



**“Towards NDPE Policy Compliance”**

**Gama Plantation Progress Report**

February 2019

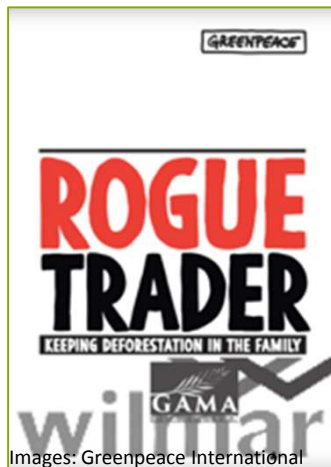


# Gama Plantation's suspension

Gama Plantation is a management-consolidated **company with multiple owners**. Gama name is derived from the name of our founders, Mr. Ganda and his brother Mr. Martua.

Through its June 2018 report, Greenpeace argued that the connections between Gama Plantation and Wilmar International were untenable in view of the latter's leadership in efforts to break the link between oil palm and deforestation. Wilmar then decided to proceed with a previously planned internal management restructuring, and furthermore issued a directive on 20 June 2018 to suspend all sourcing from Gama Plantation. Several other buyers subsequently suspended Gama Plantation from procurement as well.

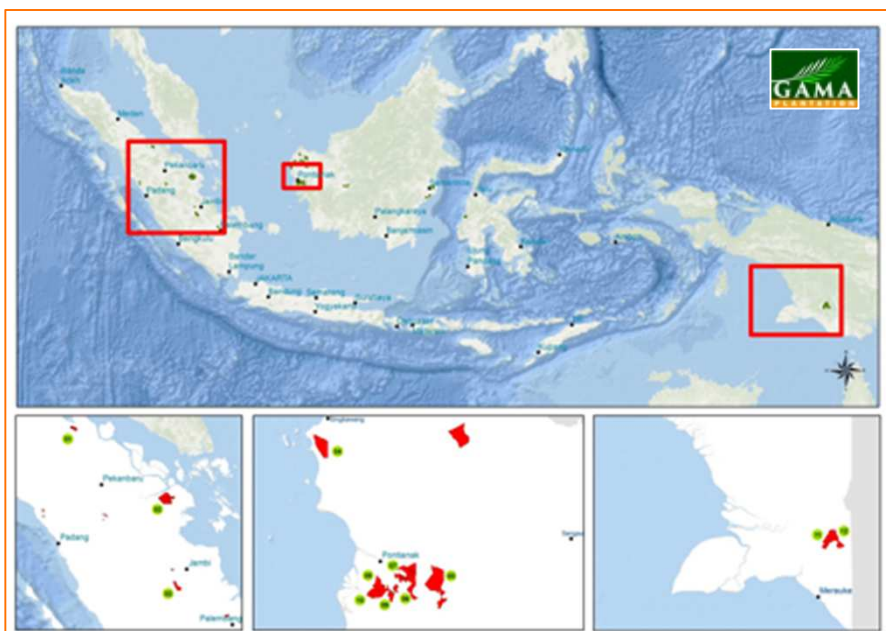
Gama Plantation requested Aidenvironment to assist the company to develop and implement its own NDPE policy, as a positive initiatives and commitments to become a Sustainable Green Palm Oil Producers. The three year partnership was closed on August 10, 2018. This is our first public progress report to cover initial phase from September to December 2018. We had defined 30 months period Time Bound Plan on our sustainability journey and further 60 months Plan is under development to serve as roadmap of Gama Plantation business in oil palm.



# Company Group consolidation

Gama Plantation did not previously exist as a company group with a single legal entity. In order to be able to implement NDPE policy, we realized that Gama Plantation had to be consolidated as a **Group under single management**.

Mr. Riadi Didik Tjahjanto was appointed as Executive Director and Mr. Andy Indigo as Deputy Executive Director to manage Gama Plantation. **All entities under their management follow Gama Plantation Sustainability Policy**, presently 27 companies with 29 plantation units.



