

On the proposed Nuiguyo gold mine in  
Indonesia, owned by Aimec Minerals

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## Contents

Acronyms .....	4
Executive Summary .....	5
HRIA User's Guide .....	6
1. Introduction .....	7
1.1. Human Rights and Business .....	7
1.2. Human Rights Impact Assessment .....	7
1.3. Rights to be Considered .....	8
1.3. Rightsholders .....	9
2. Methodology .....	10
3. Overview (Phase 1) .....	11
3.1. Context .....	11
3.2. Project .....	11
3.4. Potential Impacted Rights .....	14
3.5. Potential Impacted Rightsholders .....	14
3.6. Special Topics .....	14
4. Catalogs (Phase 2) .....	15
4.1. Context Catalog .....	15
4.1.1 LABOR .....	15
4.1.2. HEALTH .....	16
4.1.3. ENVIRONMENT .....	18
4.1.4. POLITICAL/LEGAL .....	19
4.1.5. SOCIAL .....	22
4.1.6. ECONOMIC .....	23
4.2. Project Catalog .....	25
4.2.1. LABOR .....	25
4.2.2. HEALTH .....	26
4.2.3. ENVIRONMENT .....	27
4.2.4. SOCIO/POLITICAL .....	28
4.2.5. SECURITY .....	30
4.2.6. ECONOMIC/INFRASTRUCTURE .....	31
4.2.7. ECONOMIC - LAND AND LIVELIHOOD .....	32
4.3. Company Catalog .....	33
4.3.1. LABOR / NON-DISCRIMINATION .....	33
4.3.2. HEALTH .....	34
4.3.3. ENVIRONMENT .....	36
4.3.4. POLITICAL / SECURITY .....	36
4.4. Special Topics .....	36
5. Finalizing and Impacts (Phase 3) .....	38
5.1. Final List of Impacted Rights .....	38
5.1.1. Right to Security of Person /Right to Adequate Supply of Water .....	38
5.1.2. Right to Health / Right to Clean Environment / Right to Clean Air .....	39
5.2. Final List of Impacted Rightsholders .....	39

5.2.1. Labor Rightsholders - By Work.....	40
5.2.2. Environmental Rightsholders - By Locality .....	40
5.2.3. Welfare Rightsholders - By Needs .....	40
5.3. Rightsholder Engagement.....	40
5.4. Human Rights Impacts.....	40
5.4.1. LABOR.....	42
5.4.2. HEALTH/ ENVIRONMENT .....	42
5.4.3. POLITICAL.....	44
5.4.4. SECURITY .....	45
5.4.5. ECONOMIC .....	47
5.4.6. EDUCATION .....	48
5.4.7. Significant Rights With No Anticipated Net Impacts Foreseen .....	48
7. Recommendations.....	51
Fears Regarding the Right to Security of Person.....	51
Water Quality – Right to Clean Environment .....	51
Water Quantity – Right to Adequate Supply of Water .....	51
Blasting – Right to Privacy.....	52
8. Conclusion .....	53
APPENDIX #1 – Key Human Rights – By Source .....	55
APPENDIX #2 – Survey Data for Topics .....	56
APPENDIX #3 – Relevant Indonesian Laws and Regulations .....	58
References.....	62

## Acronyms

AMDAL	Environmental Impact Assessment (Bahasa: <i>Analisis Mengenai Dampak Lingkungan</i> )
APL	Land Available for Non-Forest Use (Bahasa: <i>Areal Penggunaan Lain</i> )
BHS	Baseline Health Study
DAV	Directly Affected Villages/Villagers
DFS	Definitive Feasibility Study
FIH	Consulting group hired by the Project (Internationally Respected)
GRI	Global Reporting Initiative
HIA	Health Impact Assessment
HRIA	Human Rights Impact Assessment
ICMM	International Council on Mines and Metals
IFC	International Finance Corporation
ILO	International Labor Organization
NGO	Non-Government Organization
PROPER	Indonesian program for environmental compliance, Program for Pollution control, Evaluation and Rating
PTKM-2	Local Palm Plantation
RKL	Environmental Protection Plan (Bahasa: <i>Rencana Pengelolaan Lingkungan Hidup</i> )
RPL	Environmental Monitoring Plan (Bahasa: <i>Rencana Pemantauan Lingkungan Hidup</i> )
SIA	Social Impact Assessment
SES	Socio-Economic Study
SCL	Social, Community, Land Study
UN	United Nations

## Advance Note – Names Changed

Please note that “Nuiguyo”, “Aimec” and other identifying elements of the Project have been changed. The so-called “Nuiguyo” HRIA was originally commissioned by a Company for a Project that was later sold. It is the only HRIA conducted by Nomogaia staff funded by a Company. Although the document no longer has bearing on the Project or its proponents, we felt it appropriate to respect the former client’s privacy.

## Executive Summary

With the Nuiguyo Project, Aimec Minerals is fortunate to be pursuing a project free from the human rights issues that can most severely challenge extractive projects. The risk of violence or military intervention is minimal, and resettlement will be negligible. Additionally, the Project is located in an area without indigenous populations or high HIV rates. It is believed that, given the Company's history of community support in other projects, community health and education are likely to improve as a result of the Project. Likewise, it is anticipated that working conditions, discriminatory practices and wages are likely to improve, based on Company policy and past performance. However, the significant research gaps forestall any such conclusions.

There were significant gaps in the available data regarding health, education and economic conditions at baseline, as well as monitoring and closure plans, which severely limited assessors' ability to develop a complete analysis of rights impacts. FIH Consultants share Newfields' perspective on missing data and have recommended that the Company complete further study on these issues (see Study List in **Section 3.3** of this document).

A unique set of challenges presents itself at Nuiguyo, which will likely result in one or more controversies being labeled as a violation of human rights and taken to the international press or to the streets in local demonstrations. The first human rights complaint filed against the Company came well before operations began, in January 2008. Complaints presented normal operational and environmental impacts as human rights violations – a sound indication that opposition groups will use human rights terminology to attack the Project.

The Nuiguyo Project exists in a tight-knit community with a culture of activism that was founded by environmental and cultural campaigners. The local population is fearful of the environmental impacts that can accompany mining projects, in part because of and in part despite the fact that the area has never had large-scale mining. Even if environmental risks have been mitigated according to the highest international standards, and even if rights are not endangered, local fear consolidated by activist effort, can explode into a human rights controversy. Local NGOs have learned environmental sampling techniques. Close attention is being paid to the Uop Kusa River. If communities do not trust the Project's intentions, small and brief exceedances may be transformed into massive campaigns that are costly to combat.

No mining Project can appease every member of the local community, but attention should be paid to fears and concerns. The Project should be highly cognizant of any unrest, particularly from communities that will not benefit from mining activities. Unskilled job-seekers desiring better positions and locals that exist outside the traditional social structure – particularly Miah people – may become prime targets for international activists.

If the Project maintains amicable relations with communities, it can be credited with creating lasting improvements in local economic, health and education systems. Communities whose relations with operating Projects are strained do not hesitate to lay blame. The best remedy is prevention. Keeping communication channels open, providing grievance mechanisms, and maintaining visible, verified, ongoing Project efforts to measure success and mitigate harm will be the best way to protect the Project from human rights complaints.

## User's Guide to HRIA

A Human Rights Impact Assessment is a detail-rich, broad-sweeping document. The data included in the extended catalogs is vital to establish a foundation for assessors' conclusions but can be difficult to follow, particularly for anyone with limited time. This user guide is intended to direct readers to the sections they will find most valuable.

Pages  
7 - 14

**Background information** explaining the purpose and structure of the HRIA, and an overview of the capital project assessed (the "Project"), the project proponent (the "Company") and relevant facts about the area and country in which the Project is being built (the "Context").

Pages  
15 - 36

**Catalogs** are the analytical core of the HRIA. In them, detailed information on the Project, Company and Context are organized by those issues which form the foundation of each internationally recognized Human Right.

Pages  
36 - 40

**Special Topics**, which present rights issues of particular interest to the Project under assessment, and **Human Rights Issues** of more general interest to the Project are explained and elaborated in this section.

Pages  
40 - 48

**Human Rights Ratings** are the heart of the impact assessment, where the negative and positive impacts of a Project are quantified

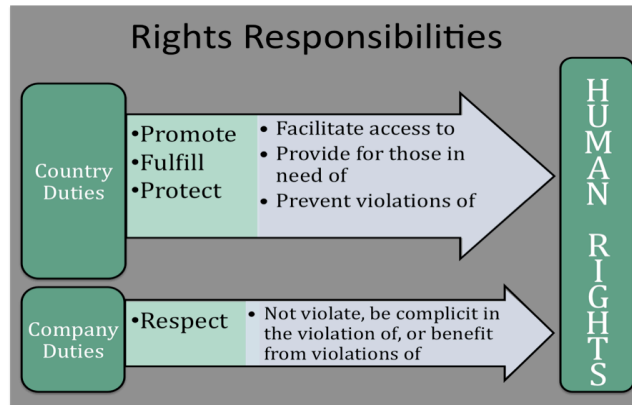
Pages  
51 - 52

**Recommendations** are issued as proposed mitigating steps to protect human rights from negative impacts of the Project and to promote the positive impacts.

## 1. Introduction

### 1.1. Human Rights and Business

Although international agreements have endowed governments with the express duty to protect human rights, large transnational corporations often have undeniable influence on human rights in the countries where they operate. With this power, such companies have acquired responsibilities. Businesses are now held to human rights standards. In 2005, the Secretary-General of the United Nations appointed



Professor John Ruggie to serve as Special Representative on Human Rights and Transnational Corporations. His mandate, as dictated by the UN, is, *"to identify and clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises with regard to human rights."*<sup>1</sup> Professor Ruggie issued a pivotal report in June of 2008, broadly defining a corporate role to "respect" human rights and requiring corporations to detect potential impacts in advance. Broad corporate support for Professor Ruggie's recommendations has emerged. The International Council on Mining and Metals, speaking for some of the industry's largest corporations, welcomed Professor Ruggie's report and supported the entirety of his framework (ICMM News 6.12.08), as did, perhaps more significantly, a global alliance of socially responsible investors (ICRR 10.1.06).<sup>2</sup> Ruggie is currently working to "operationalize" his recommendations, and human rights impact assessment is a central focus.

### 1.2. Human Rights Impact Assessment

For large capital projects, impact assessment is now standard. Social, environmental, and health impacts are investigated using internationally accepted methodologies and are commissioned to anticipate multiple classes of challenges. Each impact assessment addresses a defined area or topic. Experience has shown that standard assessments cannot capture the full range of issues that might trigger or exacerbate human rights claims. A Human Rights Impact Assessment (HRIA) relies on traditional assessments when possible and does not duplicate them, but employs a different scope, methodology and perspective to foresee impacts.

<sup>1</sup> <http://www.un.org/News/Press/docs/2005/sga934.doc.htm>

<sup>2</sup> <http://www.icmm.com/page/8331/icmm-welcomes-ruggie-report>

## The Human Rights Perspective Enables a Project Proponent To:

- Understand significant human rights at risk in the Project area
- Anticipate and mitigate negative impacts on human rights caused by the Project – through alterations in Project design, policies, procedures and involvement of third parties
- Anticipate and document positive impacts on human rights caused by the Project
- Understand risk from topics not covered by other impact and community assessments
- Consider the Project from the point of view of rightsholders
- Identify vulnerable groups – those at greatest risk and those who are most likely to spark controversy
- Prioritize local vulnerabilities and opportunities in rights protection
- Increase needed institutional sensitivity to high priority rights issues
- Create appropriate grievance procedures and mechanisms to allow orderly resolution of perceived rights infringements
- Establish a baseline of a community's perspective on the potential impact of the Project's presence, and document local perceptions of improving/diminishing human rights protections

### 1.3. Rights to be Considered

HRIAs are conducted based on the rights enumerated in the United Nations' Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; and the International Covenant on Economic, Social and Cultural Rights. In addition, depending on the Project and the specified goals of the HRIA, other internationally recognized human rights conventions may be considered.<sup>3</sup> Applicable laws are also taken into account as informative of human rights. Please see **Appendix 1** for a list of relevant rights drawn from these documents.

#### Potential Rights (limited and incomplete list)

Labor	Environmental / Welfare	Social/Political
▪ Right to Work	▪ Right to Life	▪ Right to Liberty
▪ Right to Favorable Working Conditions	▪ Right to Health	▪ Freedom from Arbitrary Arrest
▪ Right to Just Remuneration	▪ Right to Adequate Supply of Water	▪ Freedom from Degrading Treatment and Torture

<sup>3</sup> These may include such sources such as the Declaration of the Rights of Indigenous Peoples, the Convention on the Rights of the Child, as well as regional conventions such as the African Charter on Human and Peoples Rights.



▪ Freedom from Exploitive Child Labor	▪ Right to Clean Environment	▪ Freedom of Thought
▪ Freedom from Involuntary Labor	▪ Right to Adequate Standard of Living	▪ Freedom of Expression
▪ Equal Pay for Equal Work	▪ Right to Food	▪ Freedom of Assembly
▪ Nondiscrimination	▪ Right to Housing	▪ Freedom of Religion
▪ Right to Belong to a Trade Union	▪ Right to Security of Person	▪ Right to Participate in the Cultural Life of the Community
▪ Right to Strike	▪ Right to Privacy	▪ Right to Education
▪ Freedom of Association	▪ Freedom of Residence	▪ Right of Self-Determination

### 1.3. Rightsholders

Human rights are held by individuals referred to as “rightsholders.” HRIAs necessarily employ this term, which is not used in other assessments, because rights analysis starts with the individuals whose human rights could be at risk. Traditional impact assessment, in contrast, focuses on groups that have a “stake” in the project – be it financial, social, environmental or otherwise. Most impact assessments categorize stakeholders by proximity, dividing them into host community, host country, and “wider community” (see, e.g. IFC p. 39). The rightsholders relevant to an HRIA are more exclusive – a subset<sup>4</sup> of the stakeholder group.

Rightsholders generally live within the project vicinity (there are exceptions, such as child laborers in the supply chain). They are integral to a Human Rights Impact Assessment, particularly if they are not well represented by government, trade unions, NGOs, or any other organization. Community leaders, traditional government leaders and NGO leaders may have positions and opinions reflective of rightsholder concerns, and so should be heard, but more vital are the voices of the “voiceless” – those whose interests are rarely taken into consideration, sometimes to the detriment of all. The goal of rightsholder analysis is to determine, as accurately as possible, the effect of the Project on rights, whether or not the rightsholders are in power.

#### Potential Rightsholders (limited and incomplete list)

Labor Rightsholders	Environmental Rightsholders	Sociopolitical / Welfare Rightsholders
Directly Impacted		
▪ Employees	▪ Project area inhabitants	▪ Those whose health, education, water & sanitation infrastructure are burdened by the Project
▪ Contractors and subcontractors	▪ Residents whose wells are impacted and/or air quality	▪ Indigenous people with traditions based in the Project area
		▪ Residents dwelling near blasting

<sup>4</sup> There is some debate over the definition of stakeholders. By “subset” we include all proximate stakeholders, even those who have no interaction with the project, for example villagers from communities with no marketable skills but who live proximate to the project.

Indirectly Impacted		
▪ Employees, employers in Project supply/production chains	▪ Subsistence farmers with impacted lands	▪ Food purchasers struggling with inflated prices
▪ Farmers or tradesmen who have lost livelihoods to the Project	▪ People who are likely to lose possession of their land	▪ Residents in communities that draw particularly large numbers of employees
▪ Minorities and disenfranchised groups not employed by the Project	▪ Residents dwelling near to roads whose use will increase	
	▪ Users of downstream water	

## 2. Methodology

HRIAs are conducted to determine whether and to what extent the Project will interact with pre-existing social, economic, environmental or political conditions (the “Context”) to impact particular human rights positively or negatively. The status of rights protection before the project begins serves as a baseline; changes in that status constitute impacts. Rights can be impacted in complex ways – sometimes simultaneously positively and negatively, sometimes indeterminately, given currently available information and the rightsholders considered.

An HRIA is performed in the following steps:

Phase	Information	Rights	Rightsholders	Impacts
<i>Starting Tools</i>	Presumptive Catalog Topics / and Structure	Presumptive List of Impacted Rights	Presumptive List of Rightsholders	Presumptive Special Topics List
<i>Phase I: Overview (Steps 1-4)</i>	Gather Information on Project, Context and Company	Prepare Preliminary List of Impacted Rights	Prepare Preliminary List of Rightsholders	Determine Applicability of Special Topics
<i>Phase II: Catalogs (Steps 5-8)</i>	Prepare Catalogs	Prepare Working List of Impacted Rights	Rightsholder Engagement	Special Topics Analysis
<i>Phase III: Impacts (Steps 9-12)</i>	Finalize Catalogs – Identify all data gaps	Prepare Final List of Impacted Rights	Prepare Final List of Rightsholders	Rate Impacts

This is a desktop Human Rights Impact Assessment, which relies on available studies and information on the project. Therefore, no new direct rightsholder engagement was performed. This significantly weakens the report and a follow-up “Rapid Response” HRIA, complete with rightsholder engagement, is recommended.

### 3. Overview (Phase 1)

#### 3.1. Context

Aimec Minerals' Nuiguayo Project (the "Project") is located in North Hanugru's tropical South Gukumaor District, situated three kilometers northwest of the district capital town of Yugumt Glif. Heavy rainfalls maintain dense forests as well as rubber and palm oil plantations. Rubber plantations occupy the most substantial acreage of any crop in the area. Although rice is represents the second largest agricultural land use in the area after plantations, it grows poorly, owing largely to inefficient farming techniques and a shortage of suitable land. Nearly 50 percent of the local labor force is involved in plantation work (Franklin, 2004, 1.1.2.1; SES Chapter 6).

Approximately 12,500 people live in the 11 directly affected villages (DAVs) immediately impacted by the Nuiguayo Project, and the mine may impact some agricultural work in the area. Outside the Project's direct sphere of impact, an estimated 40,000 people live in the Yugumt Glif sub-district. The economy is built around rubber and palm oil plantations, supplemented by trading, subsistence farming, and home industries. Communities are cohesive, built around a local social structure called Wuorsum Mugela, and local leadership is strong. Education levels are low by Indonesian standards – less than one-third of adults hold a high school diploma – but the literacy rate is approximately 97 percent (Franklin, 2004, 1.1.1.6).

North Hanugru's Governor and his administration are based in the regional capital of Nowum, but the Company's most direct interaction is with South Gukumaor District. Below the District level, leaders of the Yugumt Glif sub-district have expressed strong support for the mine, but certain local leaders, while optimistic about work opportunities, have significant fears of environmental and social degradation (Pirebum, 2008).

