied as a preventive measure.

Restore: Returning degraded or converted areas within the plantation to a semi-natural state.

Smallholders: Farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm provides the principal source of income and where the planted area of oil palm is maximum at 25 hectares in size.

Scheme smallholder: characterised as smallholders who are structurally bound by contract, by a credit agreement or by planning to a particular mill. Scheme smallholders are often not free to choose which crop they develop, are supervised in their planting and crop management

techniques, and are often organised, supervised or directly managed by the managers of the mill, estate or scheme to which they are structurally linked.

Independent smallholder: characterised by their freedom to choose how to use their lands, which crops to plant and how to manage them; being self-organised, self-managed and self-financed; and by not being contractually bound to any particular mill or any particular association. They may, however, receive support or extension services from government agencies.

Nucleus estate: partner company who develops plantation, including the required infrastructure, for its partner scheme smallholders. After the production of fruits, usually the farmed area is handed over to the farmer to manage independently and the partner company will collect FFB produced by the farmer.

Smallholders organisation: organisation where smallholder is structurally bound, can be smallholder group, combination of several smallholder groups or Village Unit Cooperative (KUD)

Stakeholders: An individual or group with a legitimate and/or demonstrable interest in, or who is directly affected by, the activities of an organisation and the consequences of those activities.

Use rights: Rights for the use of forest resources that can be defined by local custom, mutual agreements, or prescribed by other entities holding access rights. These rights may restrict the use of particular resources to specific levels of consumption or particular harvesting techniques.

APPENDIX 2

LIST OF LAWS & REGULATION REFERENCES

PRINCIPLE	CRITERIA	REGULATIONS
1	1	 UU No. 12 tahun 1992 tentang Sistim Budidaya Tanaman. UU No. 23 tahun 1997 tentang Lingkungan Hidup. UU No. 13 tahun 2003 Ketenagakerjaan. UU No. 18 tahun 2004 tentang Perkebunan. UU Ketenagakerjaan (tentang UMP, Umur, K3).
	2	 UU No. 12 tahun 1992 tentang Sistim Budidaya Tanaman. UU No. 23 tahun 1997 tentang Lingkungan Hidup. UU No. 18 tahun 2004 tentang Perkebunan
2	2	 UU No. 12 tahun 1992 tentang Sistim Budidaya Tanaman UU No. 23 tahun 1997 tentang Lingkungan Hidup (Pasal 5 ayat 2 dan Pasal 6 ayat 2) UU No. 18 tahun 2004 tentang Perkebunan UU No.1/1970 ttg Keselamatan Kerja PP No.8/1981 Perlindungan Upah Keputusan Bersama Menteri Pertanian dan Menteri Koperasi dan Pembinaan Pengusaha Kecil No.: NO.: 73/Kpts/OT.210/2/98 tentang Pembinaan dan Pengembangan Koperasi Unit Desa di Bidang Perkebunan dengan Pola kemitraan melalui Pemanfaatan Kredit kepada Koperasi Primer untuk Anggotanya KepMenTan NO.: 60/Kpts/KB.510/2/98 tentang Pembinaan dan Pengendalian Pengembangan Perkebunan Inti Rakyat, dll. UU No. 18 tahun 2004 tentang Perkebunan PP No 24 tahun 1997 tentang pendaftaran Peraturan Menteri Pertanian No. 26/Permentan/ar.140/2/2007
	3	 UU No. 18 tahun 2004 tentang Perkebunan Peraturan Menteri/Kepala BPN No. 5 tahun 1999 tentang Pedoman Penyelesaian masalah hak ulayat Peraturan Menteri Pertanian No. 26/Permentan/ar.140/2/2007
3	1	No relevant regulation available for smallholders
4	1	 Pedoman Teknis pembangunan Kebun Kelapa Sawit. Direktorat Jenderal Perkebunan. Departemen Pertanian. Jakarta. 2006 Standar Pengolahan Kelapa Sawit 1993 dari Ditjen Pengolahan.
	2	 UU No 12 tahun 1992 tentang Sistem Budidaya Tanaman UU No. 18 tahun 2004 tentang Perkebunan PP No. 8, 2001 mengenai Pupuk budidaya tanaman . Pedoman Teknis Pembangunan Kebun Kelapa Sawit. Direktorat Jenderal Perkebunan. Departemen Pertanian. Jakarta. 2006.
	3	1. Pedoman Teknis Pembangunan Kebun Kelapa Sawit. Direktorat Jenderal Perkebunan. Departemen Pertanian. Jakarta. 2006.
	4	 UU 12, tahun 1992 UU 18, tahun 2004
	5	 UU No 12 tahun 1992 tentang Sistem Budidaya Tanaman UU No. 18 tahun 2004 tentang Perkebunan PP No. 6, 1995 mengenai Perlindungan tanaman.

