



**gar**

agribusiness and food

# **GAR REPORT ON SOMO CASES**



# GAR REPORT ON SOMO CASES

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## INTRODUCTION

In March 2019, GAR received a request from OECDWatch/SOMO working on behalf of the NGO, Millieudefensie, to verify a list of cases of alleged ESG (environmental, social and governance) violations which have appeared in Indonesian media reports. Of the 38 alleged cases that were listed, we found that four were not applicable to GAR as the companies named were not GAR companies or an entry was listed against the wrong subsidiary; 28 cases had been closed or had no basis and were never official cases; and five are ongoing and being addressed.

In keeping with the spirit of transparency, we are publishing the details of all the cases in this report, which we have also provided to OECDWatch/SOMO. The cases fall into the following broad categories of Environmental, Social and Governance and are further defined by topic. Below we detail our management approach to the specific issues as well as any ongoing initiatives or programmes designed to resolve or minimise the occurrence of such issues in the future.





# 01

## ENVIRONMENTAL

According to SOMO there are five cases in this category as well as two cross-cutting cases involving land rights and environmental issues – we verified that all five environmental cases had been resolved or had no basis and were not official cases. One of the environmental cases listed was also related to a company called PT Bumi Duta Laksana which is not a GAR company. The cases were mainly related to fire and pollution.

Of the cross-cutting cases we verified that they had been closed or had no basis and were never official cases. The description of these cases can be found in the Social section.

Environmental cases

Closed	No basis	Not applicable
2	3	1



## Our approach to Environmental Management

GAR's [Code of Conduct](#) and [Social and Environmental Policy \(GSEP\)](#) commits GAR and all its subsidiaries to comply with all rules and regulations as well as with the highest standards of environmental management.

We **manage and regularly monitor** every aspect of our operations in order to minimise adverse impact on the natural environment. The monitoring is in accordance with the Environment Management Plan (*Rencana Pengelolaan Lingkungan*) and the Environment Monitoring Plan (*Rencana Pemantauan Lingkungan*), as set out in the Environmental Impact Assessment (*Analisa Mengenai Dampak Lingkungan*) documents submitted to the Government of Indonesia.

Assessment of environmental parameters is conducted by SMARTRI, our ISO 9001:2008 and ISO 17025 accredited internal laboratory, as well as external laboratories referred by the Indonesian authorities.



Training local community to suppress and fight fires under the DMPA programme

Our regular internal monitoring and assessments are guided by the ISO 14001:2004 Environment Management Systems and ISO 9001:2008 Quality Management Systems.

Since 2007, GAR has participated in the Indonesian Ministry of Environment's national public environmental reporting initiative known as the Programme for Pollution Control, Evaluation and Rating (PROPER). The programme uses a colour-coded rating to assess water and air pollution control, hazardous waste management and environmental impact. PROPER also considers other indicators, including the impact of a company's community development programmes; progress of biodiversity conservation efforts; efficiency of water management; and innovations in emissions reduction, waste management and energy efficiency.

Aside from internal audits and PROPER participation, GAR's subsidiaries are also subject to stringent environmental requirements under **sustainable palm oil certification** schemes such as Roundtable for Sustainable Palm Oil (RSPO), International Sustainability and Carbon Certification (ISCC) and Indonesian Sustainable Palm Oil (ISPO).

### Current and long-term fire prevention and suppression

Since 1997 GAR has operated a strict Zero Burning Policy on all its concessions. We also have a policy of no development on peat. Our fire management efforts include the training of more than 10,000 Emergency Response personnel to suppress fires. We have also invested in new technology

and equipment such as drones and increased satellite surveillance of our concessions in order to be able to respond quickly when hotspots and fires are detected. For more details on fire management see [here](#)

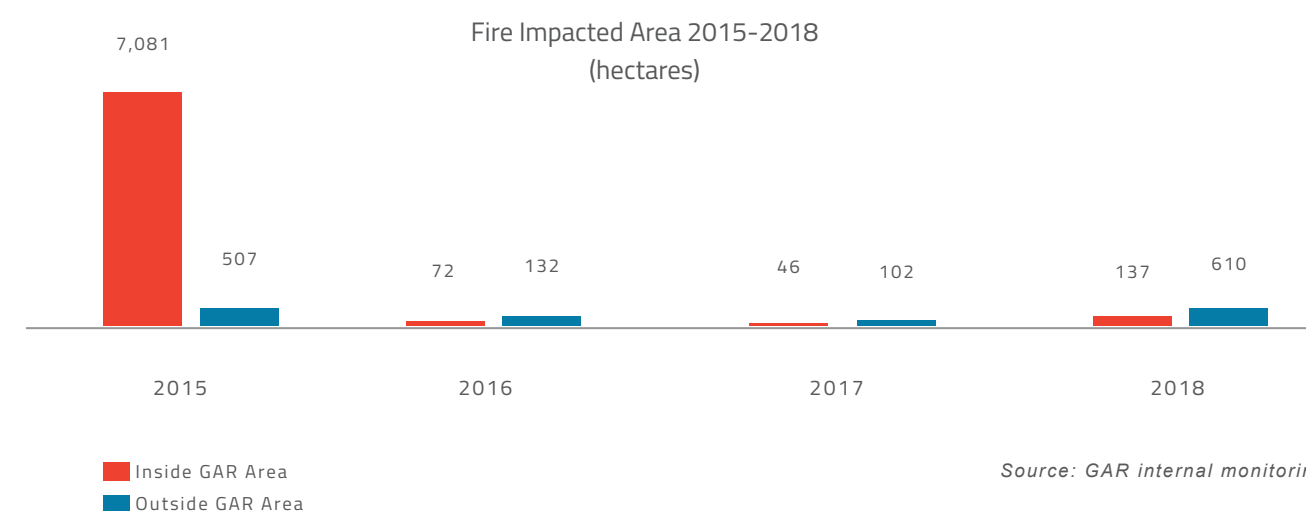
During the extreme El Nino of 2015 and the subsequent record-breaking fire and haze season, less than one percent of GAR's areas were affected by fire. In subsequent years, the area affected by fires has been virtually zero (0.1 percent).

We are working with local communities on **long-term fire prevention**. Under the Desa Makmur Peduli Api (DMPA) programme which has been running since 2016, we train and equip local communities to rapidly suppress and prevent fires. Fire prevention goals are set annually and the villages are assessed at the end of the year. Villages which meet their targets are eligible for infrastructure aid.