Gama Plantation currently operates 20 mills and has a total **planted area of nearly 200,000 hectares** in Sumatra, Kalimantan, Sulawesi and Papua, including 34,592 ha *plasma*. Our Group employs nearly 23,000 people.

Efforts to bring along remaining family members and to dissolve remaining inactive companies will be closed out in Q2-2019.

In September 2018, we had launched our own website to serve as one of our communication tool for our audience stakeholders and also become one of our milestone for transparency.

## List of Companies

- |                                     |                                        |
|-------------------------------------|----------------------------------------|
| 1. PT. Agri Sentosa Gandadigo       | 14. PT. Nusa Jaya Perkasa              |
| 2. PT. Agro Alam Nusantara          | 15. PT. Patiware                       |
| 3. PT. Alam Jaya Persada            | 16. PT. Perkebunan Anak Negeri Pasaman |
| 4. PT. Berkat Sawit Utama           | 17. PT. Putra Lirik Domas              |
| 5. PT. Bumi Alam Sentosa            | 18. PT. Sawit Unggul Agro Niaga        |
| 6. PT. Citra Mahkota                | 19. PT. Sentosa Asih Makmur            |
| 7. PT. Citra Riau Sarana            | 20. PT. Sumatera Unggul Makmur         |
| 8. PT. Ganda Sawit Utama            | 21. PT. Swadaya Indopalma              |
| 9. PT. Graha Agro Nusantara         | 22. PT. TH Indo Plantation             |
| 10. PT. Indo Kebun Unggul           | 23. PT. Tritunggal Sentra Buana        |
| 11. PT. Intitama Berlian Perkebunan | 24. PT. Wahana Karya Sejahtera Mandiri |
| 12. PT. Jatim Jaya Perkasa          | 25. PT. Wawasan Kebun Nusantara        |
| 13. PT. Karya Agung Megah Utama     | 26. PT. Agrinusa Persada Mulia         |
|                                     | 27. PT. Agriprima Cipta Persada        |

The list of companies is also available on our website.

# Stop Work Order

On June 28<sup>th</sup> 2018, as a part of Our commitment to become Sustainable Green Company, Management issued a Stop Work Order (SWO), effective 1<sup>st</sup> July 2018, suspending all greenfield development on mineral soils and peat - regardless of depth.

- The SWO remains in place until Management is confident that robust systems are in place to ensure compliance with Group sustainability / NDPE policy.
- For the time being, replanting on peat is restricted to sites at demonstrable risk of pest and disease.
- All local managers were made aware of the SWO through an internal Memorandum. The instruction was followed up with phone discussion with each individual local managers and continuously monitoring will be implemented by internal team, to ensure full compliance.
- Management has also suspended the acquisition of plantation land for a period of two years.
- Aidenvironment monitored land use change in Gama's landbank through remote sensing on a bi-weekly basis. Between July 1<sup>st</sup> and February 2018, no greenfield development was detected.



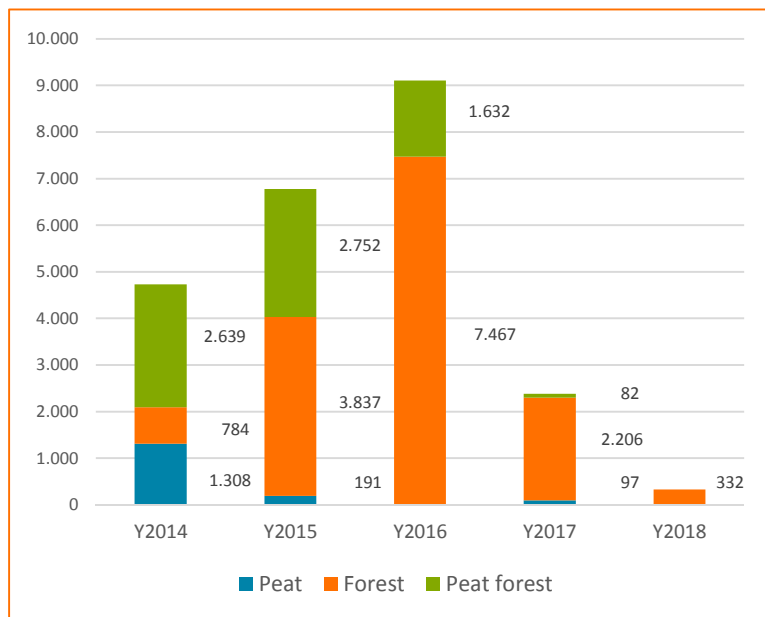
The Stop Work Order was issued to PT Graha Agro Nusantara on 28 June 2018.



