

## **GAR statement regarding the Greenpeace report “Burning Down the House” published online on 4 November 2019**

The Greenpeace [report](#) highlights palm oil companies, to whom the Indonesian government issued fire-related administrative sanctions. The report mentioned one GAR plantation company, PT Bahana Karya Semesta (PT BKS), and three GAR suppliers, Makin Group, Tianjin Julong and PT Arjuna Utama Sawit.

While GAR maintains a strict zero burning policy, 2019 has proven a challenging year in terms of forest and land fires due, again, to the combined factors of prolonged dry weather/drought, higher than average temperatures generally indicative of climate change, and a return by some actors to slash and burn practices in light of lower CPO prices and other economic factors.

Regarding the cases linked to GAR:

PT BKS was issued an administrative sanction following the unfortunate burning of 106 Ha inside this concession in 2015. The sanction called for operational improvement in fire management and the restoration of the burnt area. The company is permitted to continue normal operations in other areas of the concession. Since 2016 PT BKS has complied by, amongst other actions, adding watch towers, procuring additional fire-fighting tools and improving its water management system. The company has also started reforesting the burnt area and it has hosted multiple visits by government officials, who have expressed satisfaction.

For context, in 2015 GAR was in the process of acquiring PT BKS. We have since installed a new management team.

With regards to the three suppliers, we can update as follows:

- Makin group – Following GAR’s visit to PT Ricky Kurniawan Kertapersada in November 2015, the supplier has agreed to a time-bound action plan. While monitoring their implementation progress, we consider the case closed.
- Tianjin Julong – Through our internal monitoring activities, GAR has noted the fire incidents at PT Palmina Utama. We have already engaged the company and have started an investigation. We will update our grievance list soonest.
- PT Arjuna Utama Sawit – Through our internal monitoring activities, GAR has noted the fire incidents at the company. We have already engaged the company and have started an investigation. We will update our grievance list soonest.

Since 2015 GAR has invested significant resources to prevent, monitor and manage fires. For example, our [Desa Makmur Peduli Api](#) (DMPA) fire-free programme is extremely important. The programme includes fire prevention and rapid response, conservation, and food security. As of end 2018, DMPA has been rolled out in 32 villages. [Villages who succeed](#) in preventing hotspots receive 50-100 million rupiah in the form of facilities and infrastructure for the village.

Also, people who clearly understand what to do during emergency fire situations are our greatest asset. We have [10,000 Emergency Response Personnel](#) on standby across our concessions, and our estates are also equipped with fire-fighting equipment. We also [collaborate with indigenous peoples](#) to educate about the dangers of using traditional slash-and-burn land clearing methods.

In 2019 up to October, some 2,108 hectares were affected by fire, primarily caused by external parties clearing land with fire. This represents a 70 percent reduction from the total affected areas in 2015 and less than one percent of GAR's total planted area

In view of on-going climate change and unpredictable weather events, and mindful of the economic and legal incentives to use slash and burn agricultural techniques by some actors in the landscape, GAR will remain vigilant and continue to engage our employees, surrounding communities and our supply chain to prevent fire incidents today and in the future.

### **Regarding the palm oil industry and fire**

Whilst the industry, and other land managers, can further improve fire management practices, the Greenpeace article risks misrepresenting the role of industry players in this year's fires and ignoring the significant progress and investments made by the palm sector and others.

Data from the [WRI Global Forest Watch website](#) shows that 87 percent, equivalent to 359,254 fire alerts, occurred outside palm oil concession in the period of 1 August to 30 October 2019. Clearly, to prevent future fires, stakeholders should prioritise the causes of fire outside concessions.

Regarding the 13 percent of fire alerts inside concession, any actual fire is unlikely at the hand of the company. Today, there is no incentive for a company to open new land, because the CPO price in 2019 is very low (498 USD / Ton) compared to prices in 2017 (753 USD / ton). On the contrary, there is a strong disincentive to clear land using fire, namely land sealing, fines, penalties, evaluation of permit extension and potential permit revocation.

Furthermore, popular allegations that companies convert burnt areas into plantations are unfounded. Data from LMC International shows that plantation growth has continued its steady decline from 7 percent in 2013 to a mere 1.8 percent in 2018 despite significant land burning since 2015.

GAR believes that any effective solution must involve stakeholders beyond the concession companies. The [Jakarta Globe article](#) by Erik Meijaard of 7 September 2015 remains relevant and is instructive. He calls for the conservation, reforestation, and restoration of hydrology of peatland in Sumatra and for a stop to community's slash-and-burn cultivation activities in Kalimantan.

Sustainable rural economic development lies at the core of Mr. Meijaard's recommendations. Instead of blaming a particular industry, stakeholders should convene and partner to lift communities out of rural poverty, together and collaboratively.

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