PRINCIPLE	CRITERIA	REGULATIONS
		4. Daftar penggunaan bahan kimia pertanian (agro kimia) yang diterbitkan oleh Komisi pestisida.5. Pengendalian hama terpadu (Ditjenbun)
	6	 PP No. 18, 1999 junto PP No 85 mengenai Pengelolaan limbah bahan berbahaya dan beracun. PP No. 74, 2001 mengenai Pengelolaan bahan berbahaya dan beracun. UU tentang K3. PP No. 7, 1973 mengenai Pengawasan atas peredaran, penyimpanan, dan pengunaan pestisida. SK Menteri Pertanian No. 517/Kpts/TP.270/9/2002 mengenai Pengawasan pestisida. Daftar penggunaan bahan kimia pertanian (agro kimia) yang diterbitkan oleh Komisi pestisida.
	7	1. UU No 1 tahun 1970 tentang Keselamatan Kerja
	8	No relevant regulation available for smallholders
5	1	No relevant regulation available for smallholders
	2	 PP No.7 Tahun 1999, Daftar Tanaman dan Hewan yang Dilindungi. Panduan Ideintifikasi Kawasan Bernilai Konservasi Tinggi di Indonesia, Konsorsium Revisi HCV Toolkit Indonesia, Juni 2008
	3	 UU No. 23, 1997 tentang Pengelolaan Lingkungan Hidup 1 PP No. 18, 1999 junto PP No 85, 1999 mengenai Pengelolaan limbah bahan berbahaya dan beracun. 2
	4	No relevant regulation available for smallholders
	5	 UU No 18 tahun 2004 tentang perkebunan PP No 04 tahun 2001 tentang pengendalian kerusakan dan atau pencemaran lingkungan hidup yang berkaitan dengan kebakaran hutan dan atau lahan.
	6	No relevant regulation available for smallholders
6	1	 UU No. 18 Tahun 2004 tentang Perkebunan (Pasal 25) UU No. 23 tahun 1997 tentang Lingkungan Hidup
	2	1. UU No. 18 tahun 2004 tentang Perkebunan.
	3	1. UU No. 18 tahun 2004 tentang Perkebunan
	4	 UU No. 12 tahun 1992 tentang Sistim Budidaya Tanaman UU No. 23 tahun 1997 tentang Lingkungan Hidup UU No. 13 tahun 2003 Ketenagakerjaan UU No. 18 tahun 2004 tentang Perkebunan
	5	1. Peraturan Menteri Tenaga Kerja No.PER-01/MEN/1999 tentang Upah Minimum
	6	No relevant regulation available for smallholders
	7	 Undang-Undang No.13 tahun 2003 tentang Ketenagakerjaan. Peraturan/Ketentuan mengenai wajib belajar. Keputusan Menakertrans RI No 235/MEN 2003 Tentang Jenis-Jenis

