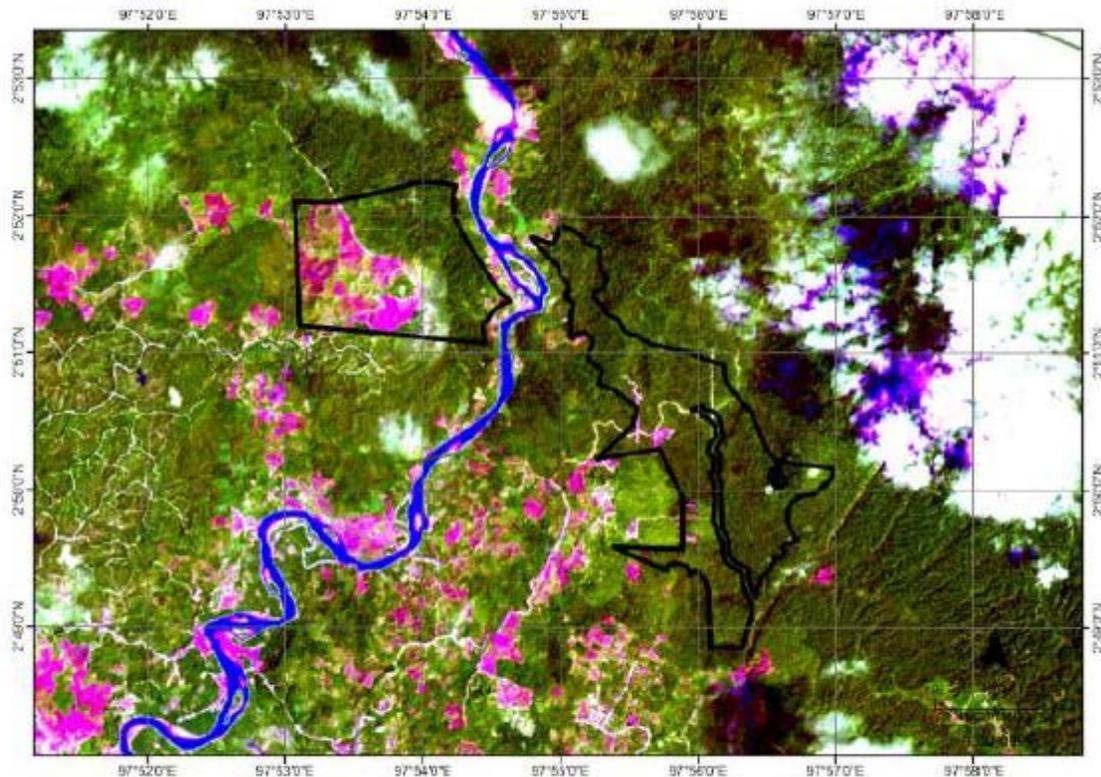


GAR Site Visit Report on Grievance involving PT Indo Sawit Perkasa

A. BACKGROUND AND INTRODUCTION

In early 2017 Rainforest Action Network (RAN) issued a report entitled *"PT. Indo Sawit Perkasa (ISP) Caught Destroying the Lowland Rainforest of Singkil-Bengkung"*. It claimed that PT ISP actively conducted deforestation in Singkil Bengkung lowland tropical forest in violation of the Aceh Governor Circular¹, dated June 17th 2016. The circular stated that all holders of Land Use Rights Title (HGU) within the Leuser Ecosystem Area (KEL) had to cease all land clearing activity while the government reviewed palm plantation licenses and prepared an oil palm moratorium.