As of 2018, the community collaboration programme has been rolled out to 32 villages in Jambi, West Kalimantan, Riau and Central Kalimantan.

There is also a heavy emphasis on education programmes especially involving school children in order to trigger a shift in mindset about using fire for agriculture. The local community is educated on the hazards of fire and haze so they can be more mindful about accidentally causing fires such as through leaving campfires unattended or throwing lit cigarettes into the undergrowth.

We **monitor and report** fire incidents in GAR areas and the villages enrolled in the programme. The reports can be viewed on the [GAR Sustainability Dashboard](#)



Source: GAR internal monitoring



Reaching out to the next generation to instil awareness of fire and haze hazards

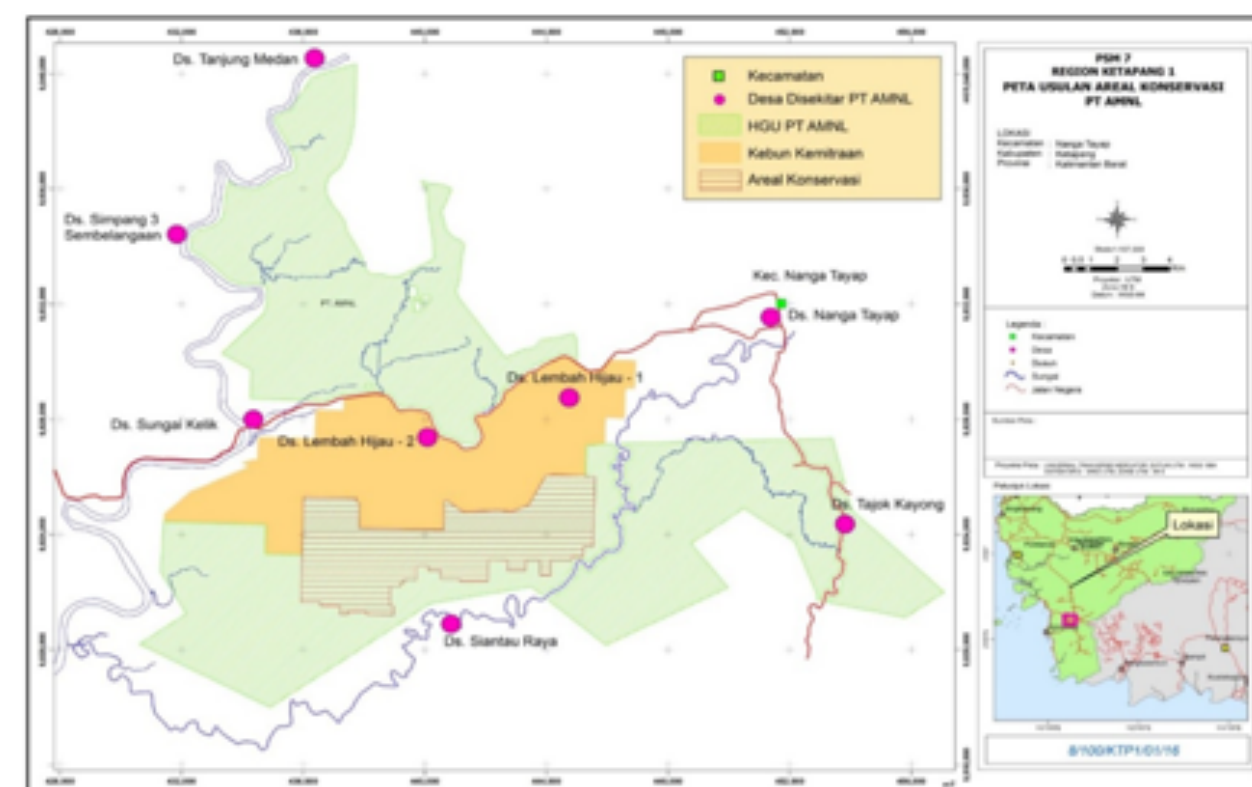
## Minimising Pollution

GAR and its subsidiaries take the responsibility for preventing and minimising pollution seriously. We follow strict land management practices that are designed to reduce these risks. These include not applying herbicides or chemicals near and around riparian areas; restricting the application of treated liquid waste (POME) which is used as fertiliser to 50 metres from riparian areas; and planting vetiver grass to minimise soil erosion at riparian areas.

In addition, we comply with strict government regulations, in place to minimise pollution. For example, per regulation PP No.8 Year 2001, GAR plantation companies submit half-yearly water monitoring and management reports that track the water quality of rivers and streams near our plantations to authorities.

## Rehabilitation of peat areas

GAR has a policy of no planting on and conservation of peat areas and we are currently rehabilitating an area of about 2,600 hectares in PT Agro Lestari Mandiri following fire damage in the extreme El Nino season of 2015.



Map of Peat Ecosystem Rehabilitation Project in West Kalimantan

GAR is working on physically rehabilitating the area by maintaining water levels to ensure that the peat is wet. We are also re-vegetating the area with native plants. In addition, we are working with the local communities in the area and we have partnered with them in Integrated Ecological Farming projects as part of the initiative to secure their support for the project. Read more about GAR's peat management practices [here](#).





# 02

## SOCIAL

Under this category we include cases related to community rights such as land tenure, plasma development and labour issues. SOMO lists 17 land rights issues, four cases of plasma development delay and five cases involving labour issues. SOMO also listed two cross-cutting cases involving land rights and environmental issues.

We have verified that two of the land rights cases are not applicable as the companies, PT Buana Artha Sejahtera in Kota Bahru district in South Kalimantan and PT Bumi Sawit Permai in Jambi are not GAR companies. Of the remaining cases, we have verified that nine of the land rights cases have no basis and were never official cases while another six have been closed following court rulings (mainly in favour of the company) or dismissal of the complaint by the Roundtable for Sustainable Palm Oil (RSPO). One case has also been closed following mediation and conflict resolution, with the RSPO considering the case closed following action plans implemented by the company.

One land rights case is currently ongoing and being heard in court.

We have described our approach and challenges in handling the delayed plasma development cases below.

Meanwhile of the five labour cases, we have verified that two of cases have no basis and were never official cases; two cases have been closed following court rulings in favour of the company and one case has been closed following a formal mediation process.

