

Our Supplier Engagement Activities involving the Leuser Ecosystem

Our approach to supplier engagement and industry transformation

The [GAR Social and Environmental Policy \(GSEP\)](#) includes our downstream suppliers and since 2014 we have been focusing on bringing our supply chain along on our sustainability journey through dialogue and engagement. This is essential if we are to ensure the palm oil industry transforms and increasingly adopts and strengthens responsible practices. Having successfully mapped our supply chain to the mill at the end of 2015, our [Traceability to the Plantation \(TTP\)](#) exercise launched in 2016 is enabling us to reach out to a greater number of our suppliers including middlemen and smallholders.

GAR's Belawan refinery and the Leuser Ecosystem

As part of our process for determining which suppliers need to be prioritised for engagement and support, we consider their proximity to critical and sensitive ecosystems and landscapes. The Leuser Ecosystem which spans provinces in Aceh and North Sumatra, is one such landscape. Our nearest refinery in that area is the Belawan refinery in Medan which sources from 132 independent mills, 49 of which are located within 50 kilometres from the boundary of the Leuser Ecosystem. We assess these 49 mills proactively to determine they are in compliance with our sustainability commitments under the GSEP.

Building suppliers' capabilities in sustainable practices

We use the increased interaction with our suppliers to spread responsible palm oil practices and build supplier capability to adopt these practices. In 2015 and 2016, we carried out supplier site visits to four suppliers located in Aceh in order to understand their social and environmental practices and to identify gaps with our policy. The findings from these visits allowed us to organize a customized supplier training event in May 2017, which was attended by over 20 managers and executives from twelve suppliers in Aceh. The training improved the suppliers' understanding of the GSEP and related commitments and topics including forest conservation (High Conservation Values, High Carbon Stock, Peat) Free, Prior, Informed Consent (FPIC), Traceability, Land Tenure Study, Participatory Mapping, and Social Impact Assessments.

Working with stakeholders and suppliers on protecting the Leuser Ecosystem

In 2017, GAR dedicated a substantial portion of its resources towards engaging and working with stakeholders and suppliers to ensure the protection and conservation of the Leuser Ecosystem. In May, we organized two focus group discussions in Banda Aceh: the first, with prominent local NGO's and the second, with suppliers. Both discussions revealed the need to engage the government on land tenure issues. This led to GAR's decision to participate in an [IDH, the Sustainable Trade Initiative-led](#) public-private collaboration in Aceh (see 2018 Action Plan below).

GAR also initiated multiple supplier capacity building sessions, after our verification teams investigated NGO grievances, such as the [RAN's Leuser Watch](#), about the sourcing practices of our direct suppliers. We found that these independent mills procure Fresh Fruit Bunches from a competitive market of intermediaries, independent farmers and small medium-sized plantations without checking for responsible practices. To improve the suppliers' capacity, we provided training on TTP, community engagement and conflict resolution. As at end 2017, we have helped 10 supplier mills to create time-bound action plans to strengthen procurement and traceability processes. We also published site visit reports on [PT Agra Bumi Niaga \(ABN\)](#) and [PT Dua Perkasa Lestari \(DPL\)](#) on our Sustainability Dashboard in response to the grievances raised by RAN.

Key observations and conclusions so far

- **Engagement** – Investment of time and resources in trust building pays off. GAR has organised several SMART SEED fora to facilitate dialogue between its suppliers and industry stakeholders. Such dialogues raise the suppliers' awareness paving the way for constructive GAR-supplier discussion and the development of action plans for improving responsible practices
- **Grievances** – Alleged forest clearance by GAR suppliers based on an analysis of satellite imagery by NGOs has often been found to be more complicated on the ground during fact-finding field visits by GAR. In one case, external parties had encroached on the supplier's concession without its knowledge; in another case, the supplier cleared neglected palm oil estates which were overgrown by vegetation
- **Traceability** – Supplier mills commonly buy fruit bunches from agents and consequently do not know the location of the plantation. To determine GAR's exposure to deforestation, we are requiring suppliers to map their supply chain as their first step towards responsible sourcing

2018 action plan for supplier engagement, multi-stakeholder collaboration and impact areas

- **Capacity building** – In line with our 2020 Traceability to Plantation commitment, GAR will target a dozen suppliers for traceability training and implementation. Suppliers will be aided by GPS technology to accelerate the mapping process and reporting software to inform sourcing decisions.
- **Diagnostics** – GAR intends to propose an exchange of engagement SOPs, field visit reports and supplier action plans with other refinery companies. This will allow cross-sharing and learning about effective policies and developing more impactful practices
- **Monitoring** - GAR is developing remote sensing technologies to detect land use changes at a landscape level. Combining these technologies with suppliers' efforts in achieving TTP will be essential in ensuring a supply chain that protects and conserves the Leuser Ecosystem
- **Collaboration** – Challenges such as encroachment, land tenure issues, and overlapping legal boundaries require ideas and efforts from private sector and public stakeholders. GAR will continue to convene stakeholders through its SEED fora. In Aceh Tamiang, we are participating in an IDH-led initiative with other palm oil companies to protect Leuser forest in the north-west of the district and to support the updating of the district spatial plan in partnership with the district government.

Progress reporting and online resources

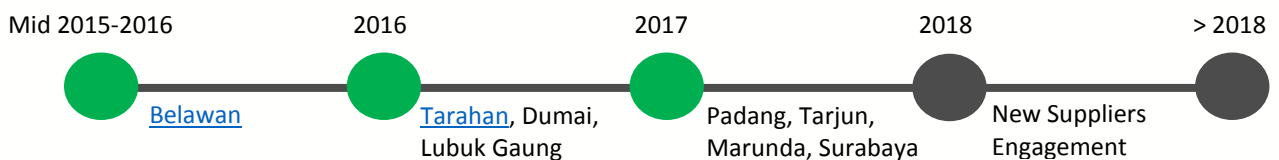
Stakeholders can track GAR's progress via reports, case studies and related materials posted on the [GAR Sustainability Dashboard](#). Links to Leuser Ecosystem-specific publications are listed below.

- [Leuser blog](#)
- [Supplier case study](#)
- [Grievance list](#)
- [GAR traceability website](#)
- [Summary Field Visit Report on PT Surya Panen Subur-II](#)
- [GAR Sustainability Report 2016](#)
- [Sustainable Palm Oil Training for GAR Suppliers in Aceh](#)

GAR's Supplier Transformation Programmes from Sept 2015 – Oct 2017



GAR ART site visit roadmap



For more information, please contact:

Ian Suwarganda
Head of Sustainability Relations
ian.suwarganda@goldenagri.com.sg
+65 6590 0857