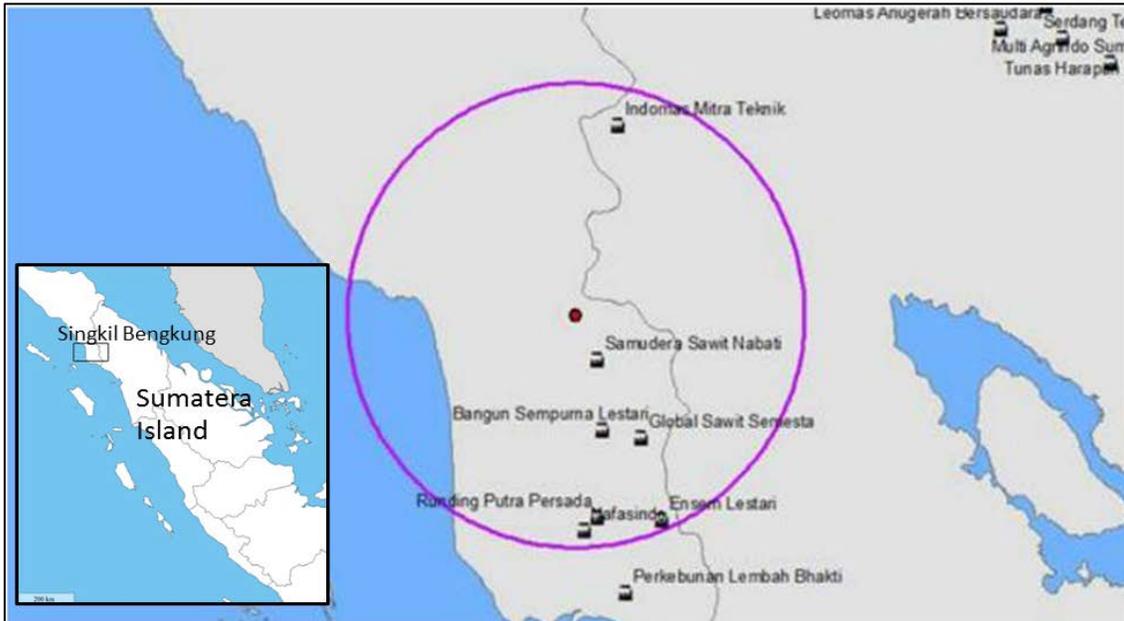
Picture 1. RAN analysis on PT ISP Land Clearing (February 2017 Satellite Image) showing land clearing within ISP Concession. https://www.ran.org/pt_indo_sawit_perkasa_caught_destroying_the_lowland_rainforests_of_singkil_bengkung

RAN alleged that several palm oil mills were at high risk of encouraging land clearing by receiving or buying Fresh Fruit Bunches (FFB) from PT ISP. These mills included PT Samudera Sawit Nabati, PT Nafasindo, PT Global Sawit Semesta, PT Bangun Sempurna Lestari, PT Perkebunan Lembah Bakti.

PT ISP is not a supplier of Golden Agri-Resources (GAR). However, in October 2017, GAR conducted a spatial analysis and identified seven suppliers within the radius of 50km from PT ISP:

1. PT. Indomas Mitra Teknik (PT. IMT)
2. PT. Samudera Sawit Nabati (PT. SSN)
3. PT. Bangun Sempurna Lestari (PT. BSL)
4. PT. Global Sawit Semesta (PT. GSS)
5. PT. Runding Putra Persada (PT. RPP)
6. PT. Nafasindo (PT. NFS)
7. PT. Enseml Lestari (PT. EL)

¹ <http://www.foresthints.news/images/21060617-circular-letter-Aceh-Leuser-Ecosystem-stop-land-clearing.pdf>



Picture 2. GAR suppliers around 50 km radius of PT ISP

Based on the Traceability Declaration Document (TDD) which is available on GAR's Sustainability Dashboard, the purchase of CPO/PK from the seven mills is as follows:

Mills	GAR Purchase in 2016	GAR Purchase in 2017		
		Q2	Q2	Q3
1. PT. IMT	Yes	Yes	Yes	Yes
2. PT. SSN	Yes	Yes	Yes	Yes
3. PT. BSL	Yes	Yes	Yes	Yes
4. PT. GSS	Yes	Yes	Yes	Yes
5. PT. RPP	Yes	Yes	Yes	Yes
6. PT. NFS	Yes	Yes	Yes	Yes
7. PT. EL	Yes	Yes	Yes	Yes

Table 1. GAR Purchase Data from the seven supplier mills in 2016-2017

Source: <https://goldenagri.com.sg/sustainability-dashboard/>

Based on this information, GAR conducted a site visit with its implementation partner, The Forest Trust (TFT), as part of the grievance handling and responsible sourcing process required under the GAR Social and Environmental Policy (GSEP).