CRITFRIA	REGULATIONS
CIGITALINA	Pekerjaan Yg Membahaya-kan Kesehatan Keselamatan atau Moral Anak.
	4. Keputusan Menakertrans RI No 115/MEN/VII/2004 Tentang
	Perlindungan Bagi Anak Yg Melakukan Pekerjaan Untuk Mengembangkan Bakat & Minat.
8	UU No.13 tahun 2003 tentang Ketenagakerjaan
9	No relevant regulation available for smallholders
10	Kep MenTan No 395 th 2005
11	UU No. 18 tahun 2004 tentang Perkebunan
1	 UU No. 23 tahun 1997 tentang Lingkungan Hidup (Pasal 5 ayat 2 dan Pasal 6 ayat 2) UU No. 18 tahun 2004 tentang Perkebunan; Pasal 25 Menhut S.06/Menhut-VI/2006 tentang Hutan dengan Konservasi Tinggi Permentan No.26/Permentan/OT.140/2/2007
2	 UU Perkebunan No. 18, 2004 Petunjuk Teknis Budidaya Kelapa Sawit. Direktorat Jenderal Perkebunan. Departemen Pertanian. Jakarta, 1997. Pedoman Teknis Pembangunan Kebun kelapa Sawit Direktorat Jenderal Perkebunan. Departemen Pertanian. Jakarta. (Akan dirilis tahun 2007)
3	 UU No. 18/2004 tentang Perkebunan Panduan Ideintifikasi Kawasan Bernilai Konservasi Tinggi di Indonesia, Konsorsium Revisi HCV Toolkit Indonesia, Juni 2008
4	 SK tentang Kemiringan Tanah, Dalamnya Gambut, PP Dirjen Perkebunan, Kepres 32, 1990 tentang Penetapan Kawasan Lindung Kep Menhutbun No. 376/Kpts-II/1998, Psl. 2, Kesesuaian lahan yang cocok untuk perkebunan budidaya kelapa sawit.
5	 UU No. 23 tahun 1997 tentang Lingkungan Hidup (Pasal 5 ayat 2 dan Pasal 6 ayat 2). UU No. 18 tahun 2004 tentang Perkebunan; pasal 9 ayat 1 dan ayat 2. 2
6	 UU No. 18 tahun 2004 tentang Perkebunan Peraturan Menteri/Kepala BPN No. 5 tahun 1999 tentang Pedoman Penyelesaian masalah hak ulayat Peraturan Menteri Pertanian No. 26/Permentan/ar.140/2/2007
7	 UU 18/2004 tentang perkebunan PP 4/2001 tentang Pengendalian Kerusakna Dan Atau Pencemaran Lingkungan Hidup Yang Berkaitan Dengan Kebakaran Hutan Dan Atau Lah an. SK Mentan 357/19 Pembukaan lahan tanpa bakar Peraturan terkait Kebakaran Lahan, KLH, Deptan, Dephut
1	1. UU No. 18, 2004 tentang Perkebunan
	10 11 1 2 3 4 5 6

APPENDIX 3

	GLOSSARY
AMDAL	Analisis Mengenai Dampak Lingkungan dan Sosial (Social and Environmental Impact Assessment)
ASEAN	Association of South East Asia Nations
B3	Bahan Beracun dan Berbahaya (hazardous waste)
BKSDA	Balai Konservasi Sumber Daya Alam
CPO	Crude Palm Oil atau minyak kelapa sawit mentah
GAP	Good Agricultural Practices (Praktek Pertanian yang Baik)
HCV	High Conservation Value
IUP	Izin Usaha Perkebunan (Plantation Operation Licence)
К3	Kesehatan dan Keselamatan Kerja (Occupational Health and Safety)
KKPA	Kredit kepada Koperasi Primer untuk Anggotanya
LSM	Lembaga Swadaya Masyarakat (Non Governmental Organisation)
PHT	Pengelolaan Hama Terpadu (Integrated Pest Management)
PIR	Perkebunan Inti Rakyat
RSPO	Roundtable on Sustainable Palm Oil (Organisasi Minyak Sawit Berkelanjutan)
RKL/RPL	Rencana Kelola Lingkungan/Rencana Pemantauan Lingkungan (Environmental
	Management Plan/Environmental Monitoring Plan)
SOP	Standard Operating Procedures
STF	Smallholder Task Force (Gugus Tugas Petani)
UKL/UPL	Upaya Kelola Lingkungan/Upaya Pemantauan Lingkungan (Environmental Management Efforts/Environmental Monitoring Efforts)