We have also included one case listed as “Other” under the social section as it pertains to indigenous peoples’ rights. This has also been resolved following dialogue and conflict resolution with the community as well as provision of social and community programmes.

### Social cases

Closed	No basis	Ongoing	Not applicable
10	11	5	2



## Our approach to Social and Community Engagement

### Respecting Human Rights and Free, Prior and Informed Consent (FPIC)

We recognise that the establishment of plantations creates changes for local communities and indigenous people. As stated in the GSEP, we are committed to respecting human rights and fulfilling Free, Prior and Informed Consent (FPIC) requirements before any operations begin. (GAR has not opened any new development of nucleus estates since end-2014). GAR is also committed to improving its processes and procedures with regards to respecting the customary rights of local and indigenous communities. All our plantations have social and community programmes.



*Participatory Mapping lessens possibility of land tenure conflict*

To guide us in our interactions with local communities we have developed SOPs (with input from external parties like The Forest Trust/Earthworm Foundation) on [FPIC](#), [Complaint and Grievance Handling](#) and [Social Conflict Handling](#). These can be viewed on the GAR Sustainability Dashboard.

Concepts such as FPIC have been developed relatively recently, but GAR is committed to ensuring that FPIC is implemented across all its plantations and has rolled out a programme of FPIC remediation in its concessions to address gaps, if any. More info: [see SR 2017 | p.55](#).

### Resolving Land Tenure Issues

Land tenure conflict is very prevalent in Indonesia. This is due to the fact that land ownership is often opaque with lack of or conflicting documentation of ownership. Many villages in Indonesia are still not mapped officially.

GAR is trying to solve this thorny issue by helping villages carry out Participatory Mapping.

Since 2015, we have been collaborating with local communities to formally map their villages through **Participatory Mapping**. We help the villagers map out critical areas such as customary boundaries and land necessary for food security.

This map is then lodged with and formally recognised by the authorities, serving amongst other things to clarify land tenure rights and enabling villages to gain access to government development funds for the first time.

We have rolled out mapping in more than 85 villages across our concessions to date.

### Supporting community plasma development

GAR has supported the plasma smallholder scheme since 1990 and there are currently more than 69,000 plasma smallholders in our concessions.

Under government regulations, companies granted palm oil concessions are obligated to develop 20 percent of the area for community plantations. GAR has achieved this at nearly half of its concessions, sometimes going beyond the mandated 20 percent. As of 2018, GAR has 21 percent plasma area across its operations.

Several issues can lead to a delay in implementing plasma fully. These are issues which affect the whole palm oil industry and are not specific to GAR. They include:

#### a) Lack of suitable agricultural land

As the concession was granted prior to the plasma regulation, and development had already begun, palm oil companies which are retroactively developing plasma for the communities are allowed to do so progressively and with land coming from the community.

However, in some areas the land that is identified/offered for plasma development is High Carbon Stock (HCS) or High Conservation Value (HCV) or peat. This contravenes the commitments on no development on HCS, HCV and peat in the GSEP, and as such we are unable to develop plantations on such areas.

The issue is not specific to GAR but affects many other palm oil companies.

#### b) Differing/conflicting land use plans

The situation is also often complicated by the differing and conflicting land use plans issued by the regional and national authorities. For example, in Central Kalimantan, the authority over licensing has been shifting back and forth between the central government and local (district and provincial) governments from 1967 to present day. This has resulted in differing/conflicting land use plans. An article by the [Centre for International Forest Research](#) describes this issue very well.

#### c) Issue involves multiple stakeholders

GAR needs to act in consultation with the local community and local authorities in plasma development matters. This requires all parties to be in agreement about the area to be developed, its location and other details. Due to this necessary consultation, as well as decisions which need to be approved/endorsed by multiple stakeholders, the process is often lengthy.

## Our Approach to Workers' Rights and Improving Labour Conditions

### Improving labour conditions for workers

To **improve workers' conditions and opportunities**, GAR is progressively transitioning temporary workers to permanent staff status, based on their skills and qualifications.

By becoming permanent staff, employees will have more stable and improved job opportunities. This process is in line with the company's commitments on improving workplace and labour relations in the GSEP. This is also in line with the demands of various NGOs to improve worker job security in the sector. This transitioning of workers to permanent status means that GAR will need less people working full time as opposed to more people working part time.

In the impacted areas, GAR welcomes interested temporary workers who want to undergo the selection process to become permanent staff subject to meeting the required criteria for the job. The process will include basic requirement assessment (good working performance, legal identity document and passing health test) followed by further assessment by the recruitment committee. Through this process however it will be inevitable that not all former temporary workers will meet the new hiring requirements.

GAR's subsidiaries has complied with all labour regulations in this exercise, and worked in concert with the relevant government agencies during this transition.

This process has also been **fully explained** to the affected workers.



*Transitioning more workers to permanent status will improve job security*

### Upholding workers' rights

We believe in fair, equal and respectful treatment for all our employees. Through the GSEP, we have also reinforced our commitment to ensuring that the rights of all people working in our operations are respected according to local, national and ratified international laws. We adhere to all Indonesian labour laws covering issues such as freedom of association for our employees, decent pay and working hours, non-discrimination and the complete elimination of child and forced labour.

Where legal frameworks are not yet in place we defer to the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Our commitment to fair labour practices is also emphasised in our Code of Conduct and employment practices. We have an equal opportunities policy on employment, banning

discrimination based on race, national origin, religion, disability, gender, sexual orientation, union membership and political affiliation.

Read more about our employment practices [here](#) | p47-49.

### Training security guards

GAR **categorically rejects the use of violence** in interactions with the public and local communities.

Our security guards are required to undergo a 21-day comprehensive training programme by the Bhakti Manunggal Karya Centre of Education and Training (BMK). Upon completion, they receive a certificate from the Indonesian National Police. The programme covers **human rights standards** as well as professional ethics.





03

GOVERNANCE

According to SOMO there are four cases related to governance issues such as corruption or fiscal misconduct. We have verified that of the cases listed, one was incorrectly attributed to the wrong GAR subsidiary, PT SMART and not applicable; one case has no basis and was never an official case; one case was closed following payment of an administrative fine; and one case was closed following the conclusion of court proceedings.

Governance cases

Closed	No basis	Not applicable
2	1	1



## Respecting the law and behaving ethically

At GAR, we are committed to pursuing our business objectives with integrity and in compliance with the law, no matter where we operate. We comply with applicable laws in all the countries in which we do business, including all anti-bribery and corruption regulations.

