Verification Visit re Grievance submitted by Rainforest Action Network (RAN) against PT Dua Perkasa Lestari (PT DPL) in Aceh

A. BACKGROUND

On November 7th, 2016, Rainforest Action Network (RAN) published a report entitled “Protecting the Leuser Ecosystem – A Shared Responsibility”. Soon after this report, two other documents alleging that several companies were damaging the Leuser Ecosystem (Kawasan Ekosistem Leuser / KEL) were published by RAN entitled “The Last Place on Earth - Exposing the Threats to the Leuser Ecosystem: A Global Biodiversity Hotspot Deserving Protection”, and “The Last Place on Earth: Tracking Progress and New Opportunities to Protect the Leuser Ecosystem”. PT Dua Perkasa Lestari (DPL), part of Atmaja Makmur Gemilang Group, is one of the companies that was identified in the report as having carried out land clearing activities in the Rawa Tripa area in September 2016. The Rawa Tripa area is a recognised habitat of Sumatran orangutans.

On December 2016, RAN published a report titled “PT. Dua Perkasa Lestari Destroying Orangutan Capital of The World”1 highlighting continued land clearing activities by PT DPL despite the forest moratorium issued by the President of Indonesia in April 2016 and a letter issued by the Governor of Aceh No. 522.12/2686-III dated 17 June 2016. The report also indicated that PT Raja Marga, a supplier to GAR had received FFB (Fresh Fruit Bunches) from PT DPL.

Following the grievance raised by RAN against PT DPL, GAR engaged with several of its suppliers located within a catchment area of 50 km from PT DPL. Through this process, GAR engaged with the following companies:

1. PT. Raja Marga (RM),
2. PT. Surya Panen Subur 2 (SPS2),
3. PT. Ujung Neubok Dalam (UND),
4. PT. Sawit Nagan Raya Makmur (SNRM),
5. PT. Beurata Subur Persada (BSP).

![Map of five GAR supplier mills located within the radius of 50 km from PT DPL in Aceh Barat Daya, Aceh](https://www.ran.org/pt_dua_perkasa_lestari_destroying_the_orangutan_capital_of_the_world)

Figure 1.
Map of five GAR supplier mills located within the radius of 50 km from PT DPL in Aceh Barat Daya, Aceh

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1 [https://www.ran.org/pt_dua_perkasa_lestari_destroying_the_orangutan_capital_of_the_world](https://www.ran.org/pt_dua_perkasa_lestari_destroying_the_orangutan_capital_of_the_world)
Based on GAR’s Traceability Declaration Document accessible on [GAR’s Sustainability Dashboard](#), the following five companies supply GAR refineries:

### Table 1
GAR’s purchase from five mills in the radius of 50km from PT DPL in 2016 – 2017

<table>
<thead>
<tr>
<th>Mill supplies to GAR</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT Beurata Subur Persada</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PT Raja Marga</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>PT Ujung Neubok Dalam</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>PT Sawit Nagan Raja Makmur</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PT Surya Panen Subur 2</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Early in 2017, GAR and TFT (The Forest Trust) held several sustainable palm oil training sessions in Banda Aceh on High Carbon Stock (HCS), High Conservation Value (HCV), traceability and social issues management. Representatives from each of the five companies attended the training sessions. Documentation of the training can be viewed here: [http://youtube.com/watch?v=wCR1e73f6Dk](http://youtube.com/watch?v=wCR1e73f6Dk).

During the training sessions, consultations were held with the five companies who said they were not aware of receiving FFB supply from PT DPL.

In response to the grievance and as part of GAR’s grievance handling process, GAR in cooperation with TFT, carried out field verification visits at the five suppliers, their supply base, as well as a field verification visit at PT DPL.

### B. OBJECTIVES

The objectives of the field verification were:

1. To review the purchasing and receiving process of FFB and traceability mechanism implemented by the five suppliers located within the 50km catchment area of PT DPL
2. To build a deeper understanding of the issues raised by RAN against PT DPL
3. To assist the five suppliers as well as PT DPL to develop an action plan based on the findings

### C. SCOPE OF ACTIVITY

The scope of this field verification included:

1. Verifying the purchasing and receiving mechanism of FFB of the five suppliers located within the 50km catchment area of PT DPL. This included reviewing the contracts of their FFB suppliers and documentation of FFB supply from the past two years
2. Verifying legal compliance and operational activities of PT DPL related to land clearing, planting and FFB sales

### D. METHODOLOGY

1. Location
   a. Mills of the following GAR suppliers identified within the 50km catchment area of PT DPL: PT Raja Marga (RM), PT Beurata Subur Persada (BSP), PT Sawit Nagan Raja Makmur (SNRM), PT Surya Panen Subur 2 (SPS2), and PT Ujung Neubok Dalam (UND)
   b. Concession of PT DPL in Ie Mierah Village, Kecamatan Babahrot, Kabupaten Aceh Barat Daya, Provinsi Aceh