#### 3.2. Project

The Nuiguayo Project is an open pit gold and silver mine designed with a conventional carbon-in-leach mill and land-based tailings facilities. The deposit contains an estimated 2.3 million ounces of gold and 30.1 million ounces of silver, which are to be extracted over nine years. Waste rock will total nearly 400 million tons of ore (AMDAL 6.3.1.1.2B; DFS 6.6). Construction began in 2008 and production, originally scheduled to begin in 2009, has been deferred (Aimec Minerals Nuiguayo Project Overview<sup>5</sup>). Capital costs are estimated at US\$310 million (Nuiguayo Project Approval 2007; Aimec Minerals public release Nov. 24, 2008).

Construction projects include a mill, offices, waste rock dump, tailing impoundment, two access roads, two settling ponds, a decant water storage facility, and a septic treatment plant. Excess water will be piped into the lower levels of the Uop Kusa Creek, downstream of the village of Yugumt Glif. Additionally, an administration building and power plant are to be built from temporary housing barracks erected for construction workers before operations commence (AMDAL 6.3.1.1.8, Executive Summary; DFS 7.2.11)

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<sup>5</sup> <http://www.maminerals.com/Operations/Mining-Operations/Nuiguayo/Nuiguayo-Mine-Overview.html>

The pit will reach a depth of 200 meters, undergoing a regular blasting schedule. Ore will be removed by excavator and haul trucks and processed using conventional crushing, grinding, cyanide and carbon-in-leach systems. Product will be hauled along the Trans- Hanugrun highway to Nauru Mibam jetty near Hibeotu where it will be shipped to Java. The tailings will undergo detoxification by a conventional cyanide reduction system, using an SO<sub>2</sub>/air process, and piped to the tailing storage facility. Process water will come from a water storage reservoir.

Employment during the construction stage is expected to reach up to 1,500 with approximately 50 percent of workers recruited locally. Accommodations for 1,300 workers are mentioned in DFS and AMDAL executive summary, but AMDAL suggests that construction workers will become boarders within DAVs (AMDAL 6.2.2.1). During production, employment will be reduced to 500 full-time laborers and 300 contractors. Most full-time laborers will be retained from construction phase. Seventy percent are to be recruited locally (Timothy Graham, Interview Oct. 2008; AMDAL 1.2.4.3). Training is expected to be ongoing, so that workers are likely to be “semi-skilled” at the end of construction phase.

Although the Project contracts out its trucking, excavating and security work (as well as various other project elements), all workers on site will be subject to Aimec Minerals codes of conduct and Australian overseas laws, per LC Ops standards.

### 3.3. Company

Eciumu acquired the Nuiguyo Project in 2007. In 2008, Eciumu merged with Aimitoc, forming Aimec Minerals (the “Company”), a mid-sized diversified mining company. Both parent companies had codes of conduct and operated according to the Voluntary Principles on Security.

Original data analyzed in this HRIA was compiled by professionals under contract to Aimec Minerals, Eciumu, PT Utim Resources, and Toldmon Corp. (previous Project proponents). Studies included:

#### Study List

Date	Author	Title (Citation symbol in HRIA)
2004	IDB	Blasting study
September 2004	Kahupu Hoqui Foundation	Archaeology Survey
September 2004	Kahupu Hoqui Foundation	Baseline Health Survey (BH)
October 2004	Annie Franklin/ NDS Global	Fostering responsible social change and development: A preliminary assessment of social impacts for the Nuiguyo Project (Franklin)
December 2004	Kahupu Hoqui Foundation	Social Economy Survey (SES)
July 2007	PT. OIN Indonesia	Formal Indonesian Environmental Impact Assessment (AMDAL), Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL)
2007	TWS	Seismic Aspects Report

October 2007	FIH	Environmental and Social Gap Analysis
November 2007	Dalley	Definitive Feasibility Study (DFS)
December 2007	FIH	Social, Community and Lands sections (SCL) of Definitive Feasibility Study (2nd version)
October 2008	Pirebum Partners	Stakeholder Analysis and Perception Study (Pirebum)
<b>The studies below are either pending or were not provided to NewFields for review</b>		
2004	Telwor & Associates	Seismicity study / Pit and Tailings Study
TBA	FIH	Monitoring and evaluation framework, plan and systems
2009	FHF	Cultural heritage study
TBA	FIH	Community Relations Investment Plan
2009	FHF	Socio-economic, public health and education baseline/impact studies
TBA	FIH	Local commercial diversity study
TBA	FIH	Workforce profile study
TBA	FIH	Resettlement and land use plan
2009	FHF	Local government capacity study
2009	FHF	Community services/infrastructure study

#### Additional sources included

- Various legal documents and publicly available country resources
- Communications with key Company personnel
  - Joseph Leader – General Manager, Nuiguyo Project
  - Mary Huisaam – Project Permitting Manager
  - William Smith – Company Community Relations Manager
  - Tyler McNern – Company Environment Manager (Asia)
  - Haria Ugnuwja – Project Community Relations Manager
  - Bob Smerken – Project Technical Advisor
  - Timothy Graham – Project Commercial Manager
- Documentation of local complaints against the Project since 2003
- Company standards and guidelines
  - LC Ops Standards
  - Eciumu Sustainability Reports 2005-2007
  - Aimitoc Sustainable Development Reports 2005-2007

An underlying assumption of this Report is that the sources provided to Assessors are complete and accurate. Assessors were not requested to analyze the quality or reliability of provided environmental, social, economic, and health data and conclusions.

### 3.4. Potential Impacted Rights

Labor	Environmental / Welfare	Social/Political
▪ Right to Work	▪ Right to Life	▪ Right to Liberty
▪ Right to Favorable Working Conditions	▪ Right to Health	▪ Freedom from Arbitrary Arrest
▪ Right to Just Remuneration	▪ Right to Adequate Supply of Water	▪ Freedom from Degrading Treatment and Torture
▪ Freedom from Exploitive Child Labor	▪ Right to Clean Environment	▪ Freedom of Thought
▪ Freedom from Involuntary Labor	▪ Right to Adequate Standard of Living	▪ Freedom of Expression
▪ Equal Pay for Equal Work	▪ Right to Food	▪ Freedom of Assembly
▪ Nondiscrimination	▪ Right to Housing	▪ Freedom of Religion
▪ Right to Join a Trade Union	▪ Right to Security of Person	▪ Right to Cultural Participation
▪ Right to Strike	▪ Right to Privacy	▪ Right to Education
▪ Freedom of Association	▪ Freedom of Residence	▪ Right of Self-Determination
▪ Right to Holidays with Pay	▪ Right to Property	▪ Right to Political Participation

### 3.5. Potential Impacted Rightsholders

Labor Rightsholders	Environmental Rightsholders	Social / Political / Welfare Rightsholders
<b>Directly Impacted</b>		
▪ Employees	▪ Project area inhabitants	▪ Communities whose health, education, water and sanitation infrastructure are burden by population increases caused by the Project
▪ Contractors and subcontractors	▪ Residents whose wells are impacted and/or air quality	▪ Indigenous people with traditional uses for/activities in the Project area
		▪ Residents dwelling near blasting
<b>Indirectly Impacted</b>		
▪ Employees and owners of businesses in the Project's supply and production chains	▪ Subsistence farmers with impacted lands	▪ Food purchasers struggling with inflated prices
▪ Farmers or tradesmen who have lost livelihoods to the Project	▪ People who are likely to lose possession of their land	▪ Residents dwelling in communities with high Project employment rates
▪ Minorities and disenfranchised groups not employed by Project	▪ Residents dwelling near to roads whose use will increase	
	▪ Users of downstream water	

### 3.6. Special Topics

There are no special topics apparent at first glance for this Project.

## 4. Catalogs (Phase 2)

Social, political, and environmental conditions all figure into the human rights setting of a Project area and its surrounding communities. Exploration of those three topics and their respective subtopics will suggest which rights may be impacted. Not all questions can be answered definitively. Evaluation of the data in these tables is found in **Section 5.4, Human Rights Impacts** below.

### 4.1. Context Catalog

Except where expressly noted, context topic descriptions refer to conditions entirely external to Project elements. Data may be national, regional, or local. Assessors use the most directly relevant data available.

#### 4.1.1 LABOR

<p>Wages</p> <p><b>Local Wage Rates:</b> The Yugumt Glif Plantation has a per capita income close to 9,000 Rp per day. PTKM-2 Rubber Company (2004): Men: 800,000 Rp/month; Women: 500,000 Rp/month Laborers are supplied housing (withdrawn upon retirement), free medical care at plantation clinics, rice subsidies (30 kilos per employee per month), a retirement fund, life insurance, and child daycare (DFS-10, SES p 110). Paydays are twice monthly, on the 5<sup>th</sup> and 20<sup>th</sup> (SES p 110). Temporary laborers work 6 days/week for Rp. 1,200 an hour (Rp. 7,000/day). Community Rubber Plantations produce less. Profit sharing systems divide latex 1/3 to owner, 2/3 to tappers; neighbors all contribute to each other's crops, either in labor or in a small cash sum (Rp. 5000). <b>Rights:</b> Right to Just Remuneration; Equal Pay for Equal Work <b>Rightsholders:</b> Women, Minorities, Employees of Project and Contractors</p> <p><b>Local Skill Levels and Employability by the Project:</b> Company says Project community training programs have not yet been implemented (Graham), though Pirebum has identified some training workshops. <b>Rights:</b> Right to an Adequate Standard of Living <b>Rightsholders:</b> All</p>
<p>Unions</p> <p><b>Legality of Unions:</b> Legal, written into Contract of Work <b>Rights:</b> Freedom of Assembly <b>Rightsholders:</b> Employees of Project and Contractors</p> <p><b>Presence and Power of Unions:</b> Plantation Labor Union (Horipug Koporju Korpobamum - HKBUN) at Yugumt Glif Plantation. Membership is automatic. Union protects labor welfare and collects disaster funds. Monthly dues are deducted from salaries. Cooperatives are common (SES p. 174). <b>Rights:</b> Freedom of Assembly <b>Rightsholders:</b> Workforce</p>
<p>Exploitive Practices:</p> <p>Child labor absent in area and in supply chains. Trafficked labor absent in area and supply chains. No rights impacted by Project.</p>
<p>Discrimination</p> <p><b>Local/Cultural Rules Regarding Women Working:</b> Limited numbers of women are in the workforce. Thirty percent of households in the study area have two working family members. Women generally work in agriculture or plantation maintenance - lower paying jobs (SES). Women who do not work in agriculture are trained for administrative work. Technical training and "hard work" is restricted to men, due to a community perception of women's roles (Haria).</p>

**Rights:** Non-Discrimination  
**Rightsholders:** Women

**Local Practices Concerning Work Days:** Men work at plantation jobs seven days/week. 7.00-13.30. Women do not work Sundays.

Day laborers work six days, 7.00-12.00. Fridays are prayer days; elders often do not work, and afternoon prayers override work for many. Rainy season is a rubber tapping holiday, as water ruins latex and mitigating chemicals are not used) (SES).

**Rights:** Right to Religion; Right to Holidays with Pay

**Rightsholders:** The religious

**Labor Laws:** Act No. 1 of 1951 would set minimum working age at 14 years, but implementing regulations have not been resolved and actual legal working age remains 12 years. Enforcement is historically weak. Since 1998, Indonesia has ratified all eight International Labor Organization core conventions on protecting internationally recognized worker rights and allowed trade unions to organize. However, enforcement of labor laws and protection of workers' rights remain inconsistent and weak in some areas. Labor reforms have been long planned but are currently on delay (U.S. Department of State Indonesia Background Note).

**Rights:** Right to Favorable Work Conditions; Children's Rights

**Rightsholders:** Workforce; Children

**Gender Unemployment Rates:** The World Economic Forum publishes a Global Gender Gap Index, ranking gender equality in various countries. Indonesia has an extremely significant gender gap.

Indicator	Female	Male	Ratio
Labor force participation	53%	87%	.61
Wage equality for similar work (survey)	--	--	.84
Estimated earned income (PPP US\$)	2257	4963	.45
Legislators, senior officials, and managers	17%	83%	.02
Professional and technical workers	42%	58%	.72

## 4.1.2. HEALTH

### Local Health Infrastructure

**Hospitals and Clinics:** Within DAVs, there is one public health center (Kahpohnus) in Dop II. Additionally, there are three sub-health centers (Kahpohnus Pembantu), several mother and child centers, and one private maternity hospital (DFS-10).

**Rights:** Right to Health

**Rightsholders:** All

**Private Doctors/Midwives:** The facilities in DAVs have the services of three doctors and 130 midwives and assistants.

**Rights:** Right to Health

**Rightsholders:** All

**Public Sanitation:** Most have no access to toilets. The river is often used to dispose of waste (SES).

**Rights:** Right to Health

**Rightsholders:** All

### Health Profiles and Trends - Infectious Diseases, Local Doctors, Baseline Data

#### Under Five Mortality Indicator

38 per 1000 live births (WHO Mortality Factsheet 2006)

**Childhood Nutrition:** Dietary habits appear to be best among the population in the Plantation village, where carbohydrates, proteins and vegetables are typically consumed more than once a day. Malnutrition is prevalent throughout the Project region (SCL 1.1.8).

**Rights:** Right to Health; Right to Food

**Rightsholders:** Children

#### Infectious Diseases Global Rankings:

Business impact of malaria.....97

Malaria incidence\* .....105

Business impact of tuberculosis....92■

Tuberculosis incidence\*....108



Business impact of HIV/AIDS ....88

HIV prevalence\*.....54

Infant mortality\*.....85

Life expectancy\*....92 (male: 68.26 years, female: 73.38 years)

(World Economic Forum. Global Competitiveness Report 2009, Rankings out of 133 countries)

**HIV Rates:** Unknown. The SES reported no HIV among surveyed prostitutes, but a serosurvey in 2004 conducted by Regency Health Services in collaboration with Toldmon found three cases (Haria). December 1-4, 2008 an HIV awareness program was hosted and funded by the Project, with assistance from the Kahpohnus and District Health Services. The seminars targeted teens, prostitutes and the public. This four-day event was attended by 80 community leaders and youth, 181 high school students, and 17 commercial sex workers. An employee-oriented seminar was held on November 28 and attended by 35 employees of unstated rank and responsibility. District Health Services asserts that the local government has no budget for HIV/Aids, partly because of recent reductions in regency size (Haria).

**Rights:** Right to Health

**Rightsholders:** All

**Maternal Mortality** 230 per 100,000 live births (2000 data – 2006 factsheet)

**Significant Diseases:** Dysentery, Respiratory Infections, Malaria, Anemia, Hypertension.

**Rights:** Right to Health

**Rightsholders:** All

**Life Expectancy Indicator**

Proximity of Population(s) to Project

**Population within one kilometer of Fence:** Project camp is located in Uop Pining Village, a DAV that is less than one kilometer from the Project (Haria). Uop Pining is more than 3 kilometers from blasting, however.

**Rights:** Right to an Adequate Standard of Living; Right to Housing; Right to Security of Person

**Rightsholders:** Project area inhabitants

**Population Downstream:** Eleven DAVs downstream from the project have a population of 2,500 households, or approximately 12,153 people (DFS-10).

**Rights:** Right to Clean Environment; Right to Food

**Rightsholders:** DAVs

**Population Within Radius of Blasting Effects:** Nearest settlement, Yugumt Gilif town, is three kilometers from blasting (DFS; Blasting Study map shows Yugumt Gilif as closest community to blasting).

**Rights:** Right to Security of Person; Right to Privacy

**Rightsholders:** DAVs

Food

**Food Security:** Fair – Local rice production is not always sufficient for local needs; Rice seeds at market are expensive.

Thai rice is cheaper and better tasting, but government limits its sale (SES).

**Rights:** Right to Food

**Rightsholders:** The hungry

**Local Food Production:** Rice, some vegetables and fruits for subsistence (cassava, corn, sweet potato, coffee, coconut, jackfruit, cucumber, others) (SES 102-105).

**Rights:** Right to an Adequate Standard of Living; Right to Food

**Rightsholders:** All

**Agricultural Value Added Per Worker**

\$583 (World Development Report 2009)

**Value added as % of GDP – Agriculture**

14 percent (Industry and Services account for 47 and 39 percent, respectively)

**Percentage of Arable Land under Cultivation**

12.7 percent of land is qualified as arable (WDR 2009). Essentially all arable land is under cultivation in Indonesia, and forested land is often at risk of being transformed into farmland.

**Cropland Per Capita of Agricultural Population**

0.4 hectares per capita (WDR 2008)

### 4.1.3. ENVIRONMENT

#### Physical Environment

**Physical Landscape:** The proposed mining development will occupy 2,860 hectares and directly impact 250 hectares. Government has coordinated land acquisition. The area comprises lush and dense hillside rainforest (largely regrowth), lowland forest, cliff and slope habitats with rushing streams, rubber plantations (owned by government, private businesses and individuals) and rice fields. None of the area is protected forest. (Source: DFS 6.2.3, AMDAL 6.3.1.2.1). However, the Project area is adjacent to the Yugumt Gadis region, which is national park and orangutan habitat. The HBTB Conservation Action Plan of June 2008 foresees "medium category habitat fragmentation" of the forest from mine activities, though mining will only occur at the periphery of the forest (Pirebum p. 11-12). Mean annual precipitation is 4,500mm, with high flow events lasting from hours to days and occurring year-round. (Source: DFS 9.1). There is a "rainy season," however, during which plantation work is halted. If Yugumt Glif forest preservation is facilitated by the Project a positive impact can offset damage from extraction. Such a plan was not thoroughly researched at the time of this report.

**Rights:** Right to a Clean Environment

**Rightsholders:** Directly Affected Villagers; Project area inhabitants; Residents Dwelling in Communities from Which the Project Does Not Hire; Miah People; Residents Dwelling Near Roads and Blast Sites

#### Surface Water

**Quantity:** Extremely variable, chance of flooding

**Rights:** Right to Clean Environment; Right to Security of Person; Right to Adequate Standard of Living

**Rightsholders:** All

**Sources:** Uop Izsa Genbup, Uop Izsa Hutamosu, KWUN (regional drinking water company) pipes in water from Kurhurirum River; KUN (community-managed water facilities channel water from hills) (SES p 51).

**Drinking water:** Commercial distribution of potable water in Yugumt Glif is provided by Korahusaan Wuorus Air Minum (KWUN - Regional Drinking Water Company), which provides clean water services to a small portion of the communities in Townships I-IV and Gole village.

In addition to the pipeline networks owned by KWUN, there are water resource facilities available in a few villages, which are self-managed by the community and are commonly referred to as KUN. This network generally consists of plastic or steel piping that conveys water from the hills to villages below in the valley. This network serves the villages of Hanarun, Uop Pining, Muku, and Township I-IV. The primary source of this water is the Uop Kusa River, which runs through the Nuiguyo project area (SCL 5.2).

**Rights:** Right to Clean Environment; Right to Adequate Supply of Water

**Rightsholders:** All

**Agricultural:** Irrigated farming of fruits and vegetables (though rice fields are not irrigated).

**Rights:** Right to Food; Right to Adequate Standard of Living

**Rightsholders:** Farmers; Consumers of locally grown food

**Other:** Downstream uses: domestic uses account for 0.052 m<sup>3</sup>/second of free intake.

Agriculture, industrial, and natural uptake along the river make for tight competition for water use.