We expect all our employees, contractors and business partners to adhere to the [GAR Code of Conduct](#) which is communicated to all our existing and new employees. The Code is purposefully designed to be practically applicable to our day-to-day business, with definite guidelines on acceptable and unacceptable behaviour. The Code emphasises the Company's commitment to ethical behaviour; fair employment practices; diversity; and its stand against discrimination and zero tolerance for harassment or abuse.

In 2018, bribery charges were brought against three executives employed by GAR subsidiary PT Binasawit Abadi Pratama (PT BAP). The Jakarta Corruption Court has ruled that the incident reflects the actions of a few individuals in breach of state laws as well as GAR's Code of Conduct. Following this, GAR has proactively refreshed awareness of the company Code of Conduct through mandatory e-learning and e-testing with all employees. Executives were also required to sign an Integrity Pact committing them to behaving ethically and complying with the prevailing laws and regulations. PT Binasawit Abadi Pratama, GAR has also proactively refreshed awareness of the company Code of Conduct through mandatory e-learning and e-testing with all employees. Executives were also required to sign an Integrity Pact committing them to behaving ethically and complying with the prevailing laws and regulations.

## ENVIRONMENTAL CASES



GAR subsidiaries involved	Allegation	Status
PT Foresta Lestari Dwikarya PT Tapan Nadenggan	Pollution	No basis No basis
PT Agro Lestari Mandiri PT Bahana Karya Semesta	Fire	Closed Closed
PT Satya Kisma Usaha	Deforestation	No basis

Pollution

GAR subsidiary	PT Foresta Lestari Dwikarya
Date of alleged incident/media report	2018/2019
Status	No basis
Summary of media report	The company received a warning from the Bupati of Belitung to take proactive action on the issue of pollution at Kembiri River in Kembiri Village. Media reports in 2019 stated there were further visits to PT FLD to check on pollution.
Actions and response by company	<p>There was no basis for the pollution allegations based on official tests of river samples.</p> <p>Following concerns raised by the community, the Belitung District Environment Agency tested water samples on 6 November 2018 and found that PT Foresta Lestari Dwikarya (PT FLD) was complying with water quality standards set by the authorities. The results were shared with the local community which accepted the sampling results on 21 November 2018. On 26 December 2018, the Regional Representative Council, the Belitung District Environment Agency, along with the community and PT FLD conducted a joint visit to the sampling locations and all parties agreed that the case was closed.</p> <p>Re the visit in 2019, government officials often conduct visits and no evidence of pollution was found.</p>
Current and long-term action	<p>Company continues to comply with all laws and regulations at operational sites.</p> <p>PT FLD continues to be checked periodically by the authorities and continues to receive the PROPER award given by Ministry of Environment and Forestry to companies that comply with its environmental standards.</p> <p>See PT FLD's PROPER rating in our <a href="#">Sustainability Report</a>.</p>

GAR subsidiary	PT Tapan Nadenggan
Date of alleged incident/media report	2014
Status	No basis
Summary of media report	The environmental agency launched an investigation following complaints by local communities about PT Tapan Nadenggan and other companies causing environmental pollution. The agency took water samples in the lake and river near the company.
Actions and response by company	<p>There is no basis for the allegations.</p> <p>The environmental agency helped to mediate complaints from local communities regarding inadequate water facilities and support to the local fishery businesses. Environmental pollution was not on the agenda and the agency did not take water samples in the lake and river near the company.</p> <p>Since 2014, PT Tapan Nadenggan (PT TN) has been providing clean water to the local community; maintaining and cleaning local ponds; supporting local fishermen by supplying fingerlings and fish feed.</p>
Current and long-term action	<p>PT TN continues to operate in compliance with environmental standards and maintains a good relationship with the community and the government. In addition, PT TN submits regular water analysis to the agency and to date has consistently met the water requirement standards.</p> <p>The company is also subject to stringent environmental standards under sustainable palm oil certification processes by international bodies like the International Sustainability and Carbon Certification (ISCC).</p>



Fire

GAR subsidiary	PT Agro Lestari Mandiri PT Bahana Karya Semesta
Date of alleged incident/media report	2015/2016
Status	<b>Closed</b>
Summary of media report	Reports on government sanctions such as company closure for fire incidents (PT Bahana Karya Semesta) and launch of lawsuit by NGO (PT Agro Lestari Mandiri) for fire incidents
Actions and response by company	<p>Report on PT Bahana Karya Semesta was inaccurate as the company was not ordered to shut down. It incurred an administrative sanction from the Ministry of Environment &amp; Forestry as part of its operational area was affected by forest fires which spread from adjacent areas. The Ministry requested PT BKS to rehabilitate the area and implement preventive measures. PT BKS complied with the request.</p> <p>There was no basis for the report on PT Agro Lestari Mandiri as the company never received notice of any lawsuit.</p> <p>The cases are considered closed following implementation of long-term measures by GAR with the local community.</p> <p>GAR and its subsidiaries treat all forest fires seriously as per its commitment to the Zero Burning Policy in place since 1997. The company handles all fire incidents according to <a href="#">Standard Operational Procedures (SOPs) for fire handling</a>. All fires are also officially reported to authorities including the police and local district heads.</p> <p>In the fire and haze season of 2015, less than one percent of GAR's area was affected by fires demonstrating our commitment to fire prevention and suppression.</p>
Current and long-term action	<p>Since 2016, GAR has been running DMPA (Desa Makmur Peduli Api) a long-term fire prevention programme in collaboration with the local community which focuses on training and equipping local communities to suppress and prevent fires. To date 32 villages which were identified as high risk for fires have been enrolled in the programme. In addition to fire suppression, we also run educational initiatives in schools and with local communities to highlight the hazards of fire and haze.</p> <p>Since the programme began there has been a fall in fire incidents and hotspots.</p> <p>GAR has also launched the <a href="#">Peat Ecosystem Rehabilitation project</a> to physically rehabilitate a peat area of around 2600 ha in 2015 in PT AMNL</p>

Deforestation

GAR subsidiary	PT Satya Kisma Usaha
Date of alleged incident/media report	2018
Status	<b>No basis</b>
Summary of media report	Allegations of operating in forested area
Actions and response by company	<p>There is no basis for the allegations and local authorities never began proceedings against the company.</p> <p>PT Satya Kisma Usaha (PT SKU) received its HGU (Land Cultivation Right) in 2008 and only operates within the licensed area. PT SKU is subject to the GSEP which stipulates no operations in and protection of HCS forests and HCV areas.</p> <p>PT SKU therefore operates in accordance with applicable regulations and permits. It is also regularly audited by internal and external parties in order to maintain its certification by Roundtable on Sustainable Palm Oil (RSPO) and Indonesian Sustainable Palm Oil (ISPO).</p>
Current and long-term action	GAR and its subsidiaries continue to abide by the commitments to no deforestation in the GSEP. GAR has identified and maintains 72,000 ha (an area the size of Singapore) of HCS and HCV areas across its concessions.