B. SITE VISIT OBJECTIVE

The purpose of the site visit was to:

- a. Implement the grievance handling process involving GAR's supply chain
- b. Gather adequate data and information related to the issues in the RAN report
- c. Assist the seven mills to build their capacity to carry out Traceability to the Plantation (TTP)
- d. Provide recommendations and time-bound action plans to the seven mills and PT ISP if necessary
- e. Prepare an objective and constructive response to RAN as the grievance raiser as well as other stakeholders

C. SITE VISIT SCOPE

The scope for the site visit was as follows:

- a. To observe the FFB purchasing and receiving mechanism by the seven suppliers, including reviewing contracts between the seven companies and their FFB suppliers. Documents reviewed included documents in the security post, sorting ramp and FFB processing report for the last two years (2016 - 2017)
- b. To review PT ISP's legal status including its site permits, land use right and land clearing permit
- c. To review land clearing as well the planting plan and realisation by PT ISP
- d. Verifying PT ISP's land clearing activities

D. SITE VISIT METHODOLOGY

1. Location

- a. The seven supplier mills within 50km radius from PT ISP in Aceh Singkil: PT. Indomas Mitra Teknik (PT. IMT), PT. Samudera Sawit Nabati (PT. SSN), PT. Bangun Sempurna Lestari (PT. BSL), PT. Global Sawit Semesta (PT. GSS), PT. Runding Putra Persada (PT. RPP), PT. Nafasindo (PT. NFS), and PT. Ensem Lestari (PT. EL)
- b. PT ISP concession

2. Period

The site visit was conducted on 13-18 November 2017.

3. Method

- a. Document review
- b. Training/capacity building in TTP
- c. Interviews and discussions with:
 - o Manager, FFB Purchasing Department (Security, weighbridge officer, sorting officer and Head of Administration)
 - o Local communities and prominent figures in the vicinity
 - o *Kesatuan Pemangku Hutan* (KPH) Region VI Subulussalam
- d. Field observation around the locations

E. SITE VISIT TEAM

- a. Ahmad Yudana (GAR)
- b. Resta Ekapradistya (GAR)
- c. Ansari (GAR)
- d. Anton Prasajo (TFT)

F. SITE VISIT RESULTS

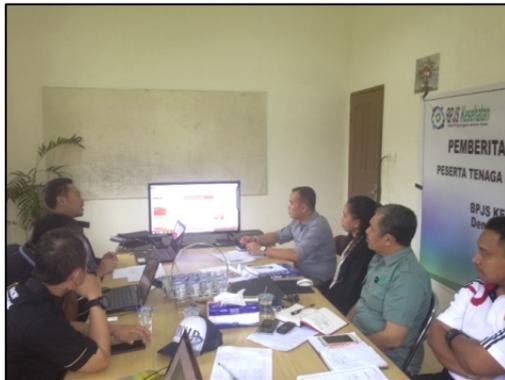
Seven Mills within 50 Km radius from PT ISP

Based on a review of the purchasing documents of five of the seven mills (PT SSN, PT BSL, PT GSS, PT RPP, PT NFS) in the period from 2016-2017, it was determined that PT ISP was not a supplier as detailed below:

No.	Supplier Mills	Purchase from PT ISP	Remarks
1.	PT IMT	No	Our team did not manage to review purchase documents at PT IMT. However, due to the fact that it takes eight to twelve hours to reach PT ISP from PT IMT by road leading to high transportation costs, coupled with the fact that there are numerous other mills closer to PT ISP, the team believes it is not economically viable for PT ISP to sell to PT IMT.
2.	PT SSN	No	Has received capacity building training by GAR and has initiated TTP process
3.	PT BSL	No	Has received capacity building training by GAR and has initiated TTP process
4.	PT GSS	No	During the site visit, GAR/TFT team introduced TTP and GSEP which will enable the supplier to implement TTP
5.	PT RPP	No	During the site visit, GAR/TFT team introduced TTP and GSEP which will enable the supplier to implement TTP
6.	PT NFS	No	During the site visit, GAR/TFT team introduced TTP and GSEP which will enable the supplier to implement TTP
7.	PT EL	No	Our team did not manage to review purchase documents at PT EL. However, since PT ISP has not harvested any FFB, it is obvious there was no FFB flow from PT ISP to PT EL (see details on PT ISP below). During the site visit, GAR/TFT team introduced TTP and GSEP which will enable the supplier to implement TTP.

Table 2. Summary of the supplier list review of the seven supplier mills

The seven supplier mills visited by GAR have not included a clause in their agreements with dealers that states they will not accept illegal FFB. They have only put in a statement that they do not purchase stolen FFB.



Picture 3. Document Review & Discussion at PT SSN



Picture 4. Document Review & Discussion at PT BSL



Picture 5. Document Review & Discussion at PT GSS



Picture 6. Document Review & Discussion at PT RPP



Picture 7. Document Review & Discussion at PT Nafasindo



Picture 8. Document Review & Discussion at PT EL

PT Indo Sawit Perkasa (PT ISP)

PT ISP is a plantation company without a mill. It consists of Concession 1 and Concession 2. Since none of the seven mills purchases FFB from PT ISP, GAR and TFT did not have access to PT ISP. However, the site visit team managed to gather information from management of the seven mills, people living around PT ISP and the local government.

One of the seven mills management told our team that PT ISP had just started planting 1-2 years ago hence there was no FFB harvested yet. This information was confirmed by the local Forest Patrol Unit or *Kesatuan Pemangku Hutan* (KPH) and one of the local communities interviewed by our team during the visit.

Our site visit team also engaged with the local Forest Patrol Unit or *Kesatuan Pemangku Hutan* (KPH) to guide them to the location of PT ISP (Concession 1) which was mentioned in RAN report. Due to the unaccessible road, our team could not reach the area. Instead, our team could only observe from a spot close to Concession 2. (See point A in Picture 12).