**Rights:** Right to Adequate Standard of Living, Right to Clean Environment

**Rightsholders:** Directly Affected Villagers; Consumers of locally grown food

**Quality:** Surface water in the project area is soft with low ionic strength, circum-neutral to acidic pH, and exhibiting generally low concentrations of trace metals. Localized zones of lower pH were observed in the headwaters of the mineralized zone in the Karmunu area.

Bacterial content is high, attributable to sanitation issues (SES). Total suspended solids (TSS) concentrations in the Uop Pahu Genbup and Uop Garoga remained well below the Indonesian Class 1 criterion. In contrast, TSS levels in the Uop Kusa and Yugumt Glif were high and variable, on several days exceeding Indonesian Class 1 criterion. Variability in TSS concentrations is largely related to variations in flow. High flow events last several hours to days (DFS 9.1.3).

**Rights:** Right to Clean Environment

**Rightsholders:** Directly Affected Villagers; Consumers of locally grown food

#### Ground Water

**Quantity:** The Project area has a typical tropical groundwater flow system with groundwater catchments similar to surface water catchments, localized towards the nearest stream. Recharge to the shallow groundwater system occurs via rainfall infiltration. Flow paths are vertical, followed by lateral flow when impermeable zones are encountered. (DFS 9.5.4).

Hydrogeologic units are anticipated to be important for storage and transmission of groundwater at the Project, including shallow groundwater units.

**Rights:** Right to Clean Environment

**Rightsholders:** All

**Uses:** Wells (drinking, cleaning, other)

**Rights:** Right to Clean Environment

**Rightsholders:** All

**Depletion Rates:** Village water supplies exhibit no consistent correlation with precipitation levels and have gone dry in the past (DFS 9.1.4; DFS 1.2.9).

**Rights:** Right to Health; Right to Adequate Supply of Water

**Rightsholders:** All

**Quality:** pH of village water supplies ranges from acidic to circumneutral (AMDAL 4.8-6.3) with significant bacteria count, high nutrient concentrations and low dissolved mineral concentrations. Local drinking water wells have high bacteria levels and low nutrient levels (DFS 9.1.4). Data on sanitation was not made available.

**Rights:** Right to Clean Environment; Right to Health

**Rightsholders:** All

#### Air

Particulate pollution from traffic in drier seasons remains within health standards. Air quality and noise quality are generally acceptable according to available data. However, data is too limited to qualify as adequate baseline data (DFS 9.2.3).

**Rights:** Right to Clean Environment; Right to Health

**Rightsholders:** All

#### Geology

**Seismicity:** Extremely high – The Hanugru region is amongst the most seismically active in the world. The Hanugru Fault lies approximately 20 kilometers from the Nuiguyo site, and the associated Umpelu Fault, is approximately 15 kilometers away (DFS citing Telwor).

Since 2004, one-third of all earthquakes of magnitude eight or greater have occurred on North Hanugru or just off the coast, including the largest earthquake since 1964, which caused the 2004 Tsunami (National Earthquake Information Center [http://neic.usgs.gov/neis/eq\\_depot/mag8.html](http://neic.usgs.gov/neis/eq_depot/mag8.html)).

**Rights:** Right to Security of Person; Right to Clean Environment

**Rightsholders:** All; Directly Affected Villagers

**Volcanic Activity:** Present.

**Rights:** Right to Security of Person; Right to Clean Environment

**Rightsholders:** All; Directly Affected Villagers

**Acid Generating Potential:** High - The DFS remarks that Acid Rock Drainage (ARD) and the potential release of acid, soluble metals and salts into the surrounding environment from waste rock, pit walls and tailing materials will represent a key environmental issue for the Project, and if ARD impacts water sources for communities, human rights will be at risk. AMDAL identifies this as a key risk.

**Rights:** Right to Security of Person; Right to Clean Environment

**Rightsholders:** All

## 4.1.4. POLITICAL/LEGAL

#### Form of Government

##### **Government Effectiveness Indicator**

Ranks in the 47<sup>th</sup> percentile globally (2008) (World Bank Governance Indicators)

**Functioning Democracy:** Present. The project lies within a regency of approximately 750,000 people. The bupati is based approximately 28km by road from Yugumt Glif and was elected by popular vote in March 2005 to serve until 2010. His administration lacks experience but is keen to promote economic development (DFS 1.5.1).

The Yugumt Glif sub-district is increasingly autonomous, per Indonesia's decentralization of the past decade.

**Rights:** Right of Self Determination

**Rightsholders:** All

**Traditional Government Structure in Place:** Present. Local government is strong and effective. Project support from local leaders virtually guarantees the support of communities. Conversely, if local leaders feel disregarded or misled serious issues could arise. Local leaders currently have some reservations about the project (Huisaam). Each community has a village head and a village representative body (BPD). The head is elected. Additionally, "hatobangon" handle matters pertaining to local customs, and "malim" handle matters pertaining to religion. These leaders fill in for vacancies in BPD and village head. These are the formalized incarnations of long existing Umpelun social traditional bodies. Other ethnic communities have equally adopted the system (SES 171).

**Rights:** Right to Self Determination

**Rightsholders:** All

**Relations Among Traditional, Local and National Government:** Provincial government is aligned with National government; traditional governments have divergent views. The Company is seen by some to have neglected local will in order to advance the project (Pirebum). Relations are generally amicable, however, and the formalized structures coexist well within villages (SES 171).

**Rights:** Right to Self Determination

**Rightsholders:** All

#### **Regulatory Quality Indicator**

Indonesia ranks in the 45<sup>th</sup> percentile (World Bank)

**Elections, Reform Processes, Human Rights Record, Existence/Wellbeing of Civil Society:** A local social structure, *Wuorsum Mugela*, determines the rights, responsibilities and social status of community members, be they newcomers or longtime residents, Muslims or Christians (Franklin; Nel 278; DFS 10.2.3). This social structure is central to community governance. Individuals – particularly Miuh people living in relative isolation – outside those circles risk losing out to majority interests (SES 170). Reform processes in the past decade have led to greater regional autonomy. Democracy is functioning, and no gross human rights violations have been recorded.

Tax codes have recently been rewritten, and the mining code, debated for over 3 years, was passed by the central government in December 2008, decentralizing permitting authority. Labor laws are supposed to be overhauled to better align with ILO standards.

**Rights:** Right to Self Determination

**Rightsholders:** Miuh people; Minorities (or remote groups)

#### **Law Systems**

##### **Rule of Law Indicator**

Indonesia ranks in the 29<sup>th</sup> percentile (World Bank)

**Legal Code Including Environmental, Political, and Education Legislation:** Despite decentralization, Indonesia's Department of Mines and its Environmental Protection Agency oversee the Project site, and central government has pledged to protect the Project from armed and civilian forces.

**Environmental:** AMDALs are required; Ministry of Environment and provincial government perform monitoring. The Mining and Energy Agency oversees the water table; a Regional Environmental Impact Control Board regulates the Project, though it benefits directly from production (Stakeholders p. 13). The AMDAL evaluation commission, selected by the regent, included few environmental experts (Pirebum 14).

**Sanitation:** No sanitation law exists. Decentralization has given municipalities responsibility for water supply, though Ministry of Health, Ministry of Public Works, and Ministry for Home Affairs share national responsibility. In 2003, the government adopted a National Policy for the Development of Community-Managed Water Supply and Environmental Sanitation Facilities and Services that is currently being operationalized.

**Education:** Elementary and Secondary schooling are compulsory under 2003's Law No. 20 and Amendment III of the national constitution. Governmental education expenditure doubled between 2000 and 2006, representing 3.4% of GDP in 2007 (World Bank).

**Rights:** Right to Self Determination

**Rightsholders:** All

**Political Evolution, Occupation/ Colonization:** North Hanugru operated under Dutch colonial rule until the end of World War II, when Indonesia gained independence. Since then, national, regional and local governments have undergone a series of power redistributions. In 1999, the Regionalized Autonomy Law decentralized mining authority. New laws were added to the mining code, but preexisting laws were not modified accordingly, and conflicting clauses have seen slow resolution, which complicates the government's enforcement ability. New and cohesive mining law has just been passed.

**Rights:** Right to Self Determination; Right to Security of Person

**Rightsholders:** All

**Tax Structure, Extant Corruption:** By law, 80 percent of state revenue from land rent and royalties is allocated to regional governments and 20 percent to central government. Of the provinces' share, 16 percent is to be distributed in the province where the mining operation is located, 32 percent goes to the District or Puyakutom in which the operation is located, and 32 percent is divided among the other Puyakutom in the Province (Source: DFS 1.5.2). There are considerable complaints that the local governments do not receive the allocated amounts. Of the Land and Building Tax, levied through the contract of work, 16.2 percent will remain in North Hanugru province, and an additional 64.8 percent will go to the South Gukumaor Regency.

Communities suspect corruption of local and regency government. The Project is sometimes accused of colluding with "local government" though no particular agency or action is ever referenced. The Project makes efforts to counter these suspicions (Haria).

**Rights:** Non-Interference (Freedom from Corruption); Right to Health

**Rightholders:** All

#### Strength of Governance

##### **Perception of Corruption Indicator**

Indonesia ranks in the 31<sup>st</sup> percentile (World Bank)

**Corruption:** High nationally but not presently problematic (Graham).

**Rights:** Non-Interference (Freedom from Corruption)

**Rightholders:** All

**Effectiveness of Police:** Unknown. Police Chief Hiquyut says the area is peaceable with the following exceptions:

1. Ongoing significant rubber latex theft case
2. Miuh community land insecurity (SES)
3. Prostitution control (Haria)
4. Traffic – due to influx of motorbikes since 2004 (Haria)

**Rights:** Right to Security of Person; Freedom from Arbitrary Arrest

**Rightholders:** Unknown

**Effectiveness of civil courts:** Unknown.

**Rights:** Unknown

**Rightholders:** All

**Civil War, Conflict:** The Project is not located in a recent, likely or current conflict zone. Local military has no presence and weapons availability is low. Rights are not expected to be impacted by conflict.

#### Free Speech / Protests

##### **Political / Civil Liberties**

Indonesia is 54<sup>th</sup> percentile for press freedoms, 30<sup>th</sup> percentile for political rights and 45<sup>th</sup> percentile for civil rights (Freedom House)

**Attitude of Local Police Regarding Public Protests:** Large demonstrations are not anticipated (SES), although small ones have already occurred. The series of demonstrations in 2004 were handled peaceably (SES).

**Rights:** Freedom of Expression

**Rightholders:** Unknown

##### **Voice and Accountability Indicator**

Indonesia ranks in the 44<sup>th</sup> percentile (World Bank)

**Local Laws Regarding Public Protests:** Legal.

**Rights:** Freedom of Association

**Rightholders:** All

**State of Local Activism:** Peaceable (Graham, Huisaam). Activism is strong, however, with numerous organizations in various communities set up for environmental protection, mine monitoring, land management, and fish cultivation (Pirebum). Additionally, organizations promoting cultural continuity and revitalization have gained strength (SES).

**Rights:** Freedom of Association

**Rightholders:** All

**Intensity of Opponent Groups Locally, Nationally and Internationally:** Walhi and Jatam were vocal in 2004 when Project was under Toldmon ownership. "Bye Bye, Buyat" was shown to locals, creating fear of environmental disasters. These fears were compounded by the Lapindo mud flow in Java. Criticisms have resurfaced recently, including a Human Rights complaint preempting environmental damage. Community support for these groups is unclear, but the anti-mining message has been distributed pervasively, as reflected in the Stakeholder Perception Study (Pirebum).

Gekum/Gekkum assembled scholars and scientists to “prove” the river had been polluted in 2004 (SES).

**Rights:** Freedom of Association

**Rightsholders:** All

#### Indigenous Peoples

Indigenous peoples are not present; as such no risk of conflicts, cultural degradation, or cultural ties to land are anticipated.

### 4.1.5. SOCIAL

#### Demographics

**Age Pyramid:** Thirty-four percent of the population is over 15 years of age. This indicates a slightly falling birth rate by Indonesian standards (DFS-10) (SES, BH).

**Rights:** Nondiscrimination; Right to Work

**Rightsholders:** Economic, Social, Labor issues are all implicated – All community members are rightsholders

**Gender Balance:** The overall sex ratio is 1.1 males to each female. The 30-39 age group, however, shows a steep decline in male population, possibly indicating out-migration of males (DFS-10).

**Ethnicity:** Gukumaor 60%, Queumoho, 27%, and Muih 11%. The Gukumaor ethnic group is composed of Yugop Umpelu/Sipirok, Yugop Toba, and Yugop Numwuilim. (DFS-10)(Pirebum p. 6). Muih and Yugop Toru are predominantly Christian or non-religious. Population is majority (90%) Muslim. Gukumaor do not consider themselves to be of the same ethnicity. Yugop Umpelu consider themselves indigenous (SES)

**Rights:** Nondiscrimination

**Rightsholders:** Minority groups

**Languages:** Bahasa Indonesia, Umpelu (local Yugop), Muih language

**Rights:** Nondiscrimination

**Rightsholders:** Muih People

**Density of Local Population:** DAV population of the four Polarasum and eight villages total approximately 12,500 persons, or nearly 30% of the total population of the Pocunutum, which is 45,000 people. The number of household units registered in the project area is about 2,500 with the average household having five members (DFS-10). Population density of DAVs is estimated at an average of 102 people per square kilometer.

There are reports of an increasing population as former residents have returned and newcomers have arrived seeking employment with the mine (Franklin). These groups, reportedly, remain on the outskirts of society. Population figures do not seem to indicate rapid population growth, but if an influx occurs, traffic could increase air pollution, and density could impact water quality and supply if sanitation is not improved.

Village	Population (individuals)	Area (km)	Population Density (people/km)
Uop Kusa Plantation	231	5.5	42
Uop Pining	2,348	9.1	258
Yuga Salu	784	7.4	106
Yugumt Glif Plantation	911	39	23
Muku	1,347	9.4	143
Gole	542	5.4	100
Hanarun	1,025	10.2	100
Township I	1,166	4	292
Township II	1,421	3.5	406
Township III	936	4.2	223
Township IV	1,442	4.2	343
<b>Total</b>	<b>12,153</b>	<b>Avg. 9.2</b>	<b>Avg. 185</b>

**Minority Groups:** Queumoho migrants entered the area at the beginning of the 20<sup>th</sup> Century to work on Dutch-owned plantations. Yugop groups had arrived shortly prior (50 years or less). Ethnic Queumoho remain dominant in some villages and live in relative harmony with local Yugop peoples. (Pirebum reports increasing tensions over Project hiring practices presently.) The Muih people are the primary minority ethnic group. Many are Christian and live predominately in Township III. There is a subset of Muih population living in the more remote highland agricultural areas in small homogeneous

communities that are not frequently visited by people from the main villages of Yugumt Glif (DFS-10). These immigrants, who settled approximately 20 years ago at the forest's edge, are wholly isolated – linguistically, culturally, socially, and educationally – from local communities. Most remain illiterate and stand very little chance of qualifying for employment in the mine. (Neither, however, are they likely to seek employment in the mine.) Their whole livelihood is based in the forest. Their claims to the land are tenuous, derived from informal permission from authorities outside of the established infrastructure. The company and the government have jointly established a team to negotiate land access and verify ownership claims, but Muih people have felt disenfranchised in land distribution decisions (DFS 10.2.5; SCL 1.2.2; Pirebum).

**Rights:** Right to Property; Right to Education; Right to Housing; Right to Favorable Working Conditions

**Rightsholders:** Muih People

**Local Attitudes Toward Minorities:** Muih people do not get along with Yugop and Queumoho. They are considered too hostile and abrupt. In employment, however, Queumoho and Muih are preferred to Yugops, as they are easier to work with and "obedient" (SES 169).

**Rights:** Nondiscrimination

**Rightsholders:** Ethnic minorities

**Groups At Risk for Marginalization:** See below.

**Rights:** Nondiscrimination

**Rightsholders:** Women; Muih People; the disenfranchised landless and elderly

**Religion:** Majority Muslim (90%), some small percentage Christian, Muih people are primarily Christian. Yugop animism still lingers.

## 4.1.6. ECONOMIC

**Standard of Living/ Poverty Rates:** Household cash income per month ranges from 344,000 to 1,388,000 Rp. (roughly approximate to US\$30 - \$140 / month). Per capita daily incomes range from 5,000 to 6,000 Rp. at Township III Hanarun and Uop Kusa. The Yumgumtglif Plantation had a per capita income close to 9,000 Rp per day (DFS-10; SES). All DAV average incomes fall below the World Bank's poverty line of US \$1 per day. The majority of the population has access to electricity, and more than 50 percent has access to television and radio (often in coffee houses). The dependency ratio is 70, indicating that 70 percent of DAV residents fall below or above working age (15-65).

**Rights:** Right to Favorable Working Conditions; Right to Standard of Living Adequate for Health; Right to Just Remuneration

**Rightsholders:** DAVs; Residents dwelling near the Project but in communities from which the Project does not hire

### GDP Indicator

Total: \$838 billion

Per capita (current prices): \$1921

Per capita (PPP): \$3726

**Source of Local Livelihoods:** Rice Farming by traditional methods provides subsistence to many. Most residents of Uop Kusa and Yugumt Glif are employed by PTKM-2 Rubber Company. Approximately 40-50% of the population that will likely be affected by the Project is involved in farming or employed in dry land agricultural activities, including plantation work.

Trading, business and home industries, civil servant and other paid employment each occupy approximately 12 percent of the work force. Families in the study area derive approximately half of their income from farming (AMDAL 6.1.1.1; DFS-10).

**Rights:** Right to Standard of Living Adequate for Health; Right to Just Remuneration

**Rightsholders:** Project Area Inhabitants

### Population living on under \$1 / \$2 per day

The UNDP does not supply data for Indonesians living below \$1 and \$2 per day. The Population Reference Bureau estimates that 54 percent of Indonesians live on less than \$2 per day (PRB 2009 World Population Data Sheet).

**Presence/Legality/History of Artisanal or Small-Scale Mining in Proposed Project Area or Community:** None in the immediate vicinity. However, the southern part of North Hanugru province, specifically South Gukumaor and Numwuilim Natal Regencies, has had gold mining since Dutch colonization (particularly in the Yugumt Gadis river system in the Pegumekum and Nauru Hikemti Districts (Numwuilim Natal). Locals along the river streams still mine artisanally. PT Herip Nuh Mining was present in Numwuilim Natal as of 2004 (SES).

**Rights:** Right to Work; Right to Property

**Rightsholders:** Workforce

**Major Industries:** Palm oil and rubber plantations. The region is not industrialized.

**Rights:** Right to Property; Right to Work

**Rightsholders:** Workforce

**Employment Rates:**

Community Plantations: Work assignments are gender-based. Women manage rice and crop farming (operated through profit sharing systems), and men manage community rubber plantations (SES 107).