2. Time Frame
   The visit to these companies was conducted over a period from 17th July to 5th October 2017
3. Methods and Techniques
   a. Review of documentation related to:
      - Purchasing and receiving of FFB in mills, including SOP, documentation on security, weighbridge and FFB sorting
      - Legality of land use and land clearing of PT DPL
      - Planning and implementation of land clearing and planting in PT DPL
   b. Interviews and discussions with relevant resource persons in each company (representatives from management, mill managers, FFB purchasing staff and FFB receiving staff. Interviews were also held with the commissioner, general affairs and plantation staff of PT DPL)
   c. Field observations in the area surrounding the mills and PT DPL’s plantation site

4. Verification Team
   Ahmad Yudana (GAR), Resta Ekapradiisty (GAR) and Rikto (TFT)

E. RESULTS OF VERIFICATION VISIT

1. Purchasing and Receiving Mechanism for FFB in the five Suppliers

None of the five mills have established mechanisms to ensure that the supply of FFB does not originate from illegal sources. The contract between the companies and their suppliers (agent / dealer and or smallholders) has no clear criteria for FFB sources apart from not accepting stolen FFB. Due to the highly competitive environment amongst mills, companies tend to focus only on securing an adequate amount of FFB supply and price. The company will suspend procurement only in the event a supplier has been identified as problematic commercially.

Based on FFB purchasing data, two companies were identified as procuring FFB from PT DPL: PT RM and PT BSP. PT RM had received a total amount of 757 tons of FFB from PT DPL in November and December 2016. However, at the beginning of 2017 PT RM no longer procured from PT DPL.

On the other hand, interviews with PT BSP’s management during the site visit revealed that PT BSP was still actively purchasing FFB from PT DPL.

The result of this verification visit indicated that all five mills had not documented and mapped their FFB suppliers to the plantation. Based on this, GAR immediately held a training on Traceability to Plantation for these companies so that they can document and map their suppliers. Suppliers were at first initially pessimistic about their ability to map, document and trace the FFB to the smallholders since agents tend to keep their suppliers’ information confidential. Smallholders also prefer to avoid giving information and will tend to sell to agents that do not require them to share information about their plantation.

Through the series of capacity building activities organised by GAR, the suppliers finally understood the importance of sustainable plantation management as well as the development of a traceability system for their FFB suppliers. GAR suppliers committed to implement this incrementally, commencing with amending clauses in the purchasing contracts to include a requirement that the following FFB would not be accepted: illegal FFB; FFB originating from forested and conservation areas; as well as from areas forbidden by the government.

![Figure 2. Traceability to Plantation Verification and Training at PT RM](image-url)
2. Legal compliance and operational activities of PT DPL related to land clearing, planting and selling of FFB

PT DPL is a plantation company without a mill, located in Ie Mierah Village and Pante Cermin, Kecamatan Babahrot, Kabupaten Aceh Barat Daya, Provinsi Aceh. In 2007, PT DPL obtained a Location Permit (Izin Lokasi / ILOK) and a Plantation Permit (Izin Usaha Perkebunan Budidaya / IUP-B) for total area of 2,600 hectares. In May 2009, the company obtained its Land Use Title (Hak Guna Usaha / HGU) for a total area of 2,599 hectares.
By superimposing PT DPL’s Land Use Title (HGU) area with the Leuser Ecosystem map, spatial analysis revealed that the whole area of PT DPL is located within the Leuser Ecosystem. Based on the stipulation of the National Peat Ecosystem Function in accordance with the Decree of the Minister of Environment and Forestry Number SK.130 / MENLHK / SETJEN / PKL.0 / 2/2017, it was identified that 1,819.3 ha (70%) of PT DPL area is located within the Cultivation Function Zone, whilst 779.7 ha (30%) of the area is located in the Protected Function Zone. The latter is a peat area identified for restoration by the government. By overlaying PT DPL’s Land Use Title area with the PIPPIB Rev XII map, the PT DPL concession area was found to be located outside of the moratorium area. Interviews with PT DPL’s management revealed that 60% of their area is located on peatland, while the rest of its concession area is on mineral land.

**Figure 7** Area of PT DPL overlaid with National Peat Ecosystem Function and PIPPIB Rev XII map

PT DPL has ensured its operations are legal. Based on the classification of plantation by the Aceh Plantation Agency in 2015, PT DPL is classified as III or a middle-class plantation. The company has applied for ISPO Certification, with the application directed to the Head of ISPO Commission in cooperation with the Certification Body PT Agri Mandiri Lestari on 7 February 2017. In May 2017, the company also filed a request for ISPO Certification to the Department of Agriculture and Plantation of Aceh. As part of its partnership commitment with the local community, PT DPL has established a plasma estate in Kecamatan Babahrot, with the Beurata Farmers Group. A total of 250 families are listed as members of the Beurata Farmers Group.