## SOCIAL CASES

GAR subsidiaries involved	Allegation	Status
PT Agro Lestari Mandiri	Land rights	No basis
PT Bangun Nusa Mandiri		No basis
PT Bangun Nusa Mandiri		Closed following court ruling
PT Buana Wira Lestari		No basis
PT Bumi Palma Lestari Persada		No basis
PT Bumi Sawit Permai		Ongoing
PT Cahaya Nusa Gemilang		No basis
PT Ivo Mas Tunggal		Closed following RSPO dismissal of complaint
PT Kartika Prima Cipta		No basis
PT Kencana Graha Permai		No basis
PT Kresna Duta Agroindo		Closed
PT Oleokimia Sejahtera Mas		No basis
PT Paramitra Internusa Pratama		No basis
PT Persada Graha Mandiri		No basis
PT Perusahaan Perkebunan Panigoran		Closed following court ruling
PT Prisma Cipta Mandiri		No basis
PT Ramajaya Pramukti		Closed following court ruling
PT Ramajaya Pramukti		No basis
PT Satya Kisma Usaha		Closed
PT Sawit Mas Sejahtera		No basis
PT Sawit Mas Sejahtera		No basis
PT Sinar Kencana Inti Perkasa		Closed following court ruling
PT Primatama Kreasimas	Indigenous peoples' rights (Other)	Closed
PT Bahana Karya Semesta	Labour rights/issues:	No basis
PT Bumi Permai Lestari		Closed following court ruling
PT Ivo Mas Tunggal		No basis
PT Maskapai Leidong West Indonesia		Closed following court ruling
PT Sawit Mas Sejahtera		Closed
PT Agrokarya Primalestari	Plasma development	Ongoing
PT Buana Artha Sejahtera		Ongoing
PT Bumi Permai Lestari		Ongoing
PT Tapian Nadenggan		Ongoing



## Land rights

GAR subsidiary	PT Agro Lestari Mandiri PT Bangun Nusa Mandiri PT Cahaya Nusa Gemilang PT Kartika Prima Cipta PT Kencana Graha Permai PT Paramitra Internusa Pratama PT Persada Graha Mandiri
Date of alleged incident/media report	2015/2016
Status	<b>No basis</b>
Summary of media report	<b>Allegations of illegal land clearing and corruption</b>
Actions and response by company	<p>There is no basis for the allegations and none of the companies has received any fines or official notices of violations or been investigated by the KPK.</p> <p>All GAR subsidiaries operate in accordance with applicable laws and regulations; hold appropriate operating licenses and are regularly audited by internal and external parties as part of sustainable palm oil certification processes under ISPO, RSPO and ISCC. Each of the companies conducted land clearance in line with procedures set by the relevant District authorities.</p> <p>(Please note that GAR has stopped new development of nucleus estates since end-2014).</p>
Current and long-term action	Continue to comply with laws and regulations

GAR subsidiary	PT Bangun Nusa Mandiri
Date of alleged incident/media report	2012/2016
Status	<b>Closed following court rulings in company's favour</b>
Summary of media report	The Legal Aid Institute demanded a court case be initiated against the company based on Supreme Court and Constitutional Court rulings. The rulings recognised tribal land rights and ordered the acquittal of two Dayak tribesmen, who allegedly trespassed onto the plantation. According to the Legal Aid Institute the company had unfairly criminalised the two tribesmen.
Actions and response by company	<p>There is no basis for the allegations of "unfair criminalisation" and the case is considered closed as of 2012 following court rulings. There have been no further legal proceedings.</p> <p>The case of the two Dayak tribesmen (Japin and Vitalis Andi) involved an encounter with contractor of PT Bangun Nusa Mandiri (PT BNM), when the two men attempted to halt land clearance and seized tractors. The contractor reported the case to the local police. The Ketapang District Court found the two men guilty of deliberately taking action to cause damage to plantation and disrupt business activities. The Pontianak Provincial Public Court and the Supreme Court subsequently rejected the appeals from the two men in May 2011 and June 2012.</p> <p>Facilitated by human rights and indigenous people organisations, the case was brought to the Constitutional Court where based on the revoking of two articles of the Plantation Constitution (Art. 21 &amp; 47) that was used to charge the two men, the men were then released and the charges against them dismissed. Throughout the process, PT BNM cooperated with authorities and acted in accordance with all legal processes.</p> <p>The case against the Dayak tribesmen was investigated by the police and rulings were made by the courts. PT BNM as a private company has no authority to "criminalise" any individuals.</p>
Current and long-term action	Continue to work with indigenous communities to ensure customary rights are respected.



GAR subsidiary	PT Buana Wira Lestari PT Bumi Palma Lestari Persada PT Ramajaya Pramukti
Date of alleged incident/media report	2016/2018
Status	<b>No basis</b>
Summary of media report	Special Committee of regional government allegedly found legal violations including land grab, deforestation, tax violations
Actions and response by company	<p>There is no basis for the reported allegations and the case is considered closed as of 2016.</p> <p>The three GAR subsidiaries mentioned (PT Buana Wira Lestari, PT Bumi Palma Lestari Persada and PT Ramajaya Pramukti) were officially invited by the Special Committee (Pansus) on 25 February 2016 to give information concerning their legal status and other aspects of their operations. Each of the subsidiaries submitted documents demonstrating their legal status, official licenses as well as sustainable palm oil certifications. Since that meeting, there have been no further summons by the Special Committee.</p>
Current and long-term action	The three GAR subsidiaries operate in accordance with all applicable laws and regulations; hold the appropriate operating licenses; and are regularly audited by internal and external parties as part of the sustainable palm oil certification process under RSPO and ISPO. This includes fulfilling annual tax obligations as mandated by the Directorate General of Tax.