Company Plantations: Work assignments are gender-based. Women do maintenance, men harvest (SES 109).

Produce, rice and rubber are sold through traders (tokens, agents, sub agents) (SES 118).

Unemployment in villages examined in SES had approximately zero familial unemployment. Fifty-one percent of families had a single working member; 36 percent had two working members, seven percent had three working members, and the remaining families had four or more (SES 118).

Over 60 percent of family heads work in agriculture (including as plantation employees). Others work in civil service, teaching, commerce, and services (including drivers and skilled laborers) (SES 120).

In the plantation villages (Uop Kusa and Yugumt Glif), where most residents are PTM-2 employees, the dominant contributor of income (about 80%) is 'civil servant' work at the plantation (SCL 2007 1.1.3).

**Rights:** Right to Standard of Living Adequate for Health; Right to Just Remuneration

**Rightsholders:** Employees of Project / Contractors; Workforce

**Natural Resources:** Gold, silver, timber, fish. Also, potential tourist draws from forest fauna.

**Rights:** Right to Clean Environment

**Rightsholders:** All

**Availability of Housing:** Available for current population, with capacity to expand.

**Rights:** Right to Housing

**Rightsholders:** Employees of the Project / Contractors

**Land Ownership Structure:** Land in the main project area is State Ruled Land, available for non-forest use (APL).

Operating with informal claims, communities use significant portions of the land, primarily for agriculture. There is already a great deal of competition for that land - a situation that will certainly be exacerbated by mine operations. 315 families own land in the Project area, but many more live on land without formal claims. Very little of the land has formal land titles granted to the land users and instead is subject to "traditional" title (DFS 10.2.5, AMDAL 6.1.1.1).

**Rights:** Right to Property; Right to Just Remuneration

**Rightsholders:** All; Minorities

**Style/Material of Housing:** Most are wooden (80 percent) and some cement. Township III is majority non-permanent housing, including brick, semi-brick and wooden construction (SES 65).

**Rights:** Right to Housing

**Rightsholders:** All

**Education**

**Local School Infrastructure:** These figures may be outdated.

In 2002 the Yugumt Glif district had:

31 public elementary schools and 5 privately-owned elementary schools, 4 secondary public schools and 2 secondary private schools, 1 public high school, and Nearly 400 teachers (DFS-10).

Average class size is 40 students. Schoolhouses are generally ill maintained. Teachers are poorly paid; quality is "less than expected." Desks and chairs are rotting in 60 percent of public schools. The Project intends to replace school desks and chairs as part of community relations when operations begin (Haria).

**Rights:** Right to Education; Children's Rights

**Rightsholders:** Children

**Educational Attainment:** 31 percent completed high school; eight percent have education beyond high school.

**Rights:** Right to Education

**Rightsholders:** Children

**Literacy Rates:** 97 percent

**Rights:** Right to Education

**Rightsholders:** All



## 4.2. Project Catalog

### 4.2.1. LABOR

#### Wages

**Planned Wage Scale:** Minimum monthly salary for non-staff laborers is Rp. 790,000 to 825,000, in accordance to the Indonesian decree on minimum wages from 2008.

**Rights:** Right to Just Remuneration

**Rightsholders:** Employees of Project/Contractors

#### Unions

**Number of Workers Who Would Likely be Members of Existing Unions:** Only one other union has been identified in the region (plantation). Plantation union members may seek employment at the Project. This may present problems under the 2003 Manpower Act if the plantation union attempts to have bargaining power in the Project, as the Act only permits one functioning union within each "enterprise." (Manpower Act, Article 118, Indonesia No. 13/2003)

**Rights:** Freedom of Association

**Rightsholders:** Employees of Project/Contractors

#### Employment

**Employment Profile:** 1,500 construction workers will be employed for one year, 50 percent from among locals. Operation phase will employ 700-800 people, 250 from among released local construction workers (AMDAL 6).

**Rights:** Equal Employment, Right to Livelihood

**Rightsholders:** Employees of Project / Contractors

**Anticipated Conditions of Work:** Project salary scale ranges from Indonesian minimum wage rates for unskilled workers to higher salaries. The AMDAL anticipates economic improvement in the area and higher incomes than in agriculture. DFS and AMDAL indicate that housing will be barrack style. The AMDAL suggests that some workers may be boarded in community. Locally, men work seven days a week; women work six days a week. Many elders do not work on Friday, honoring prayer times. No data was provided on worship obligations for non-Muslims, including Muih people. No data was provided on visiting policies for the families of workers during roster periods.

**Rights:** Right to Favorable Working Conditions

**Rightsholders:** Employees of Project / Contractors

**Project Training Programs for Workers:** The AMDAL references a Training Center. Training is likely to be ongoing for high-performing workers who begin in basic construction and gaining skills throughout the Project lifespan. Stakeholder analysis indicates that training in electronics, automotive and computer skills have been conducted by the company, but the company stated that no training had begun as of October 2008 (Pirebum 17; Graham).

**Rights:** Right to Work

**Rightsholders:** Employees of Project / Contractors

**Project Jobs Profile, Jobs Not Suitable for Women:** Accommodations for operational staff may not be suitable for women (will make use of facilities built for the construction stage. Base camp will be built in phases that follow the progress of the project. Senior staff will be housed in individual rooms in one housing module; junior staff will be housed in barracks) (DFS). No plans have been made available to assessors regarding opportunities for workers to visit family and friends during work roster periods.

Labor in the region is gender specific for agriculture. Women do more work in farming and maintenance; men manage community rubber plantations and work in services (DFS - 10). Educated women seek employment in office administration and cooking/cleaning services; they receive no technical education (Haria).

**Rights:** Nondiscrimination; Right to Work

**Rightsholders:** Employees of Project / Contractors; Women

**Means to Distinguish Between Locals and Recent Immigrants When Offering Jobs/Training:** None. This presented problems as early as 2004 (SES). Local people near the Project have expressed a sense that by remaining in the Yugumt Glif area they have denied themselves economic opportunities (Franklin). The Stakeholder study, however, suggested that locals were not interested in mining work (Pirebum).

Presently the company is counting on people returning home to Yugumt Glif with skills so that they can be counted among "local workers" (Graham).

**Rights:** Right to Work

**Rightsholders:** Employees of Project / Contractors; The Disenfranchised; Women

## 4.2.2. HEALTH

### Facilities

**Project Clinics:** An emergency response building and a medical/first aid bay will be located on site. A medical center with two consultation rooms, one emergency sick room, a store area, a reception and a toilet/shower area is planned as well. Prior to employment, all employees and contractors will undergo medical checks, training and testing (DFS 8.2.13).

**Rights:** Right to Health

**Rightsholders:** Employees of Project / Contractors

**Health Engineering of Project to Affect Infectious Disease Vectors:** Vector fogging has not been specifically planned for the Project, but the Company does this at all necessary operations.

**Rights:** Right to Health

**Rightsholders:** Employees of Project / Contractors; Local Community

**Project's Community Development Programs for Health:** Surrounding its preexisting Projects, the Company runs presentations and campaigns on community health, covering public health issues, including malaria. At Nuiguyo, the Company plans to cooperate with local government to decrease respiratory infections through a "healthy life" socialization program. A series of HIV/Aids awareness seminars were conducted in the DAVs in December 2008. The Project will help stock and staff Padangsidempuan hospitals and clinics (RKL 50).

**Rights:** Right to Health

**Rightsholders:** Local Community

**Pressure on Project Facilities – Including Maladies Caused/Contracted Off Site:** There has been intense pressure on the Project to open health facilities to the community. The Project declined, but began stocking the Kahpohnus with equipment and supplies in late 2004. Health needs and demands are expected to remain high, so the Project intends to rehabilitate the Kahpohnus building (roofing, painting, flooring) to increase people's confidence in the Kahpohnus. Project plans to augment Kahpohnus with an emergency room in 2009. This project is currently suspended in light of the financial crisis (Haria).

**Rights:** Right to Health

**Rightsholders:** Local Community

### Health Impact Assessment:

Planned but not commissioned at the time of this report.

### Risks

**Project Risk of Power Line Injuries:** Likely present, but not described in documents or reported to communities. The Project is currently negotiating a deal with the government to pull power from the existing grid, which has a known generating capacity and voltage (Graham).

The power station switchboard will feed the main plant MV switchboard in the grinding area of the plant via HV cable. Another feeder from the power station will reticulate power to the crushing area and other remote locations including the mine contractor's workshop, mine dewatering facilities and the accommodation camp.

**Rights:** Right to Health; Right to Security of Person

**Rightsholders:** Residents dwelling near to roads; Project area inhabitants

**Risk of Explosions:** Present. Community Relations people have socialized the community (Haria). Drilling and Blasting by IDB.

**Rights:** Right to Health; Right to Security of Person

**Rightsholders:** Residents dwelling near to roads; Project area inhabitants

**Risk of Escape of Hazardous Materials:** Present

Re air: see below.

Reagents are stored inside the processing factory in a steel-framed room. It is fenced in and ventilated with open walls. Dangerous reagents are stored in a separate area.

The Nuiguyo plant will include a cyanide destruction circuit using an SO<sub>2</sub>/air process to treat tailing slurry before placement in the tailings storage facility. Laboratory tests have confirmed that the SO<sub>2</sub>/air process is suitable for the Nuiguyo mine. The circuit is designed to detoxify cyanide content in the tailings (measured as WAD CN) from 150 ppm, to 5.0 ppm, which is safe for humans, wildlife and farm animals (AMDAL 2.4.4.3.11C).

Tailing storage facility: facility plus two dams for water transfer plus two sediment pools. Construction from waste materials could result in acid rock drainage (DFS 2.4.4.2.7.). Sediment pools divert polluted water from downstream villages, as overflow could release hazardous materials.

**Rights:** Right to Health; Right to Security of Person

**Rightsholders:** Project area inhabitants; Employees of Project/ Contractors

### 4.2.3. ENVIRONMENT

#### Air Quality

**Air Emission from Operations:** An increase in sulfur dioxide levels (caused by the power station) and particulates was observed, as predicted by the AMDAL. Up to 270 meters away from the power plant, SO<sub>2</sub> emissions still exceed environmental standards (365 µg/Nm<sup>3</sup>). The power plant is equipped with NO<sub>x</sub> and Sox scrubbers to control exhaust stream emissions.

**Rights:** Right to Clean Environment (Air)

**Rightsholders:** Local Community

**Dust from Operations:** Zinc dust is present. In the crushing process, ore will be ground by a toggle jaw crusher and transported to storage before being processed in the mill circuit. Both crushing and transport will affect dust levels (DFS 2.4.4.3.11).

**Rights:** Right to Clean Environment (Air)

**Rightsholders:** Employees of Project/ Contractors

**Dust and Emissions from Road Traffic:** The road to the mine will be 14 meters wide for much of its length, narrowing to eight meters in sections. The access road itself will have a surface width of 30 meters, including the 20-meter-wide road, safety barriers and drainage channels. The Project will significantly increase traffic on both the Trans Hanugrun highway and the dirt road that connects the mine to the highway. Air quality is predicted to worsen by 50-150 percent as a result. Without mitigating steps, air quality will fall below acceptable levels. Haul roads, also, may cause dust pollution (AMDAL 6.2.1.1; Executive Summary).

Trucks will obey a 40kph speed limit to reduce dust, and the Project will water roads during dry seasons (RKL).

**Rights:** Right to Clean Environment (Air)

**Rightsholders:** Residents Dwelling Near to Roads

#### Surface Water

**Project Impact on Quality or Quantity of Water for Agricultural Use:** The Project has suggested that treated liquid waste from the plant can be used for irrigation or disposed via pipeline into the forest. It is unclear whether local social, environmental or health concerns (real or imagined) will permit this.

**Rights:** Right to Adequate Supply of Water; Right to Clean Environment

**Rightsholders:** Consumers of locally grown foods; Farmers

**Diversion of Surface Water:** The Uop Kusa River will be diverted during the construction phase, limiting access to all communities downstream. DFS suggests that a borefield will be installed to replace the water supply to the 12,500 DAVs. RKL suggests that water will be diverted from Holding Pond 2 to the Uop Kusa Hutamosu River to maintain supply (RKL p 17). It is not clear whether boreholes will be as convenient as the river has been, nor is it clear what specific cultural and historic significance the Uop Kusa River has.

**Rights:** Right to Adequate Supply of Water

**Rightsholders:** Directly Affected Villagers

**Use of Surface Water:** DAV water consumption was estimated at 300kl per day. Further study was ongoing at the time of DFS. Operations expect to use 42 m<sup>3</sup>/hr of water from the Uop Kusa and Genbup Rivers, upstream from the Tailing Storage Facility. By October 2008, the Project did not have a permit for this. Local resistance will be robust (Graham).

**Rights:** Right to Adequate Supply of Water

**Rightsholders:** Directly Affected Villagers

**Creation of Water Supply Reservoirs:** Two settling ponds downstream of the TSF are planned to intercept, decant and treat contaminated water before releasing it to the environment. The ponds, each approximately 15 meters high, will be made of clay embankments with a central and downstream filter layer. Pond one will accommodate seepage water from the internal drains and runoff from the TSF. Pond two serves as an emergency facility, in case of a major rainfall/overflow event. It will also be used during Pond one maintenance. Pond two has an emergency spillway that discharges into the Uop Kusa downstream (DFS 6.6.7).

**Rights:** Right to Adequate Supply of Water; Right to Clean Environment  
**Rightsholders:** Directly Affected Villagers

**Effect on Surface Water Quality from Operations:** Runoff from land disturbance during construction is expected, impacting both appearance and quality of local surface water, particularly during rain events. Land clearing, construction of roads, altered runoff rates and altered runoff patterns may cause significant impacts on soil erosion during the construction stage (DFS 9.2.4). The impact on water runoff rates will necessitate flood control and sedimentation control in downstream areas (DFS 3.1.1.5).

**Rights:** Right to Clean Environment; Right to Health  
**Rightsholders:** Directly Affected Villagers

**Water Treatment Plans:** A permanent dirty water treatment facility for 200 persons will be built for the permanent combined camp and construction site. A temporary treatment facility for 1,400 people will be added to increase the total capacity to 1,600 people during the peak of the construction stage. An additional 50-person permanent treatment facility will cater to the laundry needs of the personnel working in the ROM bed mine pit and the grinding plant (AMDAL Executive Summary).

**Rights:** Right to Adequate Supply of Water  
**Rightsholders:** Employees of Project / Contractors

#### Ground Water

**Total Water Usage:** To ensure that villages continue to have an adequate supply of clean water, the DFS says that a borefield will be installed before any earthworks commence. Water shortages are not foreseen, as the water table in the valley to the west of the pit is close to the surface and is being continually recharged by rain (DFS 14.3). However, village wells do not all appear to recharge with rain events, sometimes running dry (AMDAL).

**Rights:** Right to Adequate Supply of Water  
**Rightsholders:** Farmers; Directly Affected Villagers

**Effect on Ground Water:** Water is currently accessible through wells, but the process of dewatering the mine pit may cause water levels to drop, making water inaccessible to villagers near the pit (AMDAL 6.3.1.1.5). AMDAL notes the possibility of levels of heavy metals, including zinc, iron, arsenic, manganese, and cyanide, changing due to mining and land clearing at the mine (AMDAL 6.3.3.1.2). Drainage from the waste rock and tailings has the potential to affect groundwater quality and increase acidity. To the extent that groundwater is used for drinking, there are potential impacts to human health and to the taste of food and beverages.

**Rights:** Right to Adequate Supply of Water; Right to Clean Environment  
**Rightsholders:** Farmers; Directly Affected Villagers

#### Ecosystem

**Project Risks Causing Collateral Damage including Erosion, Floods, Landslides, Mudslides:** Tailing Storage Facility faces risks from Seismic activity (AMDAL 2.4.4.2.7). Analysis based on Australian National Committee on Large Dams (ANCLD) indicates that dams are quite stable at static encumbering conditions but not wholly stable in "pseudo-static" conditions. Dams are likely to shift during seismic events. Yield acceleration for the main dam is .31g. If an event causes acidic rocks and soils to be exposed to the atmosphere – as when the tailings dam is not adequately filled with water or roads built from waste rock are exposed by wasting or erosion – there is a high risk for acid rock drainage.

**Rights:** Right to Adequate Supply of Water  
**Rightsholders:** Directly Affected Villagers

**Land:** 330 hectares will be cleared for mining and production. No severe impacts to human rights are foreseen in land acquisition, although Muih people believe their rights have been infringed in the process and some landowners feel that Muih people have gained too much. This is expected to become a greater problem (Franklin; DFS-10). Topsoil will be transported by dump truck to topsoil stockpile and protected from erosion by cover crops (DFS 2.4.4.3.3-4).

**Rights:** Right to Adequate Standard of Living  
**Rightsholders:** Farmers

## 4.2.4. SOCIO/POLITICAL

#### Civil Society

**Intensity and Scope of Media Scrutiny:** There has been little since 2004. The Project has a communications program

to publicize Project updates (DFS).

Media is all based in either Kuwumthiwonkaum (30 kilometers south of Yugumt Glif) or Nowum. Only the rare story reaches national television news (RCTI, SCTV, Metro), which is based in Nowum (Haria).

**Rights:** Freedom of Expression

**Rightsholders:** Local Community

**Presence/Strength of NGO Activity in Community:** Munu Hura is the local chapter of Jatam, Indonesia's most vociferous anti-mining NGO. Relations with locals around the Project are currently amicable and peaceable, but there are many activist organizations, which seem to have the support, if not the active participation, of local communities.

**YUHINGU** – Established in 2003 for the economic advancement of Yugumt Glif, Yuhinu is strong and highly political. One YUHINGU leader is involved in NU and the Indonesian Journalists Union, PWI.

**Charismatic Church** – Part of a network of such churches across Indonesia, this tight-knit community supports Miah interests.

**MUI** – Indonesian Council of Ulemas, Yugumt Glif Chapter – Yugumt Glif MUI has been lobbying the Project for years, securing the construction of a mosque on site. It hosts prayer meetings, official gatherings and coffee chats.

**FMPL** – The Forum of the Environmentally Concerned Community was established in response to Project activities. Its level of support is unclear, and its activities have been limited thus far. Its secondary founder, Hudulawwim Nurbam, appears to fabricate land claims, distrusts the company, and has encouraged Miah people not to sell their land rights.

**YUTURU** – This is a Yugumt Glif cooperative that Miah people believe is pressuring them to sell their land at a severe loss, preventing them from receiving identification cards and land title documents. It is unclear how many members there are, but it appears to be a fairly powerful group.

**Kurhuwaam Hirotur-Hiutium** – This group has laid traditional claims on land rights where Miah people live. They seek compensation for their lands, preferring that Miah people only receive compensation for cultivated plants.

