

Case Study

Working with our supply chain to protect the Leuser Ecosystem

Background

The Leuser Ecosystem is a rainforest area which spans over 2.6 million hectares, covering large parts of the provinces of Aceh and North Sumatra. It is home to several endangered species including orangutans, Sumatran tigers and elephants. The Leuser Ecosystem and the Gunung Leuser National Park have been designated as National Strategic Areas due to their conservation and biodiversity importance. In recent years, NGOs have highlighted the need for stronger protection of the area, claiming that mining, forestry and palm oil activities are destroying wildlife habitats.

Through our supply chain mapping, GAR was aware that several of its suppliers operate close to Leuser. Under the GAR Social and Environmental Policy (GSEP) we are committed to protect and value biodiversity and are especially concerned about the protection of rare and endangered species. Knowing that several of our suppliers were close to Leuser allowed us to prioritise these suppliers for engagement to ensure they meet the requirements of our GSEP and are not threatening this important ecosystem.

At the end of 2014, Rainforest Action Network issued a report alleging that three of the leading palm oil companies GAR, Wilmar and Musim Mas were sourcing from suppliers operating in or near the Leuser Ecosystem and called on them to take action.

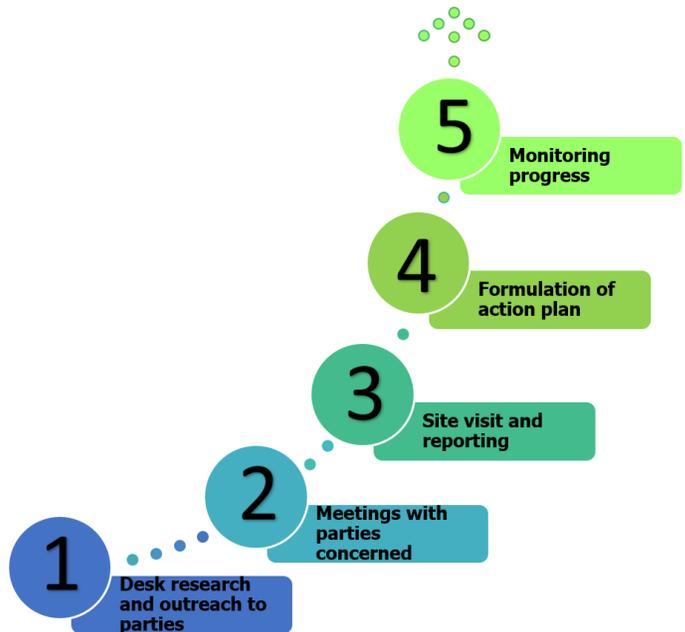


Map of Leuser National Park

Action

In addition to plans to engage all suppliers identified in the Leuser area, GAR's deep engagement plan was also activated and we immediately began setting up meetings with the senior management of the companies named in the report: Pati Sari, Surya Panen Subur (SPS), Ensem Sawita and PTPN 1. Through collaboration and cooperation, GAR helped SPS and Pati Sari to implement remedial action plans followed later by Ensem Sawita and PTPN1.