GAR subsidiary	PT Bumi Sawit Permai
Date of alleged incident/media report	2018
Status	<b>Ongoing</b>
Summary of media report	Land grab and demands for compensation
Actions and response by company	<p>The case was brought to Court by an individual named Burniat. He claims that PT Bumi Sawit Permai (PT BSP) has not compensated him for two hectares of his land.</p> <p>PT BSP has an operating license for the whole area and completed the compensation process prior to starting operations.</p> <p>As the case is currently underway at the District Court we are unable to comment further (sub judice).</p>
Current and long-term action	Comply with all laws and regulations.

GAR subsidiary	PT Ivo Mas Tunggal
Date of alleged incident/media report	2018
Status	<b>Closed following RSPO dismissal of the complaint</b>
Summary of media report	Allegations of land grab and demands for compensation
Actions and response by company	<p>The LBH (Legal Aid Bureau) Sakai lodged a complaint with the RSPO. PT IMT responded to RSPO refuting allegations and detailing the land acquisition process. On 30 October 2018, RSPO sent a letter to PT IMT stating that upon consideration of the facts and evidence it was dismissing the complaint by LBH Sakai.</p> <p>Please see <a href="#">GAR Grievance List</a> for full details of the case.</p> <p>See also <a href="#">RSPO case tracker</a></p>
Current and long-term action	<p>Continue to comply with all laws and regulations.</p> <p>GAR has been carrying out Participatory Mapping with local communities since 2015. One of the aims of mapping is to introduce more clarity in land tenure issues.</p>

GAR subsidiary	PT Kresna Duta Agroindo
Date of alleged incident/media report	2016
Status	<b>Closed</b>
Summary of media report	Land conflict with local community
Actions and response by company	<p>Two separate cases are referred to in the articles. Both cases have been resolved and are therefore closed.</p> <p>The first case refers to the PT Kresna Duta Agroindo (PT KDA) conflict with communities in the Empang Benao village, which has been resolved. The village requested and PT KDA, on February 2018, approved the following: +1,500 ha plasma program, +1.5km road, employment opportunities for those with qualifications and initial capital for commodity development. The agreement was signed by both parties and witnessed by the Bupati of Merangin.</p> <p>The second case refers to the PT KDA conflict with communities in the Karang Mendapo Village, which has been resolved as of June 2016. The case was lodged with the RSPO complaints process and was judged to be closed/resolved by the RSPO Complaints Panel based on an agreement between all the parties and implementation of action plans on the ground. See <a href="#">here</a> and <a href="#">RSPO case tracker</a></p>
Current and long-term action	GAR has been carrying out Participatory Mapping with local communities since 2015. One of the aims of mapping is to introduce more clarity in land tenure issues.



GAR subsidiary	PT Oleokimia Sejahtera Mas
Date of alleged incident/media report	2016
Status	<b>No basis</b>
Summary of media report	Conflict with local community over land in the city of Dumai. Chairman of committee from the national parliament summoned the company to appear at a hearing. The Parliamentary committee announced measures without further specification.
Actions and response by company	<p>There is no basis for the allegations and the case is considered closed as of 2016.</p> <p>The case relates to a land claim by a group of individuals including a former member of the parliament. The lawyer who represented the group of individuals issued a subpoena to PT Oleokimia Sejahtera Mas (OSM), which complied with the subpoena and gave a deposition. The case did not proceed and was closed as the individuals were not able to provide valid claims or legal documents to support their claims.</p> <p>PT OSM has complied with all regulations in obtaining its operating license and all land titles.</p>
Current and long-term action	Continue to comply with all laws and regulations.

GAR subsidiary	PT Perusahaan Perkebunan Panigoran
Date of alleged incident/media report	2016
Status	<b>Closed following court rulings in the company's favour</b>
Summary of media report	Allegations of land grab by local community. Company won case in court.
Actions and response by company	<p>This case is considered closed as of 2016 following court rulings.</p> <p>The community were unable to prove their case in court. The Supreme Court ruled that the company has the right to continue operations in the area.</p> <p>See detailed case history <a href="#">here</a></p>
Current and long-term action	<p>Continue to comply with laws and regulations.</p> <p>Continue to maintain good relations with local communities.</p>

GAR subsidiary	PT Prisma Cipta Mandiri
Date of alleged incident/media report	2018
Status	<b>No basis</b>
Summary of media report	Local community reported company to police and Kabupaten because of land grabbing. According to the villagers the company entered their forest.
Actions and response by company	<p>There is no basis for the claims and the company is engaged in dialogue with the community.</p> <p>The community requested compensation for land that had already been compensated for by PT Prisma Cipta Mandiri (PT PCM) before starting its operations in 1996. PT PCM has provided evidence of the compensation to the community and is currently engaged in dialogue and outreach to ensure the community understands the evidence and the compensation process.</p>
Current and long-term action	Continue to comply with all laws and regulations. Continue to engage community in constructive dialogue.

GAR subsidiary	PT Ramajaya Pramukti
Date of alleged incident/media report	1996 – 2018
Status	<b>Closed following court ruling in company's favour</b>
Summary of media report	257 farmers from a village complained to the regency government that the plantation company PT Ramajaya Pramukti had been working outside its concession area and had been annexing their land since 1996.
Actions and response by company	<p>The case is considered closed as of 2004.</p> <p>The matter was resolved through a decision by the State Civil Court of Bangkinan: no reg. PDT No.15 / PDT.g / 2003PN.BKN in March 2004, in which the court rejected the demands of the 257 households from Beringin Lestari village and closed the case.</p> <p>In accordance with the Kampar Regent's decree, PT Ramajaya Pramukti (PT RJP) supports and developed an oil palm plantation for 293 households involved in the government transmigration programme. The 257 households from Beringin Lestari village are not recognised as official transmigration participants by the Transmigration Department and are therefore not included under the Kampar Regent's Decree.</p>
Current and long-term action	PT RJP operates in accordance with applicable laws and regulations; holds the appropriate operating licenses; and is regularly audited by internal and external parties as part of the sustainable palm oil certification process under RSPO and ISPO.