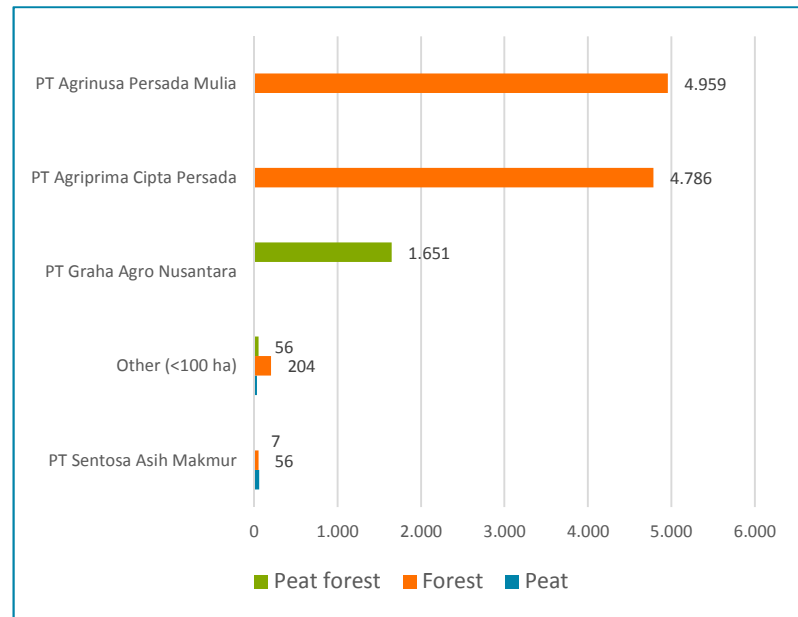
The group-wide SWO was publicly announced on 10 August 2018.

# Non-compliant land development

- Between 2014 and 2018, three companies which currently under the Gama Plantation Group were still developing new estates at significant scale in the natural forest and peat area, peaking at 9,000 hectares in 2016, before dramatically falling.
- The companies were being closely monitored by external parties such as Foresthints, Greenpeace and others who published several reports. In the past, the management of these companies failed to adequately respond to these reports.
- Subsequent interventions by the Government of Indonesia, NGOs and buyers put an end to all new land development. This reality is now confirmed through the our Group's NDPE policy.



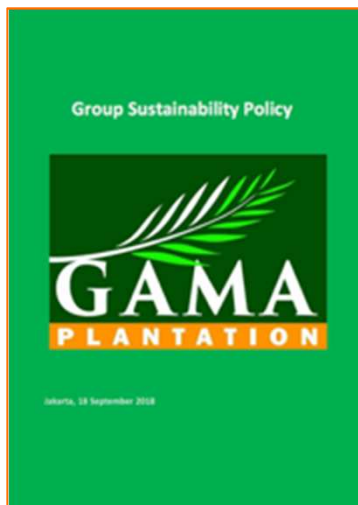
Non-compliant development in land bank currently under Gama Plantation's land bank, in ha, 2014-2018.



96% of non-compliant land development between 2016-2018 took place in the landbank of three Gama Plantation companies.