**Muhammadiyah** – has no formal mining policy or position just yet.

**HKYP**, the Yugop Christian Protestant Church – One of 21 sub-district branches, the Yugumt Glif HKYP has 551 members. The church hears grievances and addresses issues with loan sharks. The pastor has critical views towards Project.

**Youth Green Generation** – water sampling and paper recycling. Network includes Walhi, YLBHI, UIN, YAI, UKI, FORKOT, HAM and others. SMS network makes for easy communication.

**Rights:** Freedom of Expression

**Rightsholders:** All

#### Issues to Date

**Environmental:** Discontinuation of Project Exploration by South Gukumaor Head of Regency – Letter number 620/3/49, dated May 13<sup>th</sup>, 2003.

**Rights:** Right to Clean Environment

**Rightsholders:** All

**Health:** N/A – No health complaints to date

**Human Rights:** Letter from Subcommission of Monitoring and Investigation of the National Committee of Human Rights No. I.292/K/PMT/VII/08. January 2008

**Rights:** Right to Clean Environment; Right to Health; Right to Clean Water

**Rightsholders:** All

#### Psychological Impacts

##### Local fears:

- 1) Creation of a large tailing pond in an extremely seismic area near the town of Yugumt Glif, filled with acid generating tailings and held back by an imposing-looking dam;
- 2) Blasting;
- 3) Land disturbance on a slope in an area with extreme rain events;
- 4) Diversion of Uop Kusa River;
- 5) Drawdown of groundwater for dewatering pit and impact on water wells.

Additional fears listed in the Pirebum stakeholder study and mentioned by Mary Huisaam included:

- 1) Fear of post-mining ghost town
  - 2) Huge fear of losing the river
  - 3) Concern over mine proximity
  - 4) Fear of culture loss, outsider flooding (and job loss to outsiders)
- (Mary Huisaam Interview 10/2008)

**Rights:** Right to Security of Person; Right to Privacy

**Rightsholders:** Directly Affected Villagers; Project area inhabitants

**Emergency Backup Plans:** None for community. For employees an Emergency Response training program will be developed to ensure compliance with sound loss control principles, company policies and procedures, and effective

training standards for delivery and record keeping (DFS 8.2.13).

**Rights:** Right to Security of Person

**Rightsholders:** Directly Affected Villagers; Project area inhabitants

#### Demography and Economy

**Influx of Workers – Numbers, Rate of In-Flow, From Where, For What Duration, With/Sans Families:** Already ongoing. The reported influx of people has heightened tensions within and among families over land ownership, housing, inheritances, access to employment and authority. Community members are more conscious of and concerned about status and land ownership. Customs and family history have gained importance as locals vie for control of land in the Project area and 'voice' with the mining company. The mine faces unrealistic expectations among community members, including mounting hopes and hostilities built on insufficient information about the mine Project. This includes community anxiety over the environmental risks and impacts of the Project.

When construction begins, conflict over land ownership and land use is likely, including border or boundary disputes. Additionally, land and housing prices will almost certainly increase, particularly with the influx of outsiders that have begun to arrive in the area. The construction boom itself might prove unwelcome among longstanding residents. Competition among adherents of different religious groups for employment and supplies (of goods and services) is highly likely, especially after post-construction layoffs that could leave 20 percent of the population newly unemployed. Mine jobs will undoubtedly increase household incomes for some, but they may also increase domestic workload for women (SCL 1.2.2). Alcohol consumption and prostitution, previously almost nonexistent in the area, have increased dramatically with the commencement of the Project, as has the prevalence of motorbikes in the area (SCL 1.1.2, 3, 5). This influx appears to be a result of the combined recent high sale price of rubber, establishment of a credit facility, and the "aggressive tactics of a bike dealer" says Haria, not from newly arriving job seekers. The land acquisition process, which has put cash directly in the hands of locals, has also contributed to the rise in consumer goods purchases (Haria).

2008 population data does not appear to show any substantial immigration. Further information may be needed.

**Rights:** Right to Work

**Rightsholders:** Directly Affected Villagers; Project Area Inhabitants

**Project Employment of Locals:** Five-hundred are predicted for construction, 250 for operation. The Company approximates that this represents nearly 20 percent and 10 percent (respectively) of the entire workforce in the region (Graham; DFS).

**Rights:** Right to Work

**Rightsholders:** Employees of Project / Contractors

**Project Population Influx Significantly Increases Local Food Prices:** Present.

**Rights:** Right to Food

**Rightsholders:** Farmers (potential positive); Miiuh People (economically isolated); Traders (if palm oil and rubber production is significantly impacted)

#### Infrastructure

**Project's Community Development Programs: Education:** None specified. However, the community support program has education, public health and infrastructure features (Community Development Policy, DFS 10.4). Additionally, within the Contract of Work, Article 18 stipulates that Indonesian Nationals must be employed to "maximum extent," including on the Board of Directors. There are also stipulations on training, the right to form a union, and a requirement to provide health care and, for permanent settlements involving families, education (CoW). **Traffic:** A Community Safety Awareness program was sponsored by the Project in early December, in an effort to reduce motor vehicle crashes and familiarize communities with traffic signs.

**Rights:** Right to Property; Right to Adequate Standard of Living; Right to Education; Right to Health

**Rightsholders:** Children; Residents Dwelling Near Roads

#### Indigenous Groups

Prior consent from and royalties/commitments to indigenous groups will not be a rights issue, due to the absence of indigenous communities.

## 4.2.5. SECURITY

**Security Plans:** The Company plans to form its own security force (contracted), recruiting from disparate areas away from the Project site. The head of security will initially be a contracted expatriate. A security complex will be operated by a contractor and will guard (and transport) gold and explosives. Security will be externally audited.

**Rights:** Right to Security of Person

**Rightsholders:** All

**Extent of Project to be Patrolled:** Unknown.

**Rights:** Right to Security of Person

**Rightsholders:** All

**Heavy Road Use to Support Project:** Present. Increased traffic is expected to increase traffic injuries.

**Rights:** Right to Security of Person

**Rightsholders:** Residents Dwelling Near Roads

**Project/ Company Relationship with Military:** Police presence will be maintained on site full time to guard explosives magazines, as per government regulations (DFS 136.9). No military present.

**Rights:** Right to Security of Person

**Rightsholders:** All

## 4.2.6. ECONOMIC/INFRASTRUCTURE

**Proximity of Project to Urban Areas:** The Nuiguayo Gold Project lies three kilometers north of Yugumt Glif. The town centre of Yugumt Glif comprises four urban neighborhood units (known as *Keluruhan*). Eight other villages neighbor the Project to the north of the Yugumt Glif River, most straddling the Trans Hanugru Highway.

**Rights:** Right to Privacy

**Rightsholders:** DAVs; Residents Living in Project Area

### Improvements

**Improvement of Communications Links:** Present

**Rights:** Myriad

**Rightsholders:** All

**Improvement of Transportation Corridors:** Present. Risks increase for health (prostitution/disease/vehicle accidents), and opportunities increase for traders (food and goods), students and travelers.

**Rights:** Right to Security of Person

**Rightsholders:** Traders; Residents Dwelling Near Roads

### Risks

**Project Dependent on few Transportation Points or Paths:** Present.

**Rights:** Right to Security of Person

**Rightsholders:** Residents Dwelling Near Roads

**Blasting/Noise, Traffic Reach Population Areas, Cause Cracks:** Present. The closest communities to blasting are three kilometers from site. AMDAL notes that 50 percent of residents on the north side (6,000 people) may be affected by blasting (AMDAL 6.3.1.3.6).

**Rights:** Right to Security of Person; Right to Privacy

**Rightsholders:** Residents Dwelling Near Blast Sites

#### 4.2.7. ECONOMIC - LAND AND LIVELIHOOD

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**Project Training Programs for Community/Potential Employees:** Training will begin at the most fundamental level, delivered in Bahasa Indonesia and in traditional Indonesian educational style. Craft skills training will require longer lead time (3-6 months).

Different phases of the four craft training paths will take place at local vocational schools, site facilities and on the job. Indonesian instructors, vendor supplied trainers, or expatriate trainers fluent in Bahasa Indonesia will conduct training. Expatriates may be hired or contracted specifically to meet the immediate training load. Programs:

- Five week ISP (Introductory Skills Program) for an unset number of locals. Hiring is based on performance and Project needs.
- If employed, the new employee/trainee will be assigned to an equipment specific training program in their craft skill area and department.

DFS suggests that thought will have to be given to upgrading existing local facilities. Training modules from other Company operations could be modified and introduced into the vocational training programs of local institutions. Expatriate employees will receive cultural, language, and company policy training (DFS 8.2.13).

**Rights:** Right to Work

**Rightsholders:** Employees of Project / Contractors

##### Land the Project Occupies

**Relocation of Populations:** None at Karmunu pit, though the land status of Muih people living in forest hamlets in the project area has been impacted. When evidence of title became required, some claimed to have been denied identification cards and rightful land titles. The Company and the government have jointly established a team to negotiate land access and verify ownership claims. Proportions of Muih/Queumoho/Yugop representatives unclear (SLC 1.2.2; Graham).

**Rights:** Right to an Adequate Standard of Living

**Rightsholders:** Directly Affected Villagers; Residents Whose Access to Farmland is Impeded; Muih People

**Project Occupies Land Used for Food Production:** Present on parcels farmed by Muih People but traditionally recognized as *ulayat* (communal) land (SES 193).

**Rights:** Right to an Adequate Standard of Living

**Rightsholders:** Farmers; Muih people

**Diversion of Farm Land:** Farms belonging to 315 families involving four main villages (spanning over 1,082 hectares) will be relocated by the mine (AMDAL 6.1.1.1).

**Rights:** Right to Food; Right to an Adequate Standard of Living

**Rightsholders:** Farmers; Consumers of Locally Grown Food

##### Impacts on Populated/Used Lands Surrounding Project

**Project Water Demands Affect Water Uses, Impacting Livelihood:** Present.

**Rights:** Right to Adequate Supply of Water; Right to an Adequate Standard of Living

**Rightsholders:** Directly Affected Villagers; Farmers

**Loss of Homes, Timber, Produce Trees, Crops to Project:** Present. Palm plantations and rice/produce farms.

**Rights:** Right to Food, Right to an Adequate Standard of Living

**Rightsholders:** Farmers; Disenfranchised

**Relocation of Population:** Seemingly absent, though Muih people have apparently been moved. AMDAL repeatedly refers to land acquisition as a critical negative, but no specifics are offered on how many people are involved and how new land is allocated (AMDAL 6; 7.1.1; 2.4.4.1.1).

**Rights:** Right to Housing

**Rightsholders:** Relocated People

**Housing for Employees Supplied / Not:** Permanent base camp is to accommodate around 200 workers from the 500-600 total. The work schedule will employ a come-and-go philosophy for live-in unmarried staff or for family accommodations (DFS 8.1; 7.4.2).

**Rights:** Right to an Adequate Standard of Living

**Rightsholders:** Employees

**Project Separates People from Farms/Jobs:** AMDAL foresees the villages that derive majority income from community



plantations as the most likely to be affected by the Nuiguyo project (AMDAL). The 2004 Feasibility Study anticipates that Uop Kusa Plantation, which is privately owned, will be most profoundly impacted (Feasibility 5.1.2.). Uop Kusa Plantation currently pays employees 30 percent more than surrounding villagers. Depending on Project pay scale, financial hierarchy may be altered.

**Rights:** Right to an Adequate Standard of Living

**Rightsholders:** Community Plantation Workers; Farmers (benefiting rightsholders may include Traders)

**Occupation of Land for Other Sources of Employment:** None noted.

**Rights:** Right to Work; Right to Property

**Rightsholders:** None identified

### 4.3. Company Catalog

Note: Company policies referenced below are Eciumu's, as the mine was under Eciumu ownership at the time this study was commissioned. Aimec Minerals has indicated that Eciumu's LCOps policies will be followed and it is assumed that similar programs implemented at other Aimec Minerals project sites will be applied at Nuiguyo. It is additionally assumed that the Company is aware of the additional complications that come with operating in Indonesia, where on-the-ground conditions are not necessarily as conducive to human rights protections as they are in Company projects in Australia.

#### 4.3.1. LABOR / NON-DISCRIMINATION

##### Discrimination

**Plans re Hiring Women and Minorities:** Opportunity and Equality Policy (OEP) includes training on equality, three months paid parental leave, encouragement of gender equality and incident reporting. Future plans include consultations on women's issues, improved pay equity, increased flexibility in managing family responsibilities – leave, rosters, home supporting, communications, improved site facilities for women, professional development and mentoring of women, and a targeted recruitment strategy.

**Right:** Nondiscrimination

**Policy re Equal Pay for Equal Work:** All employees are voluntarily employed and receive a fair salary based on skills, experience and competitive market rates. Eciumu had performance-based remuneration rewards and encouraged employees to have equity in the company.

**Rights:** Nondiscrimination; Equal Pay for Equal Work

**Policy re Non Discrimination in Hiring and Promotion:** In accordance with GRI, the Company monitors labor discrimination.

**Right:** Nondiscrimination

##### Child Labor

**Policies re Child Labor:** Although Eciumu had no formal policy regarding forced or compulsory labor, the Company's recruitment process complies with the relevant Australian legislation. Thus, Eciumu does not knowingly employ any person under age 18 at any of its operations unless they are participants in a formal apprentice program or school-affiliated training program. These participants are not permitted to work underground (enforcement mechanisms exist within Company's other projects).

**Right:** Freedom from Exploitive Child Labor

**Policies re Child Labor in Supply Chain/Contractor:** None specifically mentioned company-wide, and none relevant to Nuiguyo Project.

**Right:** Freedom from Exploitive Child Labor

##### Employee Wellbeing

**Policies re Working Conditions:** Regular communication with staff through an intranet, email alerts, hard copy newsletters and 'noticeboard items'. Open door policy for all senior managers. All employees are required to comply with Eciumu's health and safety policies, standards and site-specific procedures. All health and safety policies comply with relevant Australian legislation, although these policies may not specifically address the International Labour Organization (ILO) Code of Practice on recording and

notification of occupational accidents and diseases (Sustainability Report).

**Rights:** Right to an Adequate Standard of Living; Right to Just Remuneration; Freedom of Association; Right to Favorable Working Conditions

**Grievance Procedure for All Laborer Complaints:** Eciumu had a grievance hotline set up. Aimec Minerals has no documented employee grievance procedures.

**Right:** Right to Favorable Working Conditions

**Company Policy Toward Worker Health:** All sites conduct health hazard monitoring for occupational health, dust and noise. When exceedances occur, investigations are carried out, and appropriate corrective actions are taken. New employees receive medical assessments. Additional surveillance is conducted on the basis of their job or health condition (Eciumu Sustainability Report 2007 – Safety and Health).

**Right:** Right to Health

**Training Standards and Methods:** Methods not available. Training is conducted in the local language. Efforts to hire locally are supported by extensive training programs at all levels.

**Rights:** Right to Favorable Work Conditions; Right to Work

### 4.3.2. HEALTH

**HIV Policies:** An HIV/AIDS education program for mines and communities commenced in August 2006 and will continue for three years. The program was designed by Australia's Burnett Institute and is fully funded by Eciumu (US\$70,000 per year). In addition, UNICEF sponsors an HIV awareness program run by the trade union in Huvummupsog, with Eciumu providing food and accommodation support.

**Right:** Right to Health

**Worker Safety:** Eciumu monitors safety performance using the Lost Time Injury Frequency Rate (LTIFR) and the Total Recordable Injury Frequency Rate (TRIFR). LCOps safety standards were implemented at all sites in 2006, specifying required practices for managing health and safety risks at mine operations. An audit program assessed site performance and risk areas. All accidents and incidents are entered into the Company incident reporting system. Inductions are tailored to the time spent on site, and ongoing safety training is supplied to all employees who work at other Aimec Minerals sites globally. Employees are counseled regularly on their safety performance and may be disciplined if appropriate.

A new workplace inspection structure was developed in 2006 to support and drive safety across all Eciumu operations. In 2007, the Silver Orchard and Hokem operations adopted First Priority Enterprise, a governance, risk and compliance software system. It integrates safety, environment, and community management. The implementation of safety standards at the Silver Orchard operations is managed through a combination of programs including:

- DrillSafe behavior observation program;
- CheckList (quick-reference safety check cards);
- PASS (Positive Attitude Safety System) (information gathered in these sessions, is discussed and recorded daily and compiled monthly);
- Workplace inspections; and
- Hazard reporting.

Implementation of LCOps followed a pre-trialed process. In addition, the number of emergency response personnel per shift was doubled and new safety equipment, including a new replacement ambulance, was purchased.

All of Eciumu's operations conduct occupational noise and dust monitoring. Site-specific monitoring includes determining lead levels in blood at Silver Orchard and acid vapor monitoring at Hokem.

**Rights:** Right to Health; Right to Favorable Working Conditions

**Worker Health – non-Safety:** All facilities are to maintain programs that support Occupational Health and Hygiene, including:

- Occupational Respiratory Medical Surveillance Program to detect (and treat) the early onset of respiratory diseases. This will include: Medical Evaluation, Fit Testing, Proper Use of Respirators, Respirator Maintenance and Care, Training and Information and Record Keeping.
- Hearing Conservation Program including periodic audiometric testing for all employees by an accredited person.
- Ergonomics Program to identify ergonomic risks in targeted work practices and specific tasks.

**Right:** Right to Favorable Work Conditions

#### Communities

**Company Policy Toward Indigenous Rights:** LCOps addresses Cultural Awareness and Human Rights Awareness. Indigenous communities (and protocols) are to be identified, and cultural awareness training is to be conducted. In addressing human rights, LCOps has a four-part Standard involving rights identification, training, reporting and support for the marginalized (SOC-05, -08).

**Rights:** Indigenous Rights

**Company Policy Towards Marginalized Groups:** As part of Social Impact Assessments Eciumu's operations are required to identify marginalized or disadvantaged groups and raise awareness of the relevant aspects of human rights amongst employees and contractors. Community relations departments and community development investments are expected to take these groups' rights into account. (LCOps Human Rights Awareness Standard). Some success has been had in a Hokem (Vietnam) weaving and microcredit project for women.

**Right:** Nondiscrimination

**Company Relocation Policy:** Only Hokem has required resettlement in the past, which was conducted in accordance with relevant Government policies and regulations. LCOps Resettlement standard adheres to the World Bank Operational Policy on Involuntary Resettlement (SOC-13 LCOps). Results from successive household surveys indicate that previously relocated residents have consistently reported the highest levels of satisfaction with the Hokem operations compared with other groups or villages.

**Rights:** Right to livelihood; Right to Food, Right to Privacy/ Noninterference; Right to Property

**Company Policy Toward Community Health**

**Medical Facilities:** Each project will have access to proper medical facilities that provide a high standard of medical care. In remote operations this means that on-site facilities will exist. In developed areas, local public facilities may be used. Adequate provisions will be made to ensure that emergency transportation services exist between the site and hospitals/clinics. All projects have first aid clinics or supplies for providing emergency care. Each facility shall have access to professional medical advice to support the development and maintenance of its health programs on site. Emergency facilities shall be staffed with personnel sufficient in number and in training (e.g. Occupational Health Nurse and Emergency Response Team) (OHS-01 LCOps).

**Right:** Right to Health

**Company Policy on Community Safety, Hazardous Materials:** LCOps Cyanide Code is derived from the International Cyanide Management Code. Water for human consumption must adhere to US EPA drinking water guidelines, Australian drinking water standards (2004) or WHO guidelines (ENV-04 LCOps). Storage, leakage, containment, transportation and isolation of incompatible chemicals are monitored by ENV-03 LCOps. All structures that may be subject to a lightning strike will be grounded. Grounding will be tested and inspected regularly. Warning signs will be posted at all locations where there is potential for contact with overhead lines (e.g., by cranes, mobile work platforms, etc.) (OHS-09).

Safe systems of work and standard operating procedures shall be developed and implemented for all areas where explosives are stored, transported, handled, or used. The following elements of safe systems of work shall be included:

- Storage methods
- Blast notification
- Charging / Loading procedures (open pit and underground)
- Charging / Loading procedures for stope blasting
- Blast area clearance, guarding, and signage requirements
- Firing / blast initiation procedures
- Blast area re-entry procedures
- Procedures for the handling of misfired explosives
- Disposal of explosives
- Secondary blasting
- Mixing of explosives
- Transportation of explosives
- Charging and firing in sulphide dust explosion risk areas
- Charging in hot ground or extreme temperatures
- Charging in sulphide reactive areas
- Accounting of explosives used

All sites have Emergency Response and Rapid Response teams in place to be first responders and deal with any organizational support and interface issues involved in a larger emergency, e.g., a fatality, major environmental or community incident, including liaison with Eciumu's executive management team (Sustainability Report).

**Rights:** Right to Health; Right to Favorable Working Conditions

**Company HIV/Aids Policies:** HIV awareness programs (financially supported by Eciumu) available for employees, employees' families and local communities at Hokem. Facilities shall establish and conduct effective specific ongoing medical programs deemed necessary to control potential health problems to the workforce such as the Blood Borne Pathogen Program: Controls include training programs; personal protective equipment; immunizations; and the identification, storage, and disposal of hazardous waste (OHS-17 LCOps).

**Right:** Right to Health

**Company Malaria / Other:** Fogging program, educational training and distribution of preventative medication for malaria at the Hokem operations. Presentations and campaigns on community health in Asian operations, covering public health issues including malaria (Eciumu Sustainability Report 2007 – Safety and Health). Projects are to establish and conduct effective specific ongoing medical programs deemed necessary to control potential health problems to the workforce (OHS-17 LCOPs)

**Right:** Right to Health

### 4.3.3. ENVIRONMENT

**Company Environmental Standards:**

Water – US EPA, Australian standards, and the (most stringent) WHO guidelines

Air – US EPA

All others – Local laws

**Rights:** Right to Clean Environment; Right to Clean Air

**Company History of Environmental Problems:** Eciumu Malaysia, which is no longer associated with Eciumu, has environmental issues. Eciumu/Aimec has none.

### 4.3.4. POLITICAL / SECURITY

**Unions**

**Policies Regarding Unionization:** All Eciumu employees are engaged under individual contracts and are entitled to freedom of association. At Australian operations the majority of employees are engaged under common law contracts, although collective bargaining agreements are also used.

**Rights:** Freedom of Association; Right to Belong to a Trade Union; Right to Strike

**Relations with Unions:** No evidence of negative relations.

**Rights:** Freedom of Expression; Freedom of Association

**Company policy re opponents and free speech and assembly:** All Eciumu employees are engaged under individual contracts and are entitled to freedom of association. (Some issues existed at one Company Project Hokem, which are resolved.)

**Right:** Freedom of Expression

**Grievances**

**Company Policies re Security:** LCOPs security standards conform to the Voluntary Principles on Security and Human Rights.

**Right:** Right to Security of Person

**Grievance Procedures for Communities (non-employee):** Handled by Community Relations Department. A grievance register is maintained at Hokem to record community complaints. Policy states that grievances are to be addressed and resolved in a “culturally appropriate and expeditious manner.” There is a grievance mechanism in place at Nuiguayo, which has not been made available to assessors. Community grievances at Silver Orchard are registered within the incident reporting system.

**Right:** Right to Privacy

**Corruption:** Under the Australian Bribery of Foreign Public Officials Act of 1999, bribing or paying bribes to foreign officials is punishable by law. Eciumu and Aimitoc have both addressed corruption in terms of “Professional Behaviour” in their Codes of Conduct. Aimitoc’s Bribery Policy can be found in its Sustainability Report. Please see company website for elaboration (Eciumu Sustainability Report 2007, *Vision, Mission, Values*).

**Right:** Freedom from Coercion

## 4.4. Special Topics

The least problematic Project locations impact only the rights addressed in the catalogs on the previous pages. These issues can be mitigated with a modicum of effort on the Company’s part. Often, however, more complex rights topics present themselves. Addressing these issues

requires thoughtful analysis beyond what catalogs can accomplish. In the case of Green Resources' expanding operations, two special topics arise: HIV/AIDS and climate change. Only the former falls under the scope of this report, owing to the political sensitivity of the latter.

The Nuiguyo Project is in the very positive position of facing none of these issues. The Project Area is not in a conflict-prone zone, resettlement will be minimal, and there are no separate "indigenous" communities, as the Miuh are actually "indigenous" to a neighboring area, not the Project location. Corruption is historically a factor in Indonesian operations, but the Project faces no special challenges of weak governance. The area, while poor by Indonesian standards, is economically stable, and it escaped flood and earthquake damage in the December 2004 Tsunami and later seismic events. Socially the area has a generally high level of cohesion and order. While the population is ethnically diverse, there is no history of ethnic or religious violence. In addition, the Company is respected and operates internationally with high standards for pay, labor conditions, employee health and safety, and management of security forces.

As the Project will contribute to the economic growth of neighboring communities, there will be some improvements in the protection of welfare rights, such as rights to livelihood, housing, health and food. In sum, the effects on human rights in the Project area are generally expected to be positive.

However, in countries with highly vocal activist communities (like Indonesia), the flexibility of "human rights" as a concept requires assessors to consider how human rights issues will be presented – to communities and to media – and whether human rights controversies should be expected. Unique issues present themselves with this Project, mainly stemming from the environmental setting of the mine and the strength of local leadership. Mining is new to the area, and the local population fears it. As a practical matter, a population's persistent fear has a bearing on human rights, even if no violations occur. The combination of the area's strikingly high seismicity, intense rain incidents, and extremely steep hills surrounding the proposed pit presents the Project with significant challenges in easing local fears. Communities have expressed concern that the dam will not withstand repeated seismic events and that rain events will cause overflows. The novelty of a large pit changing the familiar landscape through blasting, while standard in open pit mining operations, creates dread in an area unfamiliar to mining. The community has been informed of environmental catastrophes caused by extractive projects, most notably the Lapindo mudflows on Java. The negative press surrounding Newmont's Buyat Bay controversy has reached the communities around the Nuiguyo Project area as well, and concerns are already high regarding the proposed rerouting of the Uop Kusa River, which is a major water source for 11 villages.

Environmental issues have been redefined as human rights issues worldwide (see, e.g., the 2008 Ghana Human Rights Commission Report on Mining). The likelihood that interested activist groups will frame environmental risks in this way at Nuiguyo has already been demonstrated by the complaint filed in January 2008 with the Indonesian Human Rights Commission.

"Human rights" issues were listed as follows:

- Project proximity to communities
- Pit location upstream of villages
- Clean water concerns
- Environmental Impact Study results suggesting that some Project impacts will be negative for local wellbeing

These complaints do not themselves constitute human rights violations, or even human rights impacts. What they present, however, is a twofold risk to the Project. First, should any of the risks presented *result* in a human rights impact (if, for example, the tailings pond's location upstream of villages results in water pollution causing illness in DAVs), the company will be in violation of international human rights standards. Second, should communication be so poor between Project and community that locals develop a fear of carrying on life as usual (if, for example, people become so concerned about river pollution that they avoid using river water and are forced to travel farther to fetch water), then the right to security of person will be violated. In short, these environmental complaints present the precursors to possible rights violations.

## 5. Finalizing and Impacts (Phase 3)

### 5.1. Final List of Impacted Rights

Issues identified in the Context, Project and Company catalogs, as well as the discussion section above regarding fear, raised questions about the following rights:

#### **Labor**

- Right to Work
- Right to Favorable Work Conditions
- Right to Just Remuneration
- Equal Pay for Equal Work
- Freedom of Association
- Nondiscrimination

#### **Environment/Welfare**

- *Right to Health*
- *Right to Adequate Supply of Water*
- *Right to Clean Environment / Air*
- Right to an Adequate Standard of Living
- 

- Right to Food
- Right to Housing
- *Right to Security of Person*
- Right to Privacy

#### **Social/Political**

- Freedom from Arbitrary Arrest
- Freedom of Expression (speech, religion)
- Non-Interference/ Freedom from Corruption
- Right of Self-Determination
- Right to Property
- Children's Rights / Right to Education

Some of these rights are not addressed in detail below, either because Project impacts cannot be projected based on the limited information provided, or because Project and Company Policy, if followed assiduously, is expected to preclude issues pertaining to those rights. The rights listed in italics will be given special focus below, either because they are viewed as the most urgent or the most needing of explanation..

#### 5.1.1. Right to Security of Person /Right to Adequate Supply of Water

Personal security is intimately linked to Freedom from Fear as enshrined in the preamble to the Universal Declaration of Human Rights and laid out more expressly in Article 3. Security

of Person has expanded since universal human rights were put to paper in 1948. In 2005, the United Nations modernized and concretized Freedom from Fear to “include poverty, deadly infectious disease and environmental degradation,” noting that these can have consequences as catastrophic as slavery, torture, and violence. The Freedom from Fear is a component of the Right to Psychological Security of Person.

Freedom from Fear has been reified in repeated rights campaigns directed against multinational corporations. Third party NGOs and nonprofits often champion the causes of discontented communities located near capital projects. This has been the case in Indonesia with the Buyat Bay No Dirty Gold controversy, and Walhi’s 2005 campaign against INCO on behalf of South Sulawesi populations, to name just two examples of the many cases. As demonstrated above, local concerns about the rerouting of the Uop Kusa River is accompanied by concerns about the quantity of alternative water sources that may be provided. It is not clear that the Project has developed plans for protecting the local Right to Adequate Supply of Water, and surrounding communities have expressed significant fear of the repercussions of losing river water.

### **5.1.2. Right to Health / Right to Clean Environment / Right to Clean Air**

The Right to Health, as stated in Article 26 of the Universal Declaration of Human Rights, incorporates a right to food, clothing, housing, medical care, social services, and unemployment protection. These welfare rights are the responsibility of governments to provide and corporations to respect. Additionally, the Right to Health is found in the Declaration of Economic Social and Cultural Rights. Article 12 ensures all humanity the right to health and environmental hygiene, including the right to adequate water, clean air, and access to information about disease. In its duty to respect the Right to Health and Environmental Hygiene, the Project should uphold, at a minimum, the “do no harm” principle.<sup>6</sup> Given the significant impacts that the Project will have on local water sources and the likely impacts it will have on disease profiles and air quality, the Project takes on a proactive responsibility to respect these rights in its operations.<sup>7</sup>

## **5.2. Final List of Impacted Rightsholders**

Rightsholders are those whose lives are shaped by rights that risk being significantly impacted by a project. **Environmental rights** are held by those whose health or livelihood will

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<sup>6</sup> UN Special Representative John Ruggie’s Framework for Business and Human Rights presents principles by which a transnational business should operate. “Do no harm” is the most fundamental; responsible businesses build from there.

<sup>7</sup> The most current and comprehensive study on the human right to water was conducted by the Institute for Human Rights and Business and made public in September 2008. Drafters of the report *Business, Human Rights & the Right to Water* included the Roundtable on Business in partnership with the United Nations Global Compact Human Rights Working Group, and NGO Realizing Rights, as well as representatives from business, civil society, socially-responsible investors, and national and international human rights organizations. The report identifies three potential responsibilities of business concerning water: as a consumer of water, an enabler of access to water, and a provider or distributor of water. Businesses increasingly agree that they should report on water use and monitor their “water footprint.” The Project needs to consider this right as it continues to gain respect and attention.

be harmed by or improved by changes in environmental conditions. **Welfare rights** are held by those impacted by the positive increases in local economic activity or those who are made poorer as the economy grows and leaves them behind. **Labor rights** are held by both direct Project employees and by participants in the supply chain of Project inputs and Project products. Based on the rights listed in **Section 5.1** and the rightsholders evoked throughout the Context and Project **Catalogs**, rightsholders who are more susceptible to certain rights impacts include:

#### **5.2.1. Labor Rightsholders - By Work**

- Employees of Project/Contractors
- Farmers (including plantation workers)
- M'uh people living in Township III but still unengaged in Project activities
- Residents dwelling near the Project but in communities from which the Project does not hire
- Traders (who traded palm oil and rubber from plantations that cease functioning or who pick up on new trade products)
- Employable workforce

#### **5.2.2. Environmental Rightsholders - By Locality**

- Directly affected villagers
- Users of downstream water
- Consumers of locally grown food
- M'uh people living in forest hamlets who are likely to lose their land claims
- Residents dwelling near to roads whose use will increase
- Residents whose movement to and from water sources, community centers, schools their own farmlands, and/or transportation routes is impeded by the Project
- Residents dwelling in communities that draw particularly large numbers of employees

#### **5.2.3. Welfare Rightsholders - By Needs**

- The hungry – food growers on impacted lands; food purchasers struggling with inflated prices
- Communities whose health, education, water and sanitation infrastructure are burdened by population increases caused by the Project

### **5.3. Rightsholder Engagement**

As the individuals most vulnerable to rights violations, “rightsholders” are the individuals to be targeted in mitigation steps by the Company.

Rightsholder engagement is considered vital to an HRIA, but as this was a “Desktop” assessment, none could be conducted. In 2004, Annie Franklin carried out stakeholder engagement for a social, economic and land impact assessment study. In 2008, Pirebum Partners conducted stakeholder mapping and some stakeholder engagement. For a breakdown of the available studies and the information used for this report, please see **APPENDIX 2**.

### **5.4. Human Rights Impacts**



Using the list of impacted rights generated in **Section 5.1**, and synthesizing the information gained from the **Topic Catalogs**, we have rated the anticipated rights impacts on a five-grade scale, red to blue, with red being the most negatively affected rights and blue the most positively affected.

● **Red** A red rating indicates that a right is likely to be severely negatively impacted by the Project to the extent that it poses risk to the success of the Project itself.






● **Orange** An orange rating indicates that the Project has the potential to impact a right in negative ways.

● **Yellow** A yellow rating is a warning sign, indicating that the impacts of the Project on a right are variable but are likely to be significantly positive or negative. All yellow ratings require a clear explanation of why the rating was given and what the foreseen impact(s) is/are. Because of the contingent nature of yellow ratings, monitoring is necessary to determine whether, which way, and how severely the rights end up being impacted.

● **Green** A green rating indicates the Project is likely to impact a right in positive ways.

● **Blue** Rights rated blue are expected to improve significantly as a direct result of Project activities. Blue ratings indicate impacts that can positively affect a Company's reputation and a community's wellbeing.



Ratings are contingent on the interplay among Context, Project and Company with an eye to where these elements overlap.



Right	Context (Con.)/ Project (Proj.)/ Company (Co.)	Rating
5.4.1. LABOR		
Favorable Working Conditions	Con. Present in local industry, with housing, medical care, and food subsidies	 <b>GREEN</b> The Project will adhere to Indonesian minimal wage for unskilled workers and salaries are all expected to be higher than plantation wages
	Proj. Currently unknown	
	Co. Policies and standards exist for highest possible working conditions, equality, pay, health, and wellbeing	
Non-discrimination	Con. Women, Yugops, Muih	 <b>GREEN</b> The Project adheres to equal-opportunity employment, though cultural practices may limit women's applications to certain tasks
	Proj. Women, Yugops	
	Co. Policies present	
Right to Assembly	Con. Present in private plantation	 <b>GREEN</b> The Project has been actively engaged in supporting union participation, and if this continues, it could be responsible for the growth and strengthening of civil society
	Proj. Project has actively promoted unionization	
	Co. Policies and enforcement mechanisms present	
Equal Pay for Equal Work / Right to Just Remuneration	Con. 800K/500K Rp (men/women), housing, medical care, rice subsidies, retirement, life insurance, daycare	 <b>GREEN</b> Unskilled labor will be paid Indonesian minimum wage, but salary scale increases from there, likely increasing income for employees and industries providing goods and services to Project employees
	Proj. 700K Rp/month labor complies with Indonesian minimum wage requirements. No benefits were listed on available documents	
	Co. The Company adheres to all Indonesian and Australian laws, and employment is open to all. Aimec has encouraged more gender-balanced employment in its Australian operations	
5.4.2. HEALTH/ ENVIRONMENT		
Right to Health - Adequate Supply of Water	Con. Extremely variable – frequent flooding, major rivers: Uop Kusa Genbup, Uop Paho Hutamosu. People are assumed to consume 20 liters per day	 <b>ORANGE</b> To counter water losses from rerouting the Uop Kusa River, the Project plans to create a bore field to replace the river water supply. This new supply will be inadequate if the source is rejected
	Proj. Uop Kusa diversion – borefield planned. Operations expect to use 42 m3/hr of water from streams. Wells may not suffice if mine sinks water table	




Human Rights Impact Assessment - DRAFT

Aimec Minerals

43

	Co.	Water recycling at Opulent Mound, regular monitoring at Silver Orchard.	<p>If the population increases as expected, water needs may be greater than anticipated (presumably the Project has safeguarded against this)</p> <p>Given the Project's water needs, wells may need to be dug deeper (the Project is presumably prepared for that possibility).</p> <p>Employee water needs appear to be satisfied. The planned permanent water treatment facility is to be built for 200 persons, and a temporary facility will provide capacity for an additional 1400 persons during peak construction. (AMDAL executive summary)</p>
Right to Clean Environment (water quality)	Con.	Soft, circum-neutral to acidic, low concentrations of trace metals, variable by flow events, significant bacteria count	<p> <b>ORANGE</b> Population increases can exacerbate sanitation issues</p>
	Proj.	Runoff will increase turbidity; wells may see alterations in levels of Zinc, Iron, Arsenic and Manganese. Drainage from waste rock may be highly acid	<p>Already acidic waters result from natural rock acidity – mining will bring new, unoxidized rock to the surface</p>
	Co.	<p>In high rainfall environments, excess water is discharged via polishing plant or ion exchange circuit</p> <p>Compliance with World Bank EHS guidelines</p>	<p>Construction activities are certain to increase water turbidity, possibly impacting water ecosystems (including fish catches)</p> <p>Excess water from tailings pond mixing with runoff could be highly problematic</p> <p>There do not appear to be concrete emergency response systems ready to deal with anything going wrong</p> <p>Cyanide spills are protected against, given the Company's Cyanide Code, as mentioned in Eciumu's 2007 Annual Report</p>
Right to Clean Air	Con.	Good	
	Proj.	<p>Dust from operations (blasting) and transportation (trucking) likely to significantly decrease air quality</p> <p>Mill exhaust may cause air pollution. Power station caused an increase in sulfur dioxide levels</p> <p>Impacts may reach all communities along the Trans-Hanugrun Highway to Hibeotu. Traffic dust to be controlled with spraying; no additional plans made known to Assessors</p>	<p> <b>YELLOW</b> AMDAL indicates that air quality could be worsened significantly by mine traffic (up to 140%)</p> <p>The Project has plans to use water for dust control on roads</p> <p>The power station appears to have perceptible but foreseeable impacts, and both the roads and the power plant should be closely monitored</p> <p>It is possible that proactive monitoring and dust mitigation could actually improve air</p>




	Co.	Airborne dust is the most significant air pollutant, controlled by water spraying	quality
		Others are reported as required under national laws	
		Ozone depleting substances are present in air conditioning and refrigeration units at sites but in negligible quantities	
Health – facilities, major illnesses, cultural barriers to health improvement (Right to Health)	Con.	Clinics, midwives, maternal care, plantation medical facilities	 <b>YELLOW</b> The Project health facilities are likely to be better staffed and stocked than state facilities, even as the Project supplements local facility supplies. If the Project expands services to help communities and mitigate spread of disease, locals could see a net benefit to health  Historically the Company has improved malaria rates at project sites and orchestrated community health programs (like December's HIV seminars), though community members are not given access to Company health facilities.  However, extractive projects are recognized as contributors to increased disease spread, often from increased transportation and travel as well as rises in population (sanitation issues) and prostitution (miners without families on site)  Ideally the project will see reductions in malnutrition, disease-carrying mosquitoes, and sanitation-related illnesses. We have no data on company plans, however, so such positive predictions cannot be made
		High rates of malaria, upper respiratory infections, dysentery, anemia, hypertension	
		Dietary habits best in semi-urban Plantation village – malnutrition prevalent	
	Proj.	Emergency response/firefighter building; medical/first aid bay on site (all for temporary care pre-evacuation); medical center	
		Malaria fogging, community health seminars planned	
	Co.	All sites conduct health programs aimed at both workplace and general lifestyle health awareness	
<b>5.4.3. POLITICAL</b>			
Freedom from Corruption/Bribery (Freedom from coercion)	Con.	Functioning democracy; corruption extant	 <b>YELLOW</b> Indonesia's reputation for corruption remains problematic, however the Project is likely to have a positive impact on freedom from corruption, based
	Proj.	Rumors swirling around AMDAL approval process; accusations of nepotism and racism in hiring	
		No high-level corruption alleged	

	Co.	Bribery and corruption policies are written into Code of Conduct  Company adheres to all Australian anticorruption laws	on policies and past performance, however, rumors run counter  The Project has already suffered reputational blows over complaints regarding land acquisition and hiring practices  Transparency may mitigate accusations of corruption
Freedom of Expression	Con.	Functioning	
	Proj.	N/A	
	Co.		 <b>GREEN</b> The Project may encourage free press in the spirit of promoting accurate reporting on Project activities
Equality / Non-discrimination	Con.	Restrictions on women; ethnic divides	
	Proj.	Allegations of nepotism and racism in employment practices	 <b>YELLOW</b> The Project is almost certain to impact gender equality, either positively or negatively
	Co.	Media relations policy stipulates that Public Affairs person will undergo media training and handle all media inquiries	Company policy stipulates equal pay for equal work, but if women are less qualified (less educated, less trained, less liberated) than men, jobs available to them will be lower-paid, as they are at palm plantations  To pursue its policy of improving gender equality in its operations, the Company has an opportunity at the Project to promote equal training for men and women and provide working arrangements (e.g. rosters) that are suitable for women who may have additional maternal or familial responsibilities.
<b>5.4.4. SECURITY</b>			
Right to Property	Con.	Present	
	Proj.	Miuh people allege being forced to sell lands for cheap (Pirebum)	 <b>YELLOW</b> Miuh people have voiced concerns about coercion in the land acquisition process (Pirebum)
	Co.	Land Acquisition Standard (Soc-02) includes community engagement, government/landowner consultation, negotiations for conflict  Founded on principle of "free and prior informed consent." Soc-14 addresses resettlement	Landowners, in turn, complain that Miuh people were compensated for land they did not own (Graham)  Coercion by land speculators is likely to resurface, particularly if the Project expands the proposed second pit (Franklin)

Human Rights Impact Assessment - DRAFT

Aimec Minerals

46

Free speech	Con.	Present	 <b>GREEN</b> Some of the issues that have already surfaced provide an opportunity for the Project to promote their interests
	Proj.	See above. Also, issues of Miuh identity cards	
Right to Security of person	Co.	Human rights training for staff is intended to protect members of local communities that may be marginalized or disadvantaged (Soc-08)	 <b>YELLOW</b> Right to be safe. Physical security is not presumed to be at significant risk, assuming AMDAL environmental protections are exhaustive and detailed. In this arena there is an opportunity for the Project to implement staff disciplinary measures, which should reduce security issues associated with staff activities (while on and off the job).
	Con.	<p>The Gukumaor Regency has been flooded with the negative press of extractive projects in Indonesia, most notably the Lapindo mud flow situation in Java and the scandal over Buyat Bay villagers in the Newmont North Sulawesi mine</p> <p>The Project is building upon years of local distrust toward mining projects</p> <p>In 2006 when river sediment increased, the mine was instantly fingered, though Project activities had no connection to the changes</p>	
	Proj.	<p>Local concerns have been building simultaneous with anticipation of job creation. Numerous nonprofits and community organizations have sprouted, many in response to the Project. Some actively look for pollution, others find irregularities in land acquisition</p> <p>People fear corruption and discriminatory hiring practices. Far more than that, however, they fear for their water sources</p> <p>Rerouting the Uop Kusa River is extremely likely to incite local anxieties, and as the dam builds above Yugumt Glif village, anxieties will grow over possible dam breaches, particularly in light of the area's extreme seismicity</p>	
	Co.	Company adheres to Voluntary Principles	
			 <b>RED</b> Right to feel safe. Many of the communities surrounding the Project have existed in the area for over a hundred years. They intend to remain there for hundreds to come. Locals do not feel they have been adequately assured that their villages, forests, cultures and watersheds will be safe in perpetuity. The Project faces extreme backlash if such concerns persist. As the right is twofold, so are the risks
			<p>If the company cannot convince communities that the dams are safe, tailings are stable, river rerouting will not harm local farming and wellbeing, and emergency plans will be in place by the time of production, trust will diminish and anti-mine activists will be empowered to make human rights complaints</p> <p>It is important to note that a company-inflicted disaster does not need to occur for the company to face human rights allegations. A case in point is the Human Rights complaint submitted in January 2008 by MUNUHTURA. The mere sense of discontent, combined with external activism funded with foreign cash, can expose issues wholly unrelated to the Project as human rights needs</p>

unaddressed by the project

Cultural security will also present a perception issue in the region. In-migration of non-locals and ethnically diverse peoples into the area almost always has a more significant impact than anticipated, and in the Nuiguyo Project area ethnic divides, while peaceable, already exist.


#### 5.4.5. ECONOMIC

##### Right to Housing

Con. Present

Proj. Employees housed in barracks and possibility that Muih people may need relocating

Co. All steps are taken to avoid involuntary resettlement. When no other option exists, a fully developed and operational resettlement plan will be put in place (on the principles of stakeholder consultation, informed consent, transparency, and mutual respect) and in accordance with the World Bank Operational Policy on Resettlement

 **YELLOW** The right to housing pertains primarily to locals, who will almost certainly face rising house costs and worsened sanitation. Homelessness for locals is not expected to rise, but population influx generally has significant impacts on local communities, including their Right to Housing


Increased wealth in the region, however, could improve housing construction and materials, providing a net benefit to communities

##### Livelihood



Con. Largely agricultural, with trading, cottage industry, and civil service/teaching jobs. Fifty percent of households have single breadwinners; thirty percent have two income earners. The remaining 20 percent have three or more. More men work than women

Proj. Proposed employment of 500 locals initially and 250 for the duration of the Project, paying base day-labor salaries in accordance with Indonesian minimum wage and increasing from there. Primary added benefit is skill-training


Co. Extensive Occupational Health and Safety Standards to protect employees. Standards include an effort to maximize local employment and generate business opportunities, employing fair recruitment practices and initiatives that may include vocational training, mentoring and peer support, scholarships, vacation experience/employment,

 **GREEN** It is likely that the Project will have a net positive impact on the right to livelihood. Locals will be employed by the Project, which will pay relatively high wages. The increased income is likely to stimulate economic activity, which is likely to increase employment opportunities in numerous consumer and service industries

As the skill- and education-level of much of the community is quite low, it is possible that the Project will draw members of the community into the labor force for the first time, particularly if job recruitment caters to women (although Project notes that social restrictions on women may prevent them from applying to certain jobs)

		literacy/numeracy and skill development programs (Soc-09)	
Privacy	Con.		
	Proj.	Regular blasting and substantially increased traffic will markedly increase noise pollution and may disrupt activities. AMDAL indicates that speed limits and well publicized, regular blasting schedules will be maintained	 <b>YELLOW</b> The Right to Privacy includes the freedom from disturbance. Depending on the proximity of communities to blasting and the disturbance caused by trucks, the right to privacy could see no impacts, or it could have a slight negative impact
	Co.	Blasting schedule policies	
Food	Con.	Malnutrition pervasive	
		Occasional rice shortages and imbalanced diets	
	Proj.	None presented to Assessors	
	Co.	None presented to Assessors	 <b>YELLOW</b> Malnutrition is already pervasive, and the Project will occupy agricultural land. But this is not a breadbasket, and traders bring much of the region's food from outside the area. Prices would have to increase substantially for inflation to severely impact local capacity to purchase food  For some, increased wages could significantly improve local access to food, since the increased ability to purchase food will result in increased food imports from other regions  Experience in other projects suggests that malnutrition rates will be improved, but more health baseline and monitoring would be required for such predictions

#### 5.4.6. EDUCATION

School facility, supplies, teachers	Con.	Education levels are low, though literacy is high. Few students attain high school diplomas. Schools are in poor condition with rotting desks and shoddy buildings	 <b>GREEN</b> Schools are understaffed, under stocked, and in poor repair. The Project has plans to replace desks and chairs and repair school buildings in the Project area.
	Proj.	Plan on hold to renovate schools and replace furniture	
	Co.	Soc-09 includes secondary and tertiary scholarships, as well as literacy, numeracy and skills training	

#### 5.4.7. Significant Rights With No Anticipated Net Impacts Foreseen

Freedom from Exploitive Child Labor, Right to Liberty, Freedom from Degrading Treatment and Torture, Freedom from Arbitrary Arrest, Right of Self-Determination, and Freedom of Residence are the substantive rights for which



no significant impact is foreseen. None of these rights are currently at risk or likely to be put at risk in the Project area.

## 6. Limitations and Further Work

Due to gaps in research there were areas of the assessment that could not be completed satisfactorily. While tentative predictions can be based on the assumption that Aimec Minerals policies are followed, it is not an adequate foundation for firm conclusions or recommendations pertaining to health, education and economic stability. As a result, no such recommendations are made. Also missing was data on gender and minority issues. A breakdown of literacy rates and educational attainment by ethnicity and gender would be highly instructive for several rights issues.

Some Project planning, likewise, was absent from the resources provided. Reclamation plans have not yet been put forth, making it impossible to predict post-operation impact on human rights. Because the Social Economic Survey is four years old, and because it only covers four communities, it is difficult to ascertain the pace of societal change in the project area. Experience has shown that population influx has substantial impacts on communities, and this has not been explored in detail. Additionally, land acquisition and relocation plans were not provided, making it unclear how land was reallocated. This is a vital issue in agricultural societies, and though the government of Indonesia took responsibility for the process, the company will take the blame for problems. Community Relations Strategies are to be built upon LC Ops social standards, but no specific plan exists to indicate how, for example, a “community support program” has been “adjusted to the local government programs consisting of assistance in local education, public health and infrastructure” in the Nuiguyo Project area (DFS-10.4). LC Ops standards also include labor commitments, but policies on paid holidays and local recruitment were not made available. Human rights survey data ideally would have been obtained in conjunction with other planned surveys. Assessors did not have the opportunity to contribute questions to EIA, SIA, and stakeholder data collection due to the timing of those studies.

This desktop HRIA covers documented human rights issues as evoked in various other commissioned studies. Aimec Minerals intends to conduct further study in social, environmental and economic arenas. For a more thorough HRIA, additional research on the following topics would be sought:

- Completion of additional reports, particularly health impact assessment and social impact assessment. The Health Impact Assessment would examine infant wasting and stunting rates to demonstrate the health elements of both the Right to Health and Right to Life. The SIA would ideally include an economic impact section, exploring the project’s economic multiplier and the likely impact on local employment and Right to Work. It would cover the seven villages not studied in the existing SIA and would include gender disaggregated data on education, economic status, and employment.
- Site visits by Human Rights Impact Assessors
- Interviews with rightsholders (“Rightsholder Engagement”)

Local attitudes towards the Project, as expressed by women and members of more remote communities would have been an asset to this report. It is probable that community members outside of power circles have a different understanding than their leaders of such issues as the rerouting of the Uop Kusa River, expectations for improved health, education and community facilities, and the level of clarity regarding what activities mining will entail. It is unclear, for example, whether communities that used the river for water would accept borehole water instead.

While many human rights issues can be addressed and understood through data collection and analysis, because the broad topic of human rights has undeniable fluidity, there is no substitute for a free, in-depth interaction with rightsholders. The purposes for this include:

- **Verification** – as matter of quality assurance, the Assessor performs a spot check of information received or developed. Rightsholder interviews will either increase confidence in that information or give the Assessor reason to question it.
- **Feelings/perceptions** – wide-ranging interviews can put meaning and force into the survey data, particularly on topics relating to individuals' fear, anger and hope, all of which are invariably intertwined with human rights.
- **Depth/examples** – individual interviews provide Assessors with details on issues that are vital, problematic or uncertain. They also promote the development of individual stories which aid in the clarity and poignancy of communicating actual human rights impacts.

## **7. Recommendations**

### ***Fears Regarding the Right to Security of Person***

The population surrounding the Nuiguyo Project area includes vociferous opponents of the Project as well as avid supporters. In an area historically devoid of mining and large-scale excavation projects, predicted changes to water quality – and particularly the rerouting of the Uop Kusa River, which is a major water source – have provoked fears and will continue to do so. Two formal complaints have already been made against the Project for environmental concerns, the first resulting in a governmental stop notice on the Project in May 2003, when water turbidity increased. The turbidity occurred naturally, but the mine was immediately blamed (source redacted). In a similar vein, a human rights complaint was filed with the Indonesian Human Rights Commission in January 2008, listing proximity of Project to communities, pit location upstream of villages, concerns about water quality, and a reference to the AMDAL, foreseeing negative Project impacts on local wellbeing.

Experience has shown that a project operating in isolation from communities is unlikely to overcome barriers of fear. The most direct way to create trust within a community is to associate directly and openly with respected, trusted community leaders and technical experts. This will be imperative in the Nuiguyo Project area, where local leaders enjoy considerable local support.

### ***Water Quality – Right to Clean Environment***

Indonesia already has a pollution monitoring system, called PROPER, which is employed by the Ministry of Environment to ensure corporate compliance with Indonesian environmental law. The Assessors see an opportunity for the Project to build local ties and gain credibility by using PROPER independently of the Ministry of Environment. One possibility involves collaborating with a trusted academic – possibly from the University of North Hanugru or another nearby academic institution, ideally selected with the help of local leaders – with expertise in water, fish, and/or environmental biology. This expert would act as an independent auditor of Project data, possibly taking his or her own samples to crosscheck. If possible, this individual would work on a volunteer basis or with the support of external, independent funding through, for example, collaboration with a university course to preserve credibility. His or her results would be presented publicly, whether in a regional forum, a university event, or just in town halls. The work of this third party expert auditor would not only create transparency of the Company's results in a publicly accessible way (PROPER employs a user-friendly red-to-gold rating scale), it would also provide additional local assurance of environmental quality, showing, for example, that Acid Rock Drainage is not tainting the water supply.

### ***Water Quantity – Right to Adequate Supply of Water***

In changing the flow of the Uop Kusa River, the Project will directly and significantly impact the lives of downstream users. The AMDAL saw treatment of this topic as critically negative and indicated that further information and monitoring would be needed if the Project intended to successfully mitigate potential conflict (AMDAL 6.2.2.6). The Human Rights

assessors agree that further specific studies should be conducted, as suggested by the FIH Gap Analysis. Communicating impacts to communities well before work affects the river is important to prepare people for the change. Advance notice, combined with a monitoring plan to ensure that river water quality remains within anticipated ranges and that Project-created boreholes are safe for drinking and provide a sufficient and reliable water supply, will mitigate fears.

### ***Blasting – Right to Privacy***

As long as blasting causes no damage to buildings, communities located near mine blasting usually express substantially more concern before blasting begins than after they experience it. Complaints will, in all likelihood, taper off as local inhabitants become accustomed to the explosions. Project data indicates that communities are located far enough from the pit not to be significantly impacted by the effects (dust, blast wave, sound, vibrations). If communities are within hearing distance of blasting, however, the Assessors recommend the establishment of a grievance mechanism for locals to present complaints. This mechanism should keep a log of grievances, noting the location of complainants' homes, the type of complaint, and the severity of stated impacts. Such a mechanism would create a space for concerns to be expressed and addressed in an equitable manner. Additionally, it would provide the Project with a log of complaints, so that patterns can be tracked and anomalous complaints can be readily flagged as either particularly problematic or demonstrably spurious (DFS 13.2.4.).

It is highly unlikely that the South Gukumaor communities will be convinced by any community dialogue programs that the proposed 40-meter dam will be safe and stable. Instead, the Project may consider presenting evidence of ongoing monitoring. To confirm the dam's stability during seismic events, engineers should recheck its stability after each seismic event, and these results should be presented and posted publicly. If fear over dam stability persists, the Project may consider hiring reputable experts to certify the dam publicly. This can help ease local fears and lends legitimacy in the case of media attacks.

### ***Ongoing Efforts***

A storefront in Yugumt Glif town should be used as an information center and be stocked with all public documents pertaining to the Project and staffed with a "librarian" to direct concerned and inquisitive locals to all public company documents, including:

- AMDAL
- Grievance forms
- Permits
- Postings about road closures and blasting schedules
- Simplified environmental disclosures
- Job application information

It is recommended that this building be constructed immediately, rather than be converted from construction barracks. The lack of a public relations building in the years leading up to Operations could be highly detrimental. The creation of such an office would respond to the publicly stated concern that information is hard to obtain and too diffusely shared and placed (Pirebum).

The AMDAL for this Project can easily be interpreted as a negative document. It can be, and has been, employed as proof that the Project is not safe. Assessors recommend that community relations and human resources staff write an accompanying, explanatory document that clarifies complicated or seemingly negative sections of the document. These explanations, ideally, should be located alongside the AMDAL itself. This can be built into a comprehensive company handout provided to the press and the public.

A central facet of all community engagement, particularly with this Project, is its ongoing nature. Continual monitoring, communication, and circulation of Project plans will promote a more dynamic and positive relationship between the Project and surrounding communities.

The adoption of these recommendations cannot guarantee that the Project will face no human rights issues. Significant gaps in research made it impossible to predict impacts and assign recommendations in certain areas, and NewFields recommends that a detailed, up-to-date, DAV-wide Health and Social Impact Assessment be conducted before any concrete recommendations are issued with direct regard to the Right to Health.

## 8. Conclusion

Aimec Minerals is fortunate to be pursuing a project free from the human rights issues that can most severely challenge extractive projects. The risk of violence or military intervention is minimal, and resettlement will be negligible. Additionally, the Project is located in an area without indigenous populations.

There were significant gaps in the available data regarding health, education and economic conditions at baseline, as well as, monitoring and closure plans, among other important issues. This information is to be obtained in studies recommended by FIH Consultants but the relevant studies had not been conducted at the time of this assessment (see Study List in **Section 3.3**, page 8, of this document). As a result, analysis of certain rights is limited by the information at hand. It is believed that, given the Company's history of community support in other projects, community health and education are likely to improve as a result of the Project. Likewise, it is anticipated that working conditions, discriminatory practices and wages are likely to improve, based on Company policy and past performance. However, the significant gaps in research on the Nuiguyo Project forestall any such conclusions.

Although the Project presents opportunities for many positive impacts on human rights, a unique set of issues presents itself at Nuiguyo, which will likely result in one or more controversies being labeled as a violation of human rights and taken to the international press or to the streets in local demonstrations. Activist groups at Nuiguyo are demonstrably willing to redefine environmental issues as human rights issues. The first human rights complaint filed against the Company came well before operations began. In January 2008, the Indonesian Human Rights Commission received a list of complaints presenting normal operational and environmental impacts as human rights violations. This complaint is a good indication that opposition groups will use human rights terminology to attack the Project. The complaint mentioned water issues, which are a pervasive concern for the project, as expressed above.

The Nuiguyo Project exists in a tight-knit community with a culture of activism that was founded by environmental and cultural campaigners. The local population is fearful of the environmental impacts that can accompany mining projects, in part because of and in part despite the fact that the area has never had large-scale mining. Even if environmental risks have been mitigated according to the highest international standards, and even if rights are not at risk, local fear consolidated by activist effort, can explode into a human rights controversy. Local NGOs are already prepared for the Project to fail. Some such groups have learned sampling techniques and environmental standards. Close attention is being paid to the Uop Kusa River. If communities do not trust the Project's intentions, small and brief exceedances may well be transformed into large enduring campaigns that will be extremely costly to combat.

It is likely that anti-Project activists will capitalize on environmental issues and popular discontent to foment a sense of violated rights. No successful mining Project can keep every member of the local community content, but attention should be paid to fears and concerns. The Project will need to be highly cognizant of any unrest, particularly from communities that will not benefit from mining activities. Villages whose populations lack qualifications for Project employment and that exist outside the traditional social structure of Wuorsum Mugela – particularly Miuh people – may become prime targets for international activists.

If the Project maintains amicable relations with communities, it can be credited with creating lasting improvements in local economic, health and education systems. Communities whose relations with operating Projects are strained do not hesitate to lay blame. The best remedy is prevention. Keeping communication channels open, providing grievance mechanisms, and maintaining visible, verified, ongoing Project efforts to measure success and mitigate harm will be the best way to protect the Project from human rights complaints.

## APPENDIX #1 – Key Human Rights – By Source

Rights Topics	Right / Freedom	Source
UD = <i>Universal Declaration of Human Rights</i> CP = <i>International Covenant on Civil and Political Rights</i> ESC = <i>International Covenant on Economic Social and Cultural Rights</i>		
<b>I. Labor</b>		
A. Working Conditions	1. Right to Favorable Working Conditions 2. Right to Work	UD 23, ESC 7 UD 23, ESC 6,
B. Child Labor	1. Freedom from Exploitive Child Labor	ESC 10
C. Non-Discrimination	1. Nondiscrimination	UD 1, 2, 6, 7 ESC 2, 7 CP 2, 3, 16, 26
	2. Equal Pay for Equal Work	UD 23, ESC 7
	3. Freedom of Religion	UD 2, CP 18
D. Right to Unionize	1. Freedom of Association 2. Right to Belong to a Trade Union	UD 20, CP 22 UD 23, ESC 8
	3. Right to Strike	ESC 8
E. Fair pay	1. Right to Just Remuneration 2. Right to Holidays with Pay 3. Right to a Basic Standard of Living	UD 23, ESC 7 UD 24, ESC 7 UD 25
<b>II. Security</b>		
A. Freedom from violence/coercion	1. Rights to: Life, Liberty, Security of Person 2. Freedom from Degrading Treatment/Torture 3. Freedom from Arbitrary Arrest, Imprisonment	UD 3, CP 6,8, 9, 10, 11 UD 5, CP 7 UD 9, CP 14, 15
B. Free speech/freedom from intimidation	1. Freedom of Thought 2. Freedom of Expression 3. Freedom of Assembly	UD 18, CP 18 UD 19, CP 19 UD 20, CP 21
<b>III. Health / Environment</b>		
A. Environment	1. Right to Adequate Supply of Water 2. Right to Clean Air/Environment	ESC 12 ESC 12
B. Health	1. Right to Std. of Living Adequate for Health 2. Right to Health	UD 25 ESC 12
<b>IV. Indigenous Rights</b>		
A. Informed consent	1. Right of Self Determination 2. Rights to Natural Resources 3. Right to Subsistence	ESC 1 ESC 1 ESC 1, CP 1
B. Culture	1. Right to Cultural Participation	UD 27, CP 27
<b>V. Property / Economic</b>		
A. Housing	1. Freedom of Residence 2. Right to Housing	UD 13 UD 25
B. Livelihood	1. Right to an Adequate Standard of Living	UD 25
C. Property	1. Right to Property	UD 17
D. Privacy	1. Right to Privacy (Noninterference)	UD 12, CP 17
E. Food	1. Right to Food, Freedom from Hunger	UD 25, ESC 11
<b>VI. Education</b>		
A. Education	1. Right to Education	UD 26, ESC 13
B. Childhood	1. Rights of Children	CP 24
<b>VII. Political</b>		
A. Non-corruption	1. Right to Public and Political Participation	CP 16



## APPENDIX #2 – Survey Data for Topics

This section identifies our sources for key pieces of data. A blank right hand column represents a body of information that the company lacks or has not provided us.

(P) – indicates partially analyzed

### Topic

### Addressed by Other Surveys

#### **LABOR WAGES**

What are local wage rates  
Locals have skills to enable them to be employed by Project

DFS (P)  
DFS/AMDAL (P)

#### **UNION**

Presence and power of unions

DFS, Company Policy

#### **EXPLOITIVE PRACTICES**

Presence of child labor in the area  
Human trafficking in the area

#### **HEALTH**

Infectious disease profiles and trends

(Only from Yugumt Glif  
Health Center) - DFS  
SCL Draft (P)  
SCL Draft – only partial  
and outdated (P)

Local health infrastructure

#### **SURFACE WATER**

Quantity  
Use and sources (agricultural, industrial, domestic)  
Drinking water  
Quality

AMDAL  
AMDAL  
DFS  
DFS

#### **GROUND WATER**

Use (drinking water, agricultural, domestic)  
Depletion rates  
Quality  
Air Quality

DFS  
DFS  
DFS  
DFS

#### **POLITICAL/GOVERNMENT**

##### **FORM OF GOVERNMENT**

Traditional government structure in place  
Confidence in government to provide basic welfare rights  
Confidence in government to provide basic liberty rights  
Confidence in government to effectively regulate Project  
Corruption  
Effectiveness/brutality of police

SCL Draft, Mary H. (P)

Stakeholder study –  
partial

Effectiveness of civil courts

##### **CONFLICT**

Recent, likely, or current conflict zone  
Local military size, military structure, and military presence  
History of ethnic/religious strife

##### **FREE SPEECH/PROTESTS**

Attitude of local police re demonstration  
State of local activism  
Intensity of Project opponent groups locally, nationally and internationally

##### **INDIGENOUS PEOPLE**

Conflicts between indigenous and non-indigenous communities

##### **SOCIAL**

Local attitudes toward minorities/marginalized groups

##### **ECONOMIC**

Standard of living/ Poverty rates  
Presence of illegal or small-scale mining in the area  
Availability of housing

SCL Draft

DFS

##### **EDUCATION**





Human Rights Impact Assessment - DRAFT

Aimec Minerals

Local school infrastructure

Educational attainment

SCL Draft (P)

**PROJECT**

Fears of harm from the Project

SCL Draft/ Stakeholder  
Engagement/  
Rightsholder  
Engagement (P)

Respect for Project Management



## APPENDIX #3 – Relevant Indonesian Laws and Regulations

<b>Laws and Regulations</b>
<b><i>LAWS</i></b>
No 5 Year 1960 regarding Basic Provisions of Agrarian Regulation (State Gazette of the Republic Indonesia Year 1960 No 104, Supplement to State Gazette of the Republic of Indonesia No 2043)
No 11 Year 1967 regarding General Provision of Mining (State Gazette of the Republic of Indonesia Year 1967 No 22 and Supplement to State Gazette of the Republic of Indonesia No. 2831).
No. 1 Year 1970 regarding Health and Occupational Safety
No 5 Year 1990 regarding Natural Resource Conservation and Ecosystem (State Gazette of the Republic of Indonesia Year 1990 No 49)
No. 14 Year 1992 regarding traffic and road transportation
No.23 Year 1992 regarding Public Health (State Gazette of the Republic of Indonesia Year 1992 No 100, Supplement to State Gazette of the Republic of Indonesia No 3495)
No. 5 Year 1994 regarding Ratification on UN convention relating Biodiversity (United Nation Convention regarding Biodiversity)
No. 6 Year 1994 regarding Ratification on the UN Framework Convention on Climate Change (United Nation Convention regarding Climate Change)
No. 23 Year 1997 regarding environmental management (State Gazette of the Republic of Indonesia No 68, Supplement to State Gazette of the Republic of Indonesia No. 3699)
No. 41 Year 1999 regarding forestry (State Gazette of the Republic of Indonesia Year 1999 No 167, Supplement to State Gazette of The Republic Indonesia No 3888)
No. 13 Year 2003 regarding Work Force (State Gazette of the Republic of Indonesia Year 2003 No 39, Supplement to State Gazette of The Republic of Indonesia No. 4279)
No. 7 Year 2004 regarding water resources (State Gazette of the Republic of Indonesia year 2004 No. 32, Supplement to State Gazette of the Republic of Indonesia No. 4377)
No. 17 Year 2004 regarding Ratification on the Kyoto Protocol to the UN Framework Convention on Climate Change (Kyoto Protocol on Work Frames of United Nation regarding Climate Change) State Gazette of The Republic of Indonesia Year 2004 No 72, supplement to State Gazette of the Republic of Indonesia No 4403)
No. 32 Year 2004 regarding regulation of regional government
No. 33 Year 2004 regarding the balance of finance between central and regional government
No. 26 Year 2007 regarding spatial planning
<b><i>GOVERNMENT REGULATIONS</i></b>
No 32 of 1969 regarding Government Regulation No 32 Year 1969 regarding Basic Provisions of Mining (State Gazette of the Republic of Indonesia Year 1969 No 60)
No. 35 Year 1991 regarding rivers (State Gazette of the Republic of Indonesia year 1991 No. 44, Supplement to State Gazette of the Republic of Indonesia No. 3445)
No. 79 Year 1992 regarding revision of government regulation No 32 year 1969 regarding Implementation of Laws
No. 11 year 1967 regarding general provision of mining (State Gazette of the Republic of Indonesia year 1992 No. 130, Supplement to State Gazette of the Republic of Indonesia No. 3510)
No. 41 Year 1993 about Land Transportation (State Gazette of the Republic of Indonesia year 1993 No. 59, Supplement to State Gazette of the Republic of Indonesia No. 3527)
No. 41 Year 1999 regarding management of air pollution (State Gazette of the Republic of Indonesia year 1999 No. 86, Supplement to State Gazette of the Republic of Indonesia No. 3853)
No. 18 Year 1999 regarding the procedure of hazardous waste management (State Gazette of the Republic of Indonesia year 1999 No. 31, Supplement to State Gazette of the Republic of Indonesia No. 3815)

## Human Rights Impact Assessment - DRAFT

Aimec Minerals

59

<b>Laws and Regulations</b>
No. 85 Year 1999 regarding amendment of the government regulation No. 18 year 1999 regarding management of hazardous Waste (State Gazette of the Republic of Indonesia year 1999 No. 190, Supplement to State Gazette of the Republic of Indonesia No. 3910)
No. 27 Year 1999 regarding environmental impact assessment (AMDAL) (State Gazette of the Republic of Indonesia year 1999 No. 59, Supplement to State Gazette of the Republic of Indonesia No. 3838)
No. 25 Year 2000 regarding authorities of government and province as regional autonomy (State Gazette of the Republic of Indonesia year 2000 No. 54, Supplement to State Gazette of the Republic of Indonesia No. 3952)
No. 65 Year 2001 regarding regional taxes.
No. 66 Year 2001 regarding regional Retribution.
No. 74 Year 2001 regarding treatment of hazardous material (State Gazette of the Republic of Indonesia year 2001 No. 138, Supplement to State Gazette of the Republic of Indonesia No. 4153)
No. 75 Year 2001 regarding second amendment of government regulation No. 32 year 1969 regarding execution of UU No. 11 year 1967 regarding general provision of mining (State Gazette of the Republic of Indonesia year 2001 No. 141, Supplement to State Gazette of the Republic of Indonesia No. 4154)
No. 82 Year 2001 regarding management of water quality and control of water pollution (State Gazette of the Republic of Indonesia year 2001 No. 153, Supplement to State Gazette of the Republic of Indonesia No. 4161)
No. 38 Year 2007 about the Division on Government Affair among State, Provincial, and Regency/ Municipal Governments (State Gazette of the Republic of Indonesia year 2007 No. 82, Supplement to State Gazette of the Republic of Indonesia No. 3747)
<b>PRESIDENTIAL DECREES</b>
No. 32 Year 1990 regarding management of protected area.
No. 36 Year 2005 regarding the allocation of land for the realization of development for public interest.
<b>JOINT DECREES</b>
Letter of Joint Decree of Minister of Mine and Energy with Minister of Forest No. 969/K/05/M.PE/1989, 429/KPTS-II/1989 regarding Guidelines Implementation of Mining and Energy Business within Forest Area.
Letter of Joint Decree Minister of Public Work with Minister of Mining and Energy No. 04/KPTS/1991, 0076K/101/MPE/1991 regarding Water Use for Mining Activities including Petroleum and Natural Gas and Geothermal.
<b>DECREES OF MINISTER OF ENERGY AND MINERAL RESOURCES</b>
Letter of Joint Decree No. KEP-1158.K/008/M.PE/1989 regarding EIA Implementation within Mine and Energy Business.
Letter of Joint Decree No. KEP-103.K/008/M.PE/1989 regarding Supervision on Environmental Management and Monitoring Plan in the Field of Mine and Energy.
Decree of Ministry of Mining and Energy No. 555.K/26/M.PE/1995 Year 1995 regarding occupational safety in the mining sector.
Letter of Joint Decree No. KEP-1211.K/008/M.PE/1995 regarding Prevention and Control on Destruction and Environmental Pollution in General Mine Business.
Letter of Joint Decree No. 1261.K/25/M.PE/1999 regarding Supervision on General Mining Production.
Decree of Minister of Energy and Mineral Resources No. 1453.K/29/MEM/2000 regarding Technical Guidelines of Execution of Government Duty in the General Mining Sector.
Decree of Minister of Energy and Mineral Resources No. 1457.K/28/MEM/2000 regarding Technical Guidelines of Environmental Management of Mining and Energy Sector.
<b>DECREES OF MINISTER OF FORESTRY</b>



<b>Laws and Regulations</b>
Decree of Minister of Forestry No. 54/Kpts/UM/2/1982 regarding Tree Species in the Protected Forests.
Decree of Minister of Forestry No. 261/Kpts-IV/1990 regarding the Appendices Addition on the Minister of Forestry Decree No. 54/Kpts/UM/2/1972 (Protected Tree Species in protected forests).
Decree of Minister of Forest No. 301/kpts-II/1991 regarding Wildlife Protected by Law and or their Body Part that Kept Personally.
Decree of Minister of Forestry and Plantation No. 464/Kpts-II/1995 regarding Protected Forests.
Decree of Minister of Forestry and Plantation No. 146/Kpts-II/1999 regarding Guidelines for Reclamation of Mining Areas in the Forest.
Decree of Minister of Forestry No. 52/Kpts-II/2001 regarding Guidelines on Watershed Management.
Decree of Minister of Forestry No. P.12/Menhut-II/2004 regarding mining activities within protected forest areas.
Decree of Minister of Forestry No. P.14/Menhut-II/2006 regarding Borrow and Use of Forest Area
Decree of Minister of Forestry No. P.64/Menhut-II/2006 regarding Revision of Minister of Forestry Regulation No. P.14/Menhut-II/2006 regarding Borrow and Use of Forest Area
<b>DECREES OF MINISTER OF PUBLIC WORKS</b>
Decree of Minister of Public Works No. 45 /1990 regarding Water Quality Control on Water Resources.
Decree of Minister of Public Works No. 48 / 1990 regarding Water Management and Water Resources on River Region.
Decree of Minister of Public Works No. 49 / 1990 regarding Procedure and Permit to Use Water and/or Water Resources.
Decree of Minister of Public Works No. 63/ 1993 regarding River Boundaries, River Use Area, River Controlled Area, and Dry Rivers
<b>DECREES OF MINISTER OF TRANSPORT</b>
Decree of Minister of Transport No. 68 / 1993 regarding Land Transportation of materials.
<b>DECREES OF STATE MINISTER OF ENVIRONMENT</b>
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## Human Rights Impact Assessment - DRAFT

Aimec Minerals

61

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Aimec Minerals

63

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