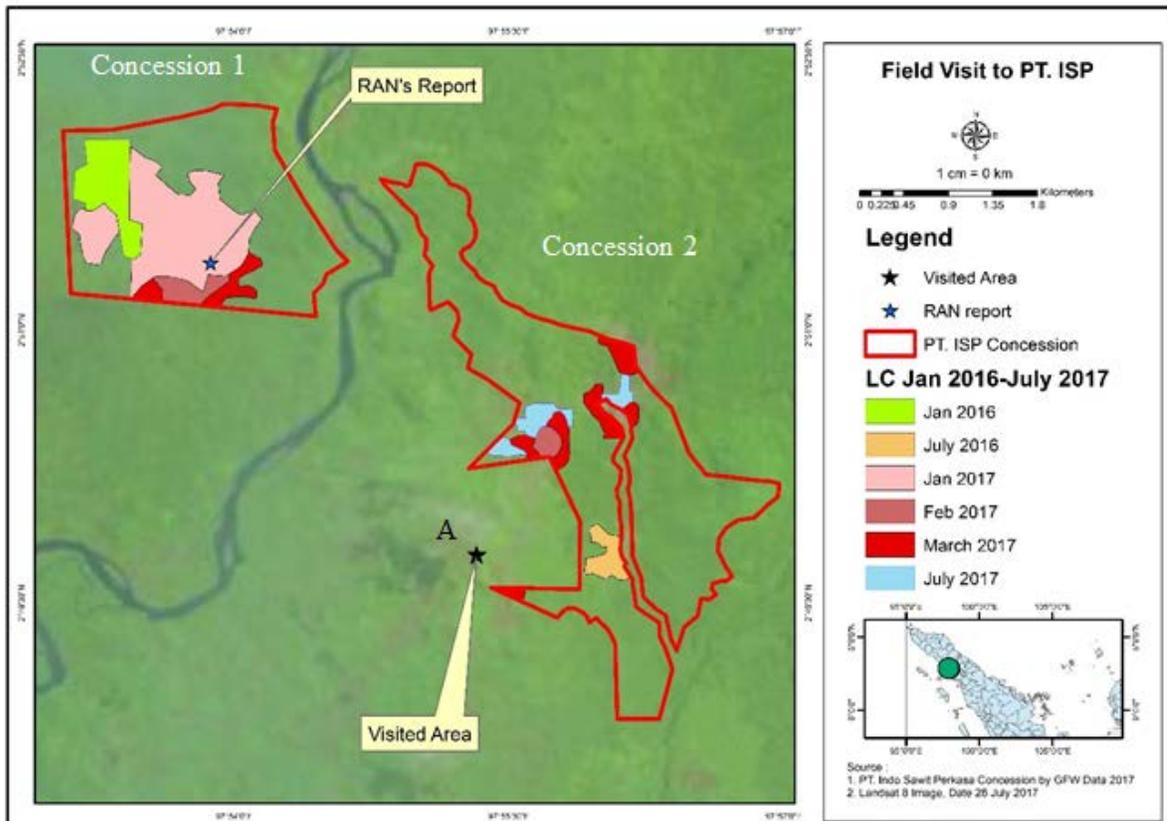
There, our site visit team found an area believed to be cleared by the local communities/or other parties that was adjacent to PT ISP concession which was still forested. No oil palm trees were found in the

cleared area. This area was located 500 meters away from the south east area of PT ISP concession 1. Based on satellite imagery, the land clearing in this area happened in March 2017 (see Picture 12).



Picture 9 and 10.
GAR/TFT and KPH Region VI Subulusallam near PT ISP concession

Picture 11.
Interview with local community



Picture 12. PT ISP concession, alleged cleared areas and location visited by GAR/TFT team
Source: Digitized map from RAN report

G. CONCLUSION AND RECOMMENDED TIME-BOUND ACTION PLAN

Conclusion

- a. There is no FFB supplied by PT ISP to the seven GAR suppliers within 50km radius from PT ISP: PT. IMT, PT. SSN, PT. BS, PT. GSS, PT. RPP, PT. NFS, and PT. EL.
- b. Of the seven mills, only PT SSN and PT BSL have started the implementation of TTP and the development of a responsible FFB sourcing /purchasing system. The other five supplier mills have not yet begun that process.
- c. The seven supplier mills visited by GAR have not included a clause in their agreements with dealers that states they will not accept illegal FFB. They have only put in a statement that they do not purchase stolen FFB.

Recommended Time-Bound Action Plan

- a. The seven GAR supplier mills must develop a responsible FFB purchasing and sourcing system in line with the GSEP that includes a due diligence system with prudent principles to avoid conflict/illegal FFB sources. This system must be set up by end March 2018.
- b. The seven GAR supplier mills must strengthen their commitment and build a dedicated team to implement TTP. This team must be formed by end March 2018.
- c. The seven GAR supplier mills must implement TTP to ensure all their suppliers are traceable to the plantation. The required supplier data collection must be completed by end February 2019.

REFERENCES

1. https://www.ran.org/pt_indo_sawit_perkasa_caught_destroying_the_lowland_rainforests_of_singkil_bengkung
2. <http://www.foresthints.news/images/21060617-circular-letter-Aceh-Leuser-Ecosystem-stop-land-clearing.pdf>
<https://goldenagri.com.sg/sustainability-dashboard/>
4. [Landsat 8 image](#)
5. Other internal sources