GAR's Deep Engagement Process

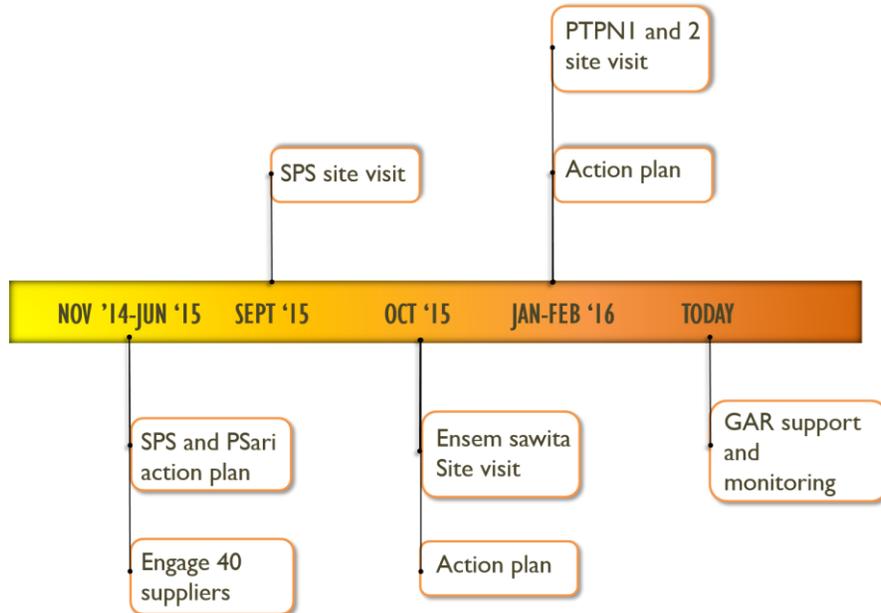


GAR visited five mills belonging to these suppliers to gain a fuller understanding of the challenges they were facing in implementing sustainable practices on the ground. At the same time, GAR also proactively reached out to forty other suppliers whose mills are located near the boundaries of the Leuser Ecosystem. We explained our sustainability policies, the threat of deforestation highlighted by NGOs and asked them to work together with us to improve practices.

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Key milestones of GAR's supplier engagement in Leuser



Information gathered through this process helped to develop the action plans for the four suppliers identified by the NGOs. This data is also being used to design overall support programmes for other suppliers near Leuser and elsewhere who face similar issues.

Spotlight on PT SPS: an example of a supplier strengthening and improving practices

From the start of our deep engagement process, PT SPS was open and responsive and quickly agreed to work with GAR to strengthen their sustainable practices.

This involved sharing information on their current practices such as their High Conservation Value (HCV) assessment and their policies of not developing on peat land in their concession. As a result of information received from GAR, SPS discovered that external parties had illegally encroached into its concession and were clearing forests with fire without its knowledge.

It was clear that SPS needed an action plan to tackle the issue of encroachment into their concession. GAR is currently carrying out joint conservation programmes with communities on its concession in part to tackle this thorny issue. We shared our experience with SPS as well as our experience in dealing with land tenure conflicts. In line with the action plan, SPS decided to carry out a land tenure study as a step towards resolving the matter.

GAR also recommended that SPS strengthen its policy of not developing peat land and suggested that their HCV assessment be reviewed especially in identifying remnant peat forests within its concession.

As fire was being used to clear forests illegally on SPS concession, a fire prevention plan involving the local community was included in the action plan. Having carried out a pilot community-based fire prevention programme which focuses on training community members to rapidly suppress fires and to use non-fire methods to clear land,

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GAR was able to share the design of the project and lessons learned with SPS. GAR continues to support and help SPS deal with forest conservation and community issues.

Without GAR's help, we would have found it more difficult to start working on these conservation issues due to lack of knowledge and capacity. GAR's supplier support programme is a great resource for us, helping us to tackle these complex issues. We continue to benefit from GAR's commitment to help its supply chain improve.

T. Arsul Hadiansyah, SPS Director



SPS discovers illegal encroachment in its conservation area



SPS meeting with local community on land tenure study

Outcome

Since 2014, GAR has successfully helped and encouraged its suppliers in the Leuser area to strengthen their sustainability practices, including introducing them to innovative joint community conservation and community-based fire prevention programmes. Today, GAR continues working with its suppliers operating near the Leuser Ecosystem to help them implement practices to ensure that the area remains a sanctuary for wildlife. Lessons learned and information collected from working with our suppliers in Aceh are also helping us design better support programmes for all our suppliers across Indonesia.

At GAR we believe that environmental protection and economic growth can go hand-in-hand. To achieve this within our industry, we are bringing our supply chain together with us on our sustainability journey through engagement, collaboration and cooperation. While we reserve the right to exclude suppliers who truly do not share our commitments to responsible palm oil, in our experience dialogue remains the most effective way to help our suppliers begin or strengthen their own sustainability practices. To learn more about how we support supplier sustainability visit www.goldenagri.com.sg and our [Sustainability Dashboard](#).