# Group-wide NDPE Policy

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English Version



Indonesia Version

Gama's bilingual [No Deforestation, No Peat, No Exploitation \(NDPE\) policy](#) was publicly launched on 18 September 2018.

Our policy was referenced against the most up-to-date NDPE procurement policies in the market place, the expectations outlined by [The Accountability Framework](#) and the company group's specific context.

Our policy cover some unique commitments which no other company has, such as:

- Our Directors will not own shares in plantation companies that do not subscribe to the Gama Plantation Sustainability Policy
- We will not divest our interest in land bank until outstanding grievances are fully resolved, or obligations have been legally transferred to another party. Take more responsibility on potential problematic plantations instead to sell it and suspension of land acquisition for 2 years
- No acquisition of land (through crop and land compensation, or GRTT) that burnt after July 1st 2018
- No procurement of Fresh Fruit Bunches (FFB) from oil palms planted on land that burnt after July 1st 2018
- Commitment to implement Recovery Plans to deliver tangible and long-term benefits to conservation and local communities like community-based forest management schemes as administered by the Indonesian Government such as: Social Forestry (Perhutanan Sosial) in line with our Community Development/CSR programme or projects that promote forest product processing and trade that benefit local communities
- Online maps publication for more transparency.

# Standard Operating Procedures (SOPs)


- Management amended various existing Standard Operating Procedures (SOPs) to minimize risk of non-compliance with the new Group sustainability policy.
- Further amendments and new SOPs will be introduced in the course of 2019, along with socialization of the new procedures with local estate management.

<small>Gama Plantation Gedung Gama Tower, 40<sup>th</sup> Floor Jl. Heli Rasma Said Km. C22 Jakarta Selatan 12940</small>					
<b>STANDARD OPERATING PROCEDURE</b>			No. SOP : GAMA-SOP-Comm-002		
Tanggal Dibuat :	05 November 2018	Tanggal Berlaku :	Nama Departemen : Commercial		
Judul :	<b>PEMBELIAN TBS LUAR</b>		No. Revisi :	02	Hal. 1 dari 23
2	05 November 2018	7	5.6	Belum diatur	Pihak Perjual wajib menjamin bahwa TBS yang dijual bukan berasal dari kelapa sawit yang dihasilkan / diproduksi dari area yang pembukaan lahan dilakukan dengan cara dibakar setelah 1 Juli 2018.

SOP External FFB sourcing

<b>1. Latar Belakang</b> Untuk mempersiapkan areal yang memungkinkan dilakukan penanaman yang memenuhi standar kualitas dan pembangunan jalan, teras, drainase serta infrastruktur penting lainnya, agar tercapai produktivitas yang maksimal, karena kultur teknis <b>land clearing</b> (pembukaan lahan) merupakan faktor yang menentukan kuantitas perolehan produksi sesudah <b>jenis tanah</b> dan <b>kualitas bibit</b> . <b>Dan tetap memperhatikan dan melindungi keberadaan Area Lindung (High Conservation Value Area-HCVA &amp; High Carbon Stock Area-HCSA)</b>	
<b>2. Tujuan</b> Sebagai pedoman bagi manajemen kebun dalam melaksanakan kegiatan persiapan lahan untuk mendukung kelancaran pembangunan, memudahkan pengelolaan kebun kelapa sawit <b>dan menjaga area lindung (HCV &amp; HCS Area)</b> dari kegiatan <b>land clearing</b> (pembukaan lahan).	