GAR subsidiary	PT Satya Kisma Usaha
Date of alleged incident/media report	2018
Status	<b>Closed</b>
Summary of media report	Company allegedly carried out land grab/land tenure violations
Actions and response by company	<p>The case is considered closed following a preliminary hearing.</p> <p>The case mentioned in the articles refers to a claim by an individual one Siti Kholifah and not a group of farmers as reported. It involved a planted plasma area (palm oil plantation developed for the community) of PT SKU. The plasma land in question is not owned by the individual. Instead she owns an adjacent 5.94 ha of unplanted land which has never been utilised or developed by PT SKU.</p> <p>The case was investigated by the regional Jambi police and was followed by a preliminary hearing. The claim was found to be invalid and the investigation was concluded. An official letter was issued to that effect.</p> <p>PT SKU received its HGU (Land Cultivation Right) in 2008 and only operates within its licensed area.</p>
Current and long-term action	GAR has been carrying out Participatory Mapping with local communities since 2015. One of the aims of mapping is to introduce more clarity in land tenure issues.

GAR subsidiary	PT Sawit Mas Sejahtera
Date of alleged incident/media report	2017-2018
Status	<b>No basis</b>
Summary of media report	Land grab allegations. Local government has launched mediation and investigation.
Actions and response by company	<p>There is no basis for the claims/allegations as they are based on community misunderstanding/confusion over official boundaries.</p> <p>The community claims that PT Sawit Mas Sejahtera (PT SMS) land is part of the Empat Lawang district, when in fact it is part of the Lahat district. As the issue is due to district boundary delineation, PT SMS did not conduct any land grabbing as alleged, and has acted in accordance with all laws and regulations.</p> <p>The District and Provincial Government plan to hold a community meeting to explain the boundary delineation in 2019.</p>
Current and long-term action	<p>Continue to comply with all law and regulations.</p> <p>Continue to work with multiple stakeholders in constructive dialogue.</p>

GAR subsidiary	PT Sawit Mas Sejahtera
Date of alleged incident/media report	2018
Status	<b>No basis</b>
Summary of media report	Company failed to pay compensation for land
Actions and response by company	<p>There is no basis for the allegations.</p> <p>GAR does not practice giving cash as compensation because it wants to ensure that communities enjoy long-term benefits and is therefore following the practice of compensating in-kind benefits as well as providing community development programmes.</p> <p>To date, PT SMS has contributed 15 cows and facilitated land preparation for communities to grow fruits and vegetables. A trained facilitator was invited to teach basic agronomy knowledge to the local community, and the successful farming programme has spread to nearby villages.</p>
Current and long-term action	Continue to comply with commitment in GSEP to empower community and provide social and community development programmes.

GAR subsidiary	PT Sinar Kencana Inti Perkasa
Date of alleged incident/media report	2018
Status	<b>Closed following court ruling in the company's favour</b>
Summary of media report	Land grab by company; owner took case to court and lost for unknown reasons
Actions and response by company	<p>There is no basis for the allegations and the case is considered closed following a court ruling in 2018.</p> <p>The court rejected the claim by the individual (H. Syamsudin) as it found there was no overlap with PT Sinar Kencana Inti Perkasa's area. The individual was ordered to pay the cost of the legal proceedings.</p> <p>The link to the final verdict can be seen <a href="#">here</a> (case number 10/Pdt.G/2018/PN Ktb under the heading "Putusan")</p>
Current and long-term action	<p>Company continues to comply with all laws and regulations.</p> <p>GAR has been carrying out Participatory Mapping with local communities since 2015. One of the aims of mapping is to introduce more clarity in land tenure issues.</p>



## Indigenous peoples' rights

GAR subsidiary	PT Primatama Kreasimas
Date of alleged incident/media report	2018
Status	<b>Closed</b>
Summary of media report	Violence between security staff and member of indigenous community
Actions and response by company	<p>GAR has zero tolerance for violence in any dealings with the public or local community.</p> <p>Please see GAR statement on the encounter <a href="#">here</a></p> <p>Following dialogue and outreach, PT Primatama Kreasimas (PT PKM) and the indigenous community resolved the matter through an agreement on 2 October 2018 which was witnessed by the community leaders, the police force and the sub-district village head. PT PKM continues to maintain a good relationship with the community and carries out a CSR programme involving contributing basic food necessities and school amenities for local children every three months.</p>
Current and long-term action	<p>Continue to train security guards to ensure that they understand and are aware of human rights and zero tolerance of violence.</p> <p>Continue to work with indigenous peoples to ensure their customary rights are respected.</p>

## Labour rights

GAR subsidiary	PT Bahana Karya Semesta
Date of alleged incident/media report	2018
Status	<b>No basis</b>
Summary of media report	Local government said company should stop unilateral dismissals of workers
Actions and response by company	<p>As part of GAR's efforts to improve worker opportunities and conditions, its subsidiary PT Bahana Karya Semesta (PT BKS) is working to progressively convert temporary workers to permanent staff based on their skills and qualifications. This has been explained to all affected workers.</p> <p>PT BKS complied with all labour regulations in this exercise including severance payments, and worked in concert with the regional representative council of Sarolangun District and the Municipal Representative (of the Manpower Ministry).</p> <p>By becoming permanent staff, employees will have more stable and improved job opportunities. This process is in line with the company's commitments on improving workplace conditions and labour rights in the GSEP.</p>
Current and long-term action	In the impacted area, GAR welcomes interested temporary workers who want to undergo the selection process to become permanent staff subject to meeting the required criteria for the job. The process will include basic requirement assessment (good working performance, legal identity document and passing health test) followed by further assessment by the recruitment committee.

GAR subsidiary	PT Bumi Permai Lestari PT Maskapai Leidong West Indonesia
Date of alleged incident/media report	2014
Status	<b>Closed following court rulings in the company's favour</b>
Summary of media report	Workers demanded better payment in a court case, but their claim was eventually rejected by the Supreme Court.
Actions and response by company	<p>The case is considered closed as of 2014 following court rulings.</p> <p>The cases were brought to the Industrial Relations Court which ruled that both companies' wage system was in accordance with government regulations and work contract signed by the employees. The cases were then brought to the Supreme Court, which upheld the ruling of the lower court.</p>
Current and long-term action	<p>Continue to comply with all laws and regulations.</p> <p>Continue to uphold workers' rights as per the GSEP.</p>

GAR subsidiary	PT Ivo Mas Tunggal
Date of alleged incident/media report	2017
Status	No basis
Summary of media report	Different governmental bodies found the company was involved in six violations of labour laws. Amongst other issues, the company unilaterally lowered the wages of its workers and laid off workers by intimidating them. The company also failed to meet reporting obligations.
Actions and response by company	<p>There is no basis for the reported allegations and the company has not received any sanctions from any government agencies.</p> <p>See below on clarification re the alleged six violations of labour laws:</p> <ol style="list-style-type: none"><li>1. Temporary status workers after four years with the company: PT IMT complies with the regulations related to temporary status staff employment</li><li>2. The company does not report recruitment to district Labour Agency: PT IMT has engaged with and involved the Labour Agency since the initial recruitment process. PT IMT continues to report recruitment.</li><li>3. The company employs high-school graduate apprentices from outside the region: PT IMT signed an MoU with a high school in Banda Aceh (to support the Ministry of Industry programme) to employ 10 apprentices. PT IMT also accepts students from the local public high schools and universities in Dumai. PT IMT, under its CSR program, has a 'Magang Komunitas' programme that accepts graduates living in Lubuk Gaung and surrounding areas</li><li>4. The company takes part of salary payments for cooperative contribution even though there is no farmers' cooperative established: PT IMT established a cooperative in May 2015 (operations started in Aug 2015). Cooperative contribution is documented and sent to registered cooperative bank account.</li><li>5. Layoffs with intimidation by HR department: PT IMT has implemented its work contracts according to the procedure and contract as signed by the temporary status workers. Recruitment was also conducted post temporary status based on the positions available.</li><li>6. Register workers and apprentices under the BPJS Health &amp; Workforce: PT IMT has engaged with and continues to work with BPJS to register its workers and apprentices under the system.</li></ol>
Current and long-term action	Continue to comply with all laws and regulations. Continue to uphold workers' rights as per the GSEP.

GAR subsidiary	PT Sawit Mas Sejahtera
Date of alleged incident/media report	2018 - 2019
Status	Closed
Summary of media report	Union members demand better payment and end to union busting after several union leaders were fired.
Actions and response by company	<p>The case is considered closed as of 27 March 2019 following a completed mediation process.</p> <p>As witnessed by Department of Work and Transmigration of Lahat Regency and third-party mediator, PT Sawit Mas Sejahtera (PT SMS) and complainant resolved the case by agreeing to mediation terms, which included a severance payment by PT SMS. The case is considered closed and will not proceed further to the Industrial Relations Court. Please see <a href="#">GAR Grievance List</a> for latest updates</p>
Current and long-term action	Continue to comply with all laws and regulations. Continue to uphold workers' rights as per the GSEP.





Plasma development

GAR subsidiary	PT Agrokarya Primalestari PT Buana Artha Sejahtera PT Bumi Permai Lestari PT Tapian Nadenggan
Date of alleged incident/media report	2014- date
Status	Ongoing
Summary of media report	Local authorities warn company to comply with plasma development requirement
Actions and response by company	<p>This is an issue that is not specific to GAR but affects the whole industry.</p> <p>All four PTs held an IUP license prior to the issuance of the smallholder regulation; they can therefore progressively develop its smallholder programme and land provision can come from the community.</p> <p>However, to date, the company have not been able to implement the plasma scheme as despite extensive search for suitable land, no sizable suitable area for agriculture has been identified. Only unsuitable areas for example, areas designated as conservation areas like peat or forested areas have been offered as options. This contravenes the GSEP which states that company will not operate in and will conserve HCS and HCV areas.</p> <p>The company does not act unilaterally in this matter and works in close consultation with multiple stakeholders including local authorities and communities to identify and explore new options and this process can be lengthy.</p>
Current and long-term action	Companies continue to communicate closely with all relevant stakeholders to resolve this industry-wide issue.

GOVERNANCE CASES

GAR subsidiaries involved	Allegation	Status
PT Binasawit Abadi Pratama PT Maskapai Perkebunan Leidong	Corruption	Closed following court ruling No basis
PT Binasawit Abadi Pratama	Tax misconduct	Closed

## Corruption

GAR subsidiary	PT Binasawit Abadi Pratama
Date of alleged incident/media report	2018
Status	<b>Closed following court ruling</b>
Summary of media report	Anti-corruption commission, KPK arrested four members of regional parliament and three company officials for bribery in relation to environmental pollution.
Actions and response by company	<p>Closed as of May 2019 following conclusion of court proceedings.</p> <p>The case has been tried in the Jakarta Corruption Court which ruled that the incident reflects the actions of a few individuals in breach of the state regulations as well as GAR's own Code of Conduct, which also applies to GAR subsidiaries. PT Binasawit Abadi Pratama (PT BAP) will take appropriate action in relation to the employment of those individuals involved in the case in line with Indonesian employment law. <a href="#">See here</a></p> <p>GAR has taken proactive steps to reinforce awareness of and compliance with the <a href="#">Code of Conduct</a> through enhanced training and communication with staff.</p> <p>Executives were also required to sign an Integrity Pact committing them to behaving ethically and complying the prevailing laws and regulations.</p> <p>The pollution allegations were not part of the court case and no formal action has been taken in relation to pollution. In an article dated 3rd April 2019 the head of local environmental agency was quoted as saying there is no indication of pollution based on lab testing. <a href="#">More info here</a></p>
Current and long-term action	Company continues to comply with all laws and regulations as per the Code of Conduct. Company will continue to reinforce awareness of ethical behaviour required of all employees as per Code of Conduct.

GAR subsidiary	PT Maskapai Perkebunan Leidong
Date of alleged incident/media report	2010
Status	<b>No basis</b>
Summary of media report	Company appeared on a list of alleged "clients" of corrupt tax official.
Actions and response by company	The report is inaccurate and there is no basis for the allegations as company did not engage with the said official.
Current and long-term action	Company continues to comply with all laws and regulations as per the Code of Conduct.

## Tax Misconduct

GAR subsidiary	PT Binasawit Abadi Pratama
Date of alleged incident/media report	2011
Status	<b>Closed</b>
Summary of media report	The Tax office (DJP) fined the company for violating tax rules regarding the acquisition of another company. The company appealed against the decision, but the Supreme Court rejected the appeal, the company was still obliged to pay the two billion IDR fine.
Actions and response by company	The company incurred an administrative fine due to a delay in settling tax obligations within the set deadline. This was due to the process of acquisition and transfer of ownership of PT Binasawit Abadi Pratama (PT BAP) to GAR. The company paid the administrative fine and the case was closed.
Current and long-term action	Continue to comply with all laws and regulations.





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