

Committing to Being World-Class Smallholders

Anthony Yeow
President Director
PT Hindoli
Cargill Tropical Palm Holdings

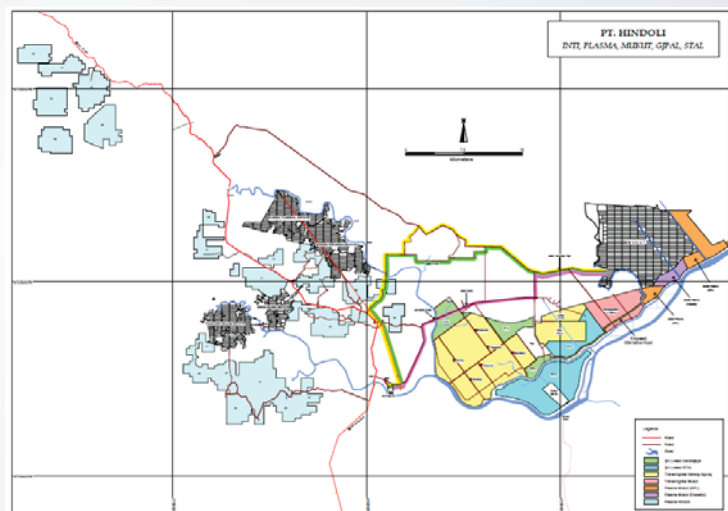


10 Years Of Driving Sustainability.
A Business Model For The Future.



Background: PT Hindoli Smallholders

- Transmigrants from Java Island moved to South Sumatra in the late 1980s and later became the Hindoli smallholders under PIR-Trans scheme.
- 8,800 smallholders holding 17,600 hectares represented by 17 cooperatives.
- Oil palm planting occurred between 1991 and 2000
- PT Hindoli manages another 2,400 Ha for 1,200 smallholders at Mukut new development area.



General layout of PT Hindoli



10 Years Of Driving Sustainability.
A Business Model For The Future.

Committing to Being World-Class Smallholders

- Plantation companies and smallholders are both equally responsible for the success of the partnership.

- Case studies:

- PT Hindoli smallholders' relentless pursuit of world-class achievements
- Cargill's approach to new development areas



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case study 1: PT Hindoli Smallholders' relentless pursuit of world-class achievements

- RSPO certification obtained in 2010 proved that Indonesian smallholder farmers are capable of producing sustainable palm oil and even competing with established plantation companies.
- Smallholders continued to be motivated and prepared themselves for International Sustainable Carbon Certification (ISCC) to be truly sustainable for food and energy production.
- ISCC is a certification scheme approved by the EU to cover the EU Renewable Energy Directive (RED). It differs from RSPO certification in the tracking of greenhouse gas production from field to refinery. This requires a full supply chain certification.



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case study 1: PT Hindoli Smallholders' relentless pursuit of world-class achievements

- Hindoli Mukti Jaya with 1,900 members, was the first cooperative to start working towards ISCC Certification.
- One key challenge includes the need for all land owned by the farmer to be ISCC P&C compliant, in addition to land that is already earmarked for official ISCC audit.
- PT Hindoli's 11-strong Farmer Development team and Program Assurance Department guided the smallholders' throughout the process.
- Hindoli Mukti Jaya achieved success in June 2012 with the receipt of ISCC-EU certification.
- PT Hindoli continues working with and preparing remaining cooperatives to achieve ISCC certification before 2014.
- Smallholders achieved RSPO and ISCC certification through two independent bodies – SGS for ISCC and BSi for RSPO.



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case study 1: PT Hindoli Smallholders' relentless pursuit of world-class achievements

- The partnership between PT Hindoli and the smallholder farmers is recognized for its success at district, provincial and national levels.



Hindoli Cooperative received recognition from the President, Megawati in 2002



Platinum Indonesian CSR Awards 2011 given to PT Hindoli in Nov 2011



10 Years Of Driving Sustainability.
A Business Model For The Future.



Platinum Musi Banyuasin CSR Awards 2012 given to PT Hindoli in October 2012

Case study 1: PT Hindoli Smallholders' relentless pursuit of world-class achievements



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case study 1: PT Hindoli Smallholders' relentless pursuit of world-class achievements



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case Study 2: Cargill's Approach to New Development Areas

Location permit obtained in April 2011



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case Study 2: Cargill's Approach to New Development Areas

Situation

- Cargill received location permit in 2011 to explore inti and smallholder plantation development.
- Goal was to achieve a mutually beneficial partnership between Cargill and local communities whilst honoring transparency, trust and the law.

Process

- Land use rights from Regency government is a compulsory precursor to commencing socialization with local communities and subsequently turning the land into a palm plantation.



Meeting with local authorities of Banyuasin regency and the head of villagers



Location survey in May 2011



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case Study 2: Cargill's Approach to New Development Areas

- After location surveillance was done in May 2011, we set up an on-site office to be close to local communities and better facilitate communications.
- Cargill senior management took part in the initial socialization and regularly visited the area.
- Social Impact Assessment (SIA) was carried out by a third party consultant to understand the aspirations of the communities and the impact of introducing an oil palm plantation to the area.
- Positive and negative impact of the above SIA were shared with the local communities and authorities.



Socialization of Social Impact Assessment result to the local authorities and communities.



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case Study 2: Cargill's Approach to New Development Areas

- In July 2011, the socialization of land acquisition to local communities was conducted with the assistance from the village head, village elders and religious head.
- After a year long socialization process, the local communities decided not to grant areas for an inti plantation, but instead proposed to become PT Hindoli smallholders.
- Though the inti plantation did not materialize, relations between Hindoli and local communities continue to be constructive and amicable.



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case Study 2: Cargill's Approach to New Development Areas



10 Years Of Driving Sustainability.
A Business Model For The Future.

Case Study 2: Cargill's Approach to New Development Areas



Office and Operational Equipment



Motor cycle



Speed boat



2 units of GPS



10 Years Of Driving Sustainability.
A Business Model For The Future.

About Cargill

- Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. Founded in 1865, the privately held company employs 142,000 people in 65 countries. Cargill helps customers succeed through collaboration and innovation, and is committed to sharing its global knowledge and experience to help meet economic, environmental and social challenges wherever it does business.

For more information, visit Cargill.com.



10 Years Of Driving Sustainability.
A Business Model For The Future.

RSPO

Roundtable on Sustainable Palm Oil

Committing to Being World-Class Smallholders

Anthony Yeow
President Director
PT Hindoli
Cargill Tropical Palm Holdings



10 Years Of Driving Sustainability.
A Business Model For The Future.