SOP New Development

 <div>Gama Plantation Gedung Gama Tower, 40<sup>th</sup> Floor Jl. Heli Rasma Said Km. C22 Jakarta Selatan 12940</div>			
<b>STANDARD OPERATING PROCEDURE</b>		No. SOP : GAMA-SOP-SSL&Legal-006	
Tanggal Dibuat :	19 Desember 2018	Tanggal Berlaku :	1 Januari 2019
		Nama Departemen : SSL & LEGAL	
Judul :	PROSEDUR PENANGANAN KELUHAN DAN PENGADUAN PEMANGKU KEPENTINGAN (STAKEHOLDER)		No. Revisi :  00
			Hal. 1 dari 2

- Tumpahan bahan kimia;
- Kebakaran lahan;
- Kerusakan areal lindung (*High Conservation Value Area-HCVA & High Carbon Stock Area-HCSA*)
- Penanganan satwa liar dilindungi, langka dan terancam punah;

SOP Grievance procedure

5.6. Permen LHK Nomor P.15/MENLHK/SETJEN/KUM.1/2/2017 Tentang Tata Cara pengukuran Air Tanah di Titik Penaatan Ekosistem Gambut.
5.7. — SOP Pembukaan Lahan Gambut

7. Kebijakan				• Tidak melakukan pembukaan lahan gambut
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SOP Water Management



# Concession map

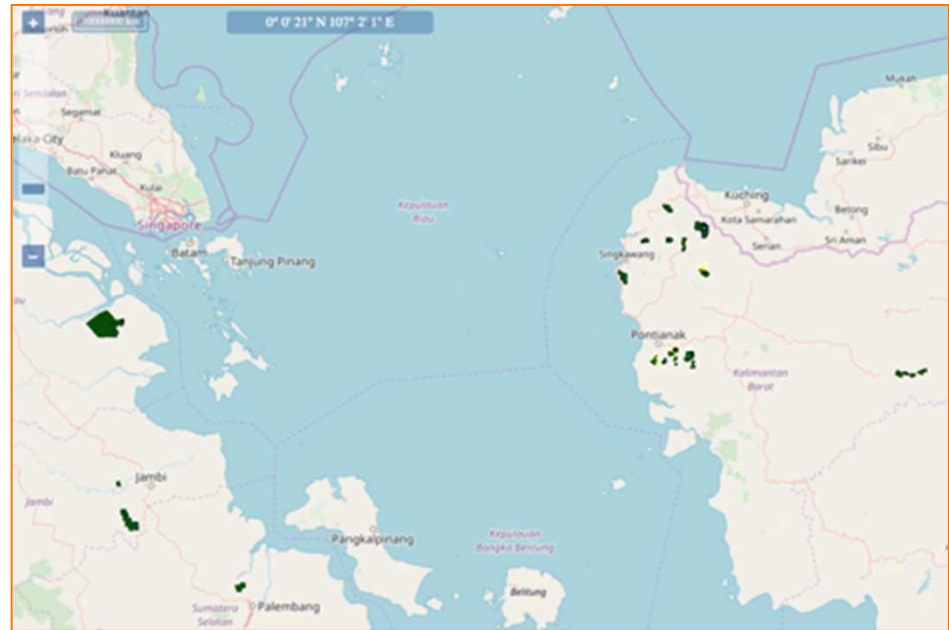
We believe that Gama Plantation is the first Indonesian oil palm grower to publish an interactive concession map on our website for more transparency :  
[ <http://202.162.200.83/invae> ].

Gama's GEO Map presents the following layers:

- Location permit boundaries
- Land Use Rights (HGU) boundaries
- Actual planted area
- CPO mills

In 2019, several layers will be amended and added:

- Location Permit maps will be replaced with Plantation Business Permit (IUP) boundaries
- Remaining peat, forest and other areas prioritized for protection and sustainable (non-oil palm) use
- Recovery Plan locations



Above: Gama Plantation land bank locations in West Indonesia (2018).

Right: TH Indo Plantations boundary map and six CPO mill locations.





# HCV-HCS Scoping

A Scoping exercise was executed by Aidenvironment to determine the availability and quality of High Conservation Value (HCV) and High Carbon Stock (HCS) assessments.

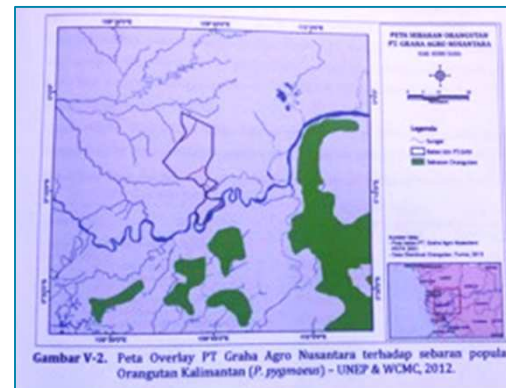
Besides desk review, field visits were conducted in 12 concessions in West Kalimantan, Sumatra and Papua. It was found that:

- HCV assessments were available for only half of the companies and available assessments do not live up to current standards.
- No HCS studies had been conducted.
- A summary of the Scoping report along with key recommendations will be publicly available in Q2- 2019.
- A proposal for (re-) assessment of HCV-HCS areas is currently being developed.

We will invite BRG (Badan Restorasi Gambut - Peat Restoration Agency) for dialogue and collaboration on the peat restoration programme by starting to share the finding of scoping result.



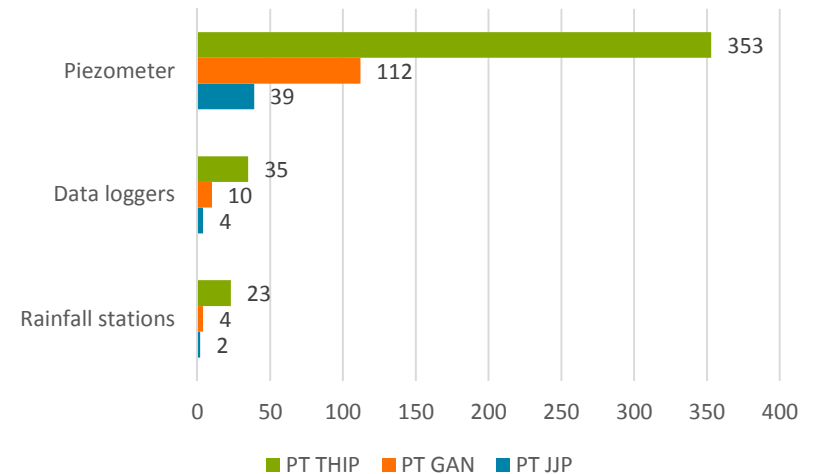
Collaboration between PT GAN & Natural Resources Conservation Center under the Directorate General of Forest Protection and Nature Conservation Ministry of Forestry on conservation of protected plants and wildlife in the PT GAN area



# Peat management and restoration

PT THIP, PT GAN and PT JJP received instructions from the Director General of Pollution Control and Environmental Damage to measure and report groundwater and rainfall data. Piezometers help monitor groundwater levels to ensure that groundwater levels do not drop below 40 cm as per regulation.

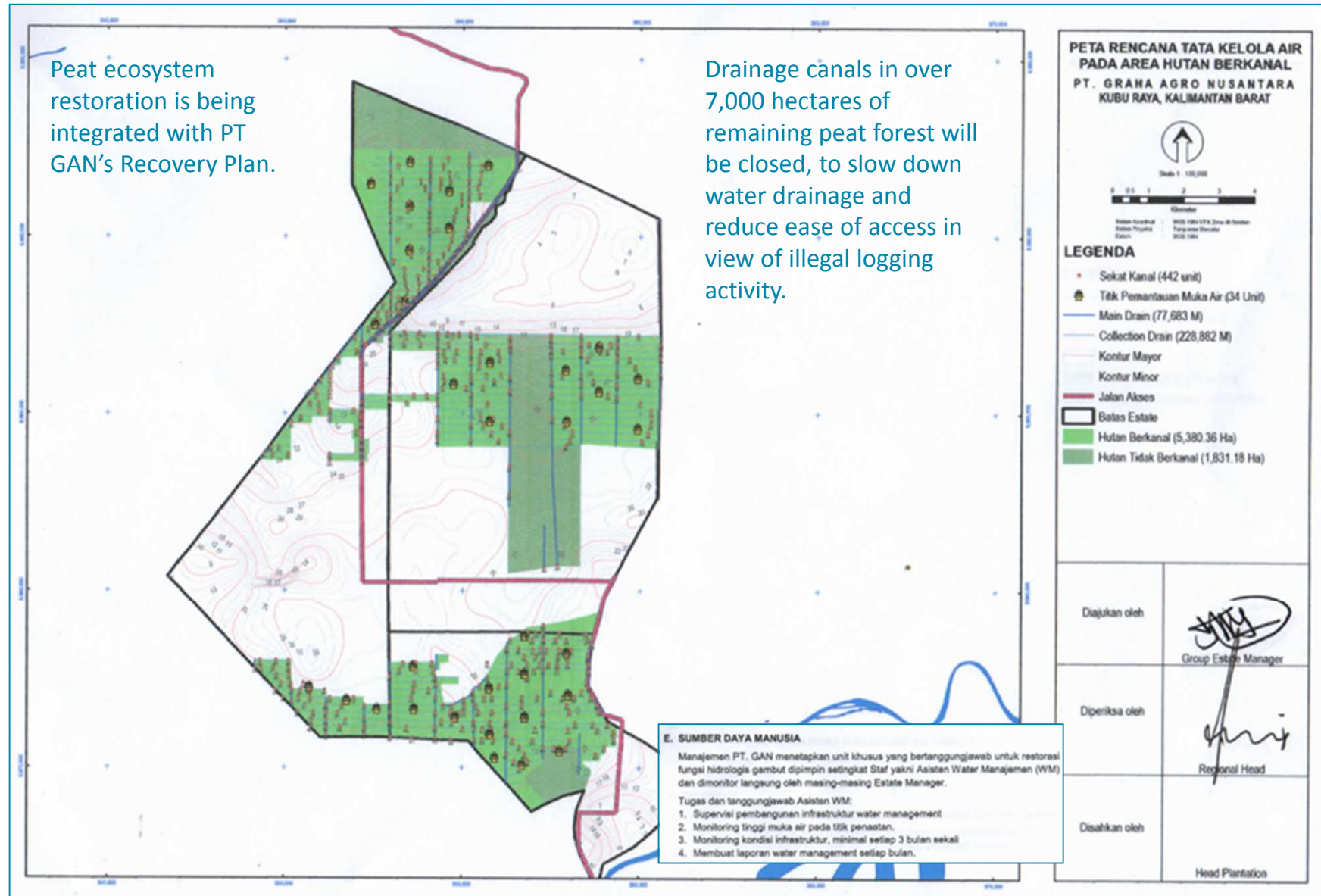
We will reach out to neighboring companies to discuss and agree on measure to best reduce and mitigate peat subsidence.



# Peat management and restoration

Peat ecosystem restoration is being integrated with PT GAN's Recovery Plan.

Drainage canals in over 7,000 hectares of remaining peat forest will be closed, to slow down water drainage and reduce ease of access in view of illegal logging activity.





- [illegible]

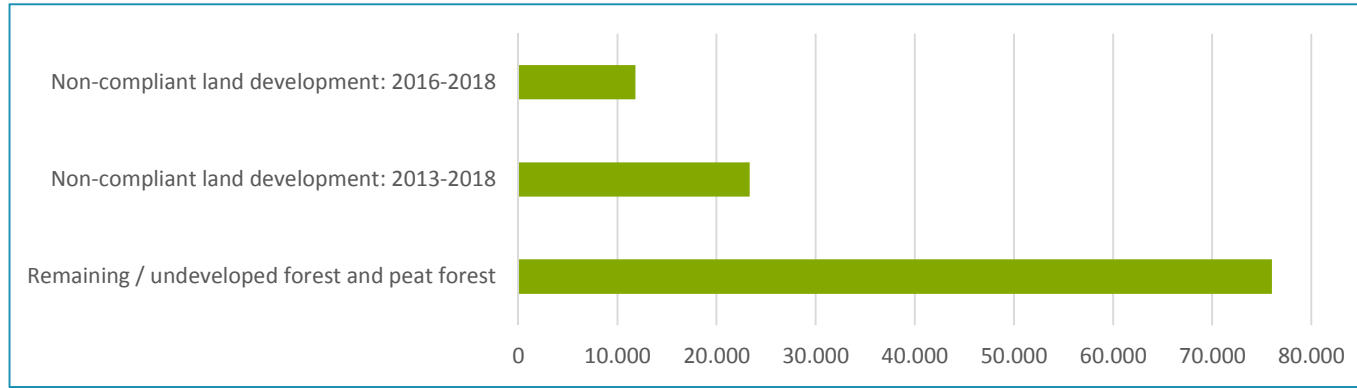
# Social conflict review

- An initial Social Conflict review done in conjunction with the HCV-HCS scoping in Q3-2018 identified no current land or labour conflicts that are not being resolved in a mutually agreed manner.
- However, Gama Group has in past acquired several plantation companies from others. Some of these had long histories of intense conflict, in particular the plantations previously operating under PT Asiatic Persada and later change its name to become PT Berkas Sawit Utama.
- Among the cases in process for full resolution is PT Berkas Sawit Utama in Jambi, where we have applied for a revision of our HGU permit boundary in order to release contested land to local communities whom we will subsequently support to apply for rights under the land reform legislation (TORA).
- A Group-level Grievance Mechanism / Complaint System will be launched in Q1-2019.
- In 2019, we will conduct more detailed review to identify concealed social conflict. Where possible we intend to pre-empt a situation where our NDPE Policy triggers complaints and grievances in areas where communities were expecting to have oil palm planted on their land based on previous commitments made.
- We believe a comprehensive and good Recovery Plan for social and conservation supported with a feasible business model could help to settle the social conflict issue.



# Recovery Plans

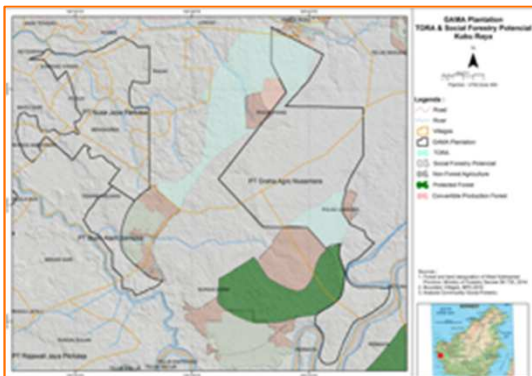
Gama Plantation's NDPE Policy is the first to publicly commit to implement Recovery Plans to deliver tangible and long-term benefits to conservation and local communities to indemnify some of past harm caused by its operations.





# Recovery Plans

- Gama Plantation will prioritize assistance to local communities to secure land rights and to sustainable use of remaining forest and peat in and near the company's land bank. These efforts will align with existing government policy.
- As a first step, our land bank maps were compared with the indicative government Social Forestry maps (PIAPS) and Land Reform maps to identify where we can support local communities to apply for additional land use rights. Approximately 27,000 ha in 5 villages in Kubu Raya and Sambas were identified for potential applications.
- Our Recovery Plans will support communities to develop appropriate economic activities (other than palm oil). As a first step in this direction, the we brought together 21 community representatives from five villages in Sambas and Kubu Raya and Merauke in November to discuss options for co-management of remaining peat and forest.
- We will integrate NDPE/sustainability with existing CSR Policy, to ensure that the work is embedded in existing teams and structures at plantation level.