Land clearing activities began in 2009 and planting in 2010. Based on PT DPL’s documentation and planting map in 2017, the last planting activity was carried out in 2015 in a total area of 1,921 hectares. Based on information from PT DPL’s management, there are 677 hectares of unplanted area (this was cleared in 2014-2016) and 200 hectares of uncleared area. Further explanation from PT DPL revealed that in 2017, the company still carried out land clearing activities to plant palm oil near its HGU boundary area. The objective of this planting was to mark the concession boundary of PT DPL to prevent claims and encroachment by the local communities as well as other third parties.
During the site visit, the verification team were only able to observe a small part of PT DPL concession as the General Manager was on leave and the commissioner had not been informed of the visit, although this was later clarified with the commissioner. As a result, the following areas that were originally targeted for field observation could not be observed:

a. Unplanted area, including the area reported by RAN
b. Planted area up till 2015
c. Area that was allegedly cleared between February – July 2017 (based on interpretation of image analysis between February – July 2017, there was an indication of land clearing of 12 hectares)
d. Uncleared area

Based on rapid field observations, the northern part of PT DPL concession area is located on mineral soil. Peatland was found to be more prevalent in the southern parts of PT DPL's concession. There was a six-year-old plantation in the northern part of the concession, near PT DPL's office. There were ongoing development activities taking place at PT DPL such as road maintenance, deepening canal systems and harvesting.
With regards to FFB sales, PT DPL management confirmed that the company supplied FFB to both PT RM and PT BSP. However, since early 2017 PT DPL diverted all its FFB supply to PT BSP due to PT RM’s placing sourcing from PT DPL on low priority.

**F. CONCLUSION AND RECOMMENDATION**

**Conclusion:**

a. Of the five suppliers to GAR located within PT DPL’s 50km catchment area (PT RM, PT BSP, PT UND, SNRM and SPS2), only two purchased FFB from PT DPL (PT BSP and PT RM). Out of these two companies, only PT BSP continued to purchase FFB from PT DPL at the time of visit. PT RM had excluded PT DPL from its supply chain since early 2017.

b. None of the five suppliers visited by GAR had set up FFB purchasing and receiving mechanisms to ensure that they were not sourcing illegal FFB. Following training on traceability by GAR, these suppliers made a commitment to change and implement it gradually.

c. From a legal compliance perspective, PT DPL has fulfilled all its legal requirements including securing its Land Use Title (HGU). Spatial analysis however found that PT DPL’s concession was located within the Leuser Ecosystem. Based on overlaying PT DPL’s concession area with the National Peat Ecosystem Function map, it was also found that 779.7 hectares (30%) of PT DPL area was located on the Protected Function Zone. Land clearing in PT DPL was carried out between 2009 until end of 2016, and there was an indication that such land clearing activity continued until 2017. Planting activity was carried out from 2010 to 2015 in a total area of 1,921 hectares. These activities showed that PT DPL was not adhering to the letter issued by Aceh Forestry Department No. 522.12/2686-III dated 17 June 2016, which states that the government is currently reviewing plantation permits and preparing for a palm oil moratorium. This directive also means that all land clearing in palm oil plantation within the Leuser Ecosystem must stop.
However, the General Manager of PT DPL explained that the company has fulfilled all legal requirements and has never received any warning letters or socialisation invitations from the local government/government offices about the Leuser Ecosystem Area (KEL) from the time it obtained its HGU to date. He added PT PDL is fulfilling its tax obligations. In addition, the map of PIPPIB Rev XII shows that the HGU area of PT. DPL is in a “safe” zone. PT DPL therefore stated that in the company’s opinion, the Circular Letter of Aceh Government Forestry Office No, 522.12/2686-II dated 17 June 2016 does not apply to PT DPL area.

Recommendations:

a. The five GAR suppliers (PT RM, PT BSP, PT UND, SNRM and SPS2) must develop a responsible FFB purchasing and sourcing system in line with the GAR Social and Environmental Policy (GSEP) that includes a due diligence system with prudent principles to avoid conflict/illegal FFB sources by February 2018.

b. The five suppliers must strengthen their commitment and build a team to implement Traceability to Plantation to ensure all their suppliers are traceable to the plantation level by the end of 2018.

c. Given that PT BSP is still purchasing FFB from PT DPL, PT BSP should encourage PT DPL to stop all forms of land clearing and preserve the uncleared area in accordance with the Circular letter from Aceh Forestry Department No. 522.12/2686-III dated 17 June 2016. PT BSP also should advise PT DPL to engage with Ministry of Environment and Forestry to verify its area that is classified within the protected zone according to the National Peat Ecosystem Function map and to seek further guidance from the government.

References

1. https://d3n8a8pro7vhmx.cloudfront.net/rainforestactionnetwork/pages/17068/attachments/original/14784668five9/RAN_Protecting_The_Leuser_2016.pdf?14784668five9
2. https://www.ran.org/pt_dua_perkasa_lestari_destroying_the_orangutan_capital_of_the_world
4. Decree of the Minister of Environment and Forestry Number SK.130 / MENLHK / SETJEN / PKL.0 / 2/2017 on National Peat Ecosystem Function
5. PIPPIB Rev XII Map
6. GAR Social and Environmental Policy (GSEP)
7. Circular letter issued by the Governor of Aceh No. 522.12/2686-III on 17 June 2016
Map of PT DPL concession and field verification spots