

**Summary Field Visit Report**

**VERIFICATION OF GRIEVANCE SUBMITTED BY**

**RAINFOREST ACTION NETWORK (RAN)**

**AGAINST PT SURYA PANEN SUBUR-II, NAGAN RAYA, ACEH**

**GAR'S THIRD PARTY SUPPLIER**

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(For the full report please contact the Head of Downstream Sustainability Implementation, Daniel Prakarsa: <a href="mailto:daniel.prakarsa@sinarmas-agri.com">daniel.prakarsa@sinarmas-agri.com</a> ) .....	9

## EXECUTIVE SUMMARY

Golden Agri-Resources (GAR) conducted a field verification exercise to establish the compliance of PT Surya Panen Subur II (SPS-II), a third-party supplier, with GAR's Environmental and Social Policy (GSEP). The exercise is also part of GAR's measures to address a grievance submitted by the Rainforest Action Network (RAN) which can be viewed on the GAR dashboard: <https://tft.chainfood.com/netapp/index?start=1>

Through verification methods, which included company document and literature review (e.g. related to the Leuser Ecosystem), interviews, discussions and field observations, the following findings were obtained:

1. SPS-II is a CPO supplier to PT SMART TBK, a GAR downstream refinery facility. Originally named Agra Para Citra, the Company obtained its land cultivation right or HGU titles in 1997 and 1999. In 2007, it changed its name to SPS-II when it was taken over by PT Astra Agro Lestari. In November 2010 it was acquired by PT Agro Maju Raya (AMARA). It is not owned by PT Hamparan Sawit Nusantara as indicated in the RAN report.
2. SPS-II has not carried out any new land clearing since the end of 2012. However, there has been illegal clearing of land and forested areas by groups and individuals from nearby communities.
3. In the areas surveyed which still have natural vegetation (forested) within the Afdeling ON Section (an area located in PT SPS's concession area), no signs of presence of Sumatran orangutan were found.
4. The remaining forest areas in Blocks 2 and 5 of the Afdeling ON Section are peatland.
5. Undeveloped peatlands where natural vegetation still exists are at risk of being encroached and cleared by surrounding communities.
6. SPS-II have implemented best management practices on peatland since 2014 and adopted a moratorium on opening peatland not yet planted in 2015.
7. Land clearing through burning was carried out by external parties who cultivated their own oil palm trees on land which is under SPS-II's HGU titles.
8. Administratively, SPS-II estate boundaries are located 20 kilometers away from, and not directly adjacent to the villages of Krueng Seumayam and le-Mierah, which RAN's report states were not asked for consent before SPS II began to clear the Tripa peatlands. There are other villages nearer to SPS II concession areas. Current management of SPS-II was not able to show any records of any land compensation process done by previous owners.

## **1. Background**

Rainforest Action Network (RAN) published a report entitled the *Last Place on Earth: Exposing the Threats to the Leuser Ecosystem* in November 2014, which outlines some of the problems that threaten the Leuser Ecosystem (*Kawasan Ekosistem Leuser / KEL*) in Aceh and North Sumatra. According to RAN, one of the factors posing a threat to the KEL is the presence of palm oil companies operating in the area, amongst them, SPS-II. The Company runs its operations in Nagan Raya - Aceh, and is a third-party supplier to GAR. Issues regarding SPS-II raised by RAN and requiring clarification/verification included:

### **1. Verification of changes in ownership and holding companies of PT SPS-II.**

In its report, RAN stated that in 2013, PT SPS-II was sold to PT Hamparan Sawit Nusantara and PT Agro Maju Raya. Both companies were named as the parent companies of SPS-II and a subsidiary of PT Amara Plantation Group respectively.

### **2. Illegal land clearing in forested areas which are habitats of Sumatran orangutan.**

### **3. Clearing of peat area in the Tripa Peat Area.**

### **4. Clearing land through illegal burning.**

### **5. Clearing land without the approval of the Krueng Seumanyam and Ie Merah Villages.**

GAR verified these issues in accordance with its grievance procedures involving third-party suppliers and carried out a field verification visit to PT SPS-II. The grievance mechanism is an integral part of GAR's implementation of its sustainability policy.

## **2. Objective**

The field verification exercise aimed to:

1. Verify the issues raised by RAN by checking the facts on the ground.
2. Provide recommendations based on the results of the field verification.

## **3. Methodology**

Field verification was carried out through several methods and techniques including:

### **a. Literature review**

Literature review was conducted to collect more information on issues associated with the location of SPS-II vis-a-vis location of Sumatran orangutan habitats; the boundary of the KEL and the current conditions of land cover through analysis of Landsat images.

### **b. Document review**

Documentation reviewed included legal/licensing documents, standard operating procedures, planning documents and operational reports.

c. Interviews/discussions

Interviews/discussions were conducted with the management of SPS-II, local government and local community representatives.

d. Field observation

The results of the literature and document reviews were used to guide selection of locations for site visits. The method of data collection was as follows:

1) Verification of land clearing

The verification was done by visiting areas where there was an indication of land clearance. Data collected included methods of land clearing (manual or mechanical), parties conducting land clearing, soil types in the cleared areas, GPS coordinates and photo documentation.

2) Verification of fires

The Field Team visited areas where fires took place according to the data verified internally in SPS-II. Hotspot information from NASA satellites was also used. Onsite data collection involved coordinate sampling and photo documentation. Interviews were also conducted with people onsite.

3) Verification of the presence of orangutans

The Field Team created a 200m-long survey through areas that still have natural vegetation (forested). The Field Team monitored signs of orangutan presence through direct encounter, signs of nests or signs of tracks.

4) Verifying the condition of remnant forest

Along the 200m area surveyed, the Field Team observed the vegetation taking note of plant species, size of population and size of the trees. With some trees having a diameter of over 20 cm, measurements of diameter at breast height were taken to determine the largest tree diameter in the area. Photo documentation was taken at crucial checkpoints along the surveyed area. At every fourth checkpoint (with a distance of up to 50m between checkpoints), photos were taken in six directions, i.e. north, east, south, west, canopy (top) and the centre/middle.

The locations visited for field data collection can be seen in Figure 1, with related information being presented in Table 1. Photographs of the locations can be found in Appendix 1.

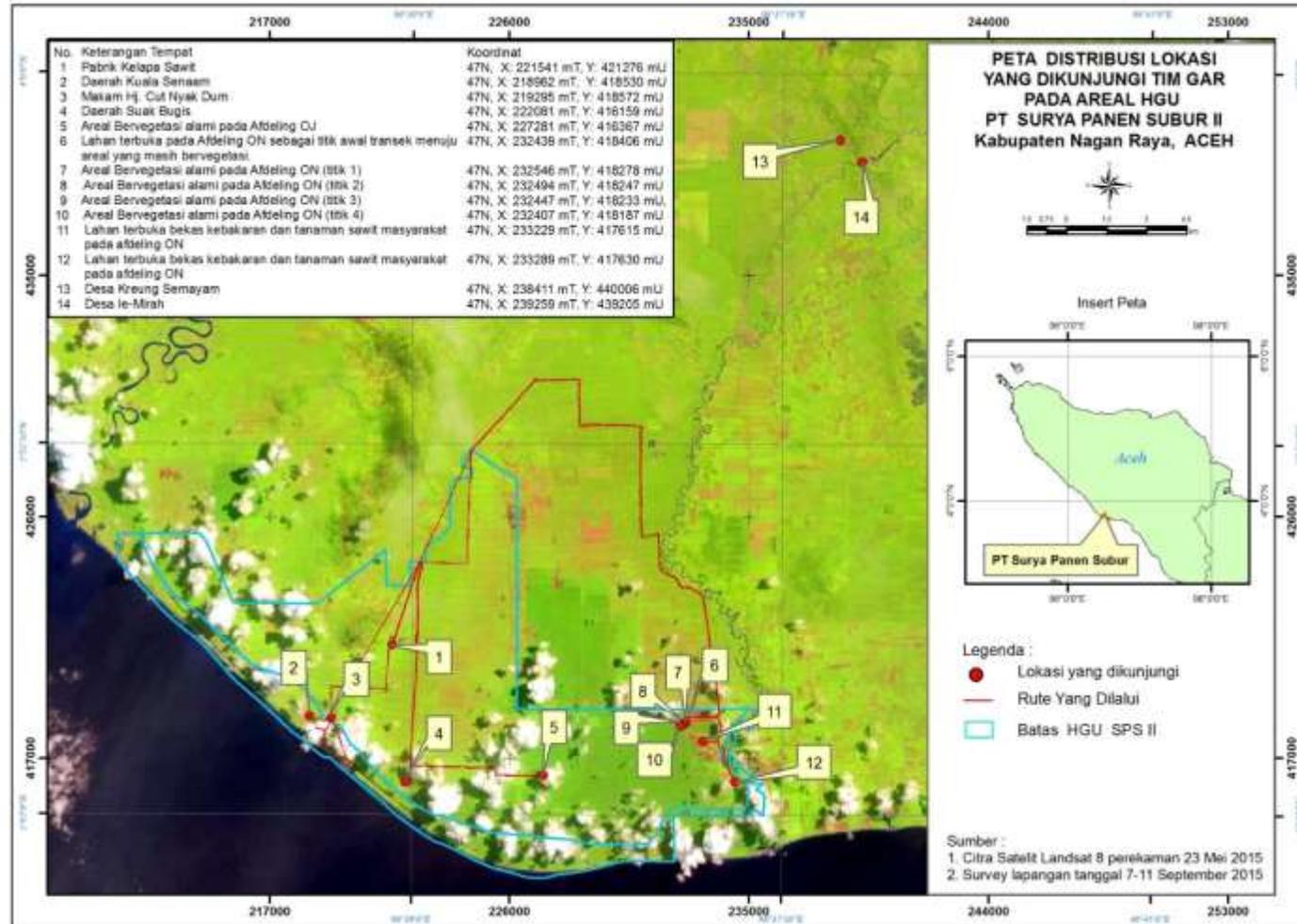


Figure 1. Location Map of Field Data Sampling

**Table 1. Location of Field Data Sampling**

<b>No.</b>	<b>Location Info</b>	<b>Coordinate</b>	<b>Aspects Observed</b>
1	Palm oil Mill	47N, X: 221541 mE, Y: 421276 mN	- Legal and operational aspects.
2	Kuala Senaam (Ujung Raja)	47N, X: 218962 mE, Y: 418530 mN	- Occupation of land within SPS-II's HGU by external party and subsequent clearance by means of burning.
3	Grave of Hj. Cut Nyak Dum	47N, X: 219295 mE, Y: 418572 mN	- Occupation of land within SPS-II's HGU by external party and subsequent clearance by means of burning. - Conditions HCV 6 and riparian areas.
4	Suak Bugis	47N, X: 222081 mE, Y: 416159 mN	- Occupation of land within SPS-II's HGU by external party and subsequent clearance by means of burning. - Conditions of HCV 6 and riparian areas.
5	Areas with natural vegetation in the Afdeling OJ	47N, X: 227281 mE, Y: 416367 mN	- Verifying no new land clearing in areas that still have natural vegetation (forest) and peat. - Verifying the presence of Sumatran orangutan.
6	Cleared land in the Afdeling ON as the survey area's starting point into areas that remain vegetated.	47N, X: 232439 mE, Y: 418406 mN	Occupation of land within SPS-II's HGU by external party and subsequent clearance by means of burning.
7	Areas with natural vegetation in Afdeling ON Section (Checkpoint 1)	47N, X: 232546 mE, Y: 418278 mN	- Verifying no new clearing of land in areas which still have natural vegetation (forest) and peat. - Verifying the presence of Sumatran orangutan.
8	Areas with natural vegetation in Afdeling ON Section (Checkpoint 2)	47N, X: 232494 mE, Y: 418247 mN	
9	Areas with natural vegetation in Afdeling ON Section (Checkpoint 3)	47N, X: 232447 mE, Y: 418233 mN	
10	Areas with natural vegetation in Afdeling ON Section (Checkpoint 4)	47N, X: 232407 mE, Y: 418187 mN	
11	Ex-fire site cleared land and community oil palm estate in Afdeling ON Section	47N, X: 233229 mE, Y: 417615 mN	- Occupation of land within SPS-II's HGU by external party and subsequent clearance by means of burning.
12	Ex-fire site cleared land and community oil palm estate in Afdeling ON Section	47N, X: 233289 mE, Y: 417630 mN	- Occupation of land within SPS-II's HGU by external party and subsequent clearance by means of burning.

No.	Location Info	Coordinate	Aspects Observed
13	Krueng Seumanyam Village	47N, X: 238411 mE, Y: 440006 mN	- Public consent as per the principle of Free, Prior and Informed Consent (FPIC)
14	Ie Merah Village	47N, X: 239259 mE, Y: 439205 mN	- Public consent as per the principle of Free, Prior and Informed Consent (FPIC)

## 4. Findings and Recommendations

### 4.1. Findings

According to the results of this verification exercise, and in response to accusations made in RAN's report, the following findings were obtained:

#### a. Illegal land clearing in forested areas which are habitats of Sumatran orangutan:

- SPS-II has not carried out land clearing since the end of 2012. However, illegal land clearing in forested areas was carried out by external parties.
- Sumatran orang-utans were not found in the areas surveyed with natural vegetation (forested area) in the Afdeling ON Section (an area located in PT. SPS's concession area).

#### b. Clearing of peat area in the Tripa Peat Swamp.

- SPS-II has demonstrated its commitment to no further development on peat land not yet planted, through its moratorium on peatland clearing
- Existing peatland clearing is being carried out by external parties, not SPS-II.
- SPS-II has filed a police report against a company alleged to be responsible for illegal land clearing within SPS-II concession, the report was filed with the District Police Command of Nagan Raya.
- Forested peatlands are also exposed to the risk of encroachment and clearing by external parties.
- SPS-II has issued a policy (Letter from the board of directors) "Moratorium on New Clearing of Land with Organic Soil", which was adopted in July 2015.

#### c. Clearing land through illegal burning:

- SPS-II has put in place a no burning policy and implemented non-burning land clearance methods.
- Land clearing through burning in the HGU area of SPS-II was carried out by external parties who have taken over and cultivated land in several locations within PT SPS-II's HGU area.
- SPS-II is taking legal action against the occupation of its HGU area by external parties.

- SPS-II has established a fire management system, which includes dedicated personnel and necessary equipment.

**d. Clearing land without approval from the Krueng Seumanyam and le Merah Villages.**

- In terms of administrative boundaries, SPS-II does not immediately border on Krueng Seumanyam and le Merah. The two villages are located 20 kilometers from SPS-II estate boundaries, and are separated by existing plantations. Two other villages were identified, which are much closer: Pulo Kruet and Kuala Seumayam and which the site assessment team was able to interview representatives of. SPS-II was not able to show record of land acquisition process as this was conducted when the company was managed and owned by previous owners.

**e. Changes of ownership and holding companies:**

Originally named Agra Para Citra, the Company obtained its land cultivation right or HGU titles in 1997 and 1999. In 2007, it changed its name to SPS-II when it was taken over by PT Astra Agro Lestari. In November 2010 it was acquired by PT Agro Maju Raya (AMARA). It is not owned by PT Hamparan Sawit Nusantara as indicated in the RAN report.

#### **4.2. Recommendations**

Based on the findings above, we recommend the following actions for PT SPS II:

- a. Encroachment by surrounding communities suggests that an FPIC process was not undertaken by previous owners and management of SPS II. We recommend that SPS II develop a conflict resolution mechanism for cases of tenure by the people that are around the concession, which should strive to use persuasive approaches and avoid the use of litigation.
- b. Strengthen the policy relating to the moratorium on new peatland clearing, and develop procedures incorporating this policy. The policy should clearly state no development on peatland regardless of depth (No Peat Policy).
- c. Conduct soil survey to determine specific peat areas in PT SPS-II concession area.
- d. Review HCV assessment, taking into account the historical record of the area as a habitat for orangutan and considering the remnant of peat forest for HCV 3 area, i.e. Rare, Threatened or Endangered Ecosystems. Such review needs to also engage with relevant stakeholders, including the Sumatera Orangutan Conservation Programme (SOCP), International Orangutan Centre (IOC), etc.

- e. Create a fire prevention program in collaboration with the community.

### **Conclusion**

PT SPS II have been very cooperative throughout and GAR were given full access to the concession during the site visit. And it would seem that SPS are managing their planted areas well, having taken steps to implement a peat moratorium and best practice peat management, which are helping to minimise further degradation.

However, the central issue that this verification exercise has uncovered is the illegal encroachment into the undeveloped areas of SPS's concession.

RAN's report referenced two communities (Krueng Seumanyam and Ie Merah) that are actually too far away to have been impacted in any way by the development of SPS's concession. But two other villages were identified, which are much closer Pulo Kruet and Kuala Seumayam and which the site assessment team was able to interview representatives of. Here, there is evidence of past failures of SPS (under different management) to secure the consent of these communities for the original development of the concession. As a result, there appears to now be an ongoing conflict over tenurial rights that is leading directly to illegal encroachment.

GAR recommends a non-litigative conflict resolution process, with independent mediation, which would have a better chance of achieving agreement between the parties before the remaining forested lands are cleared. This is a very complex case, but GAR believes that an essential first step is to establish a basis of communication through mediation with the surrounding communities.

(For the full report please contact the Head of Downstream Sustainability Implementation, Daniel Prakarsa: [daniel.prakarsa@sinarmas-agri.com](mailto:daniel.prakarsa@sinarmas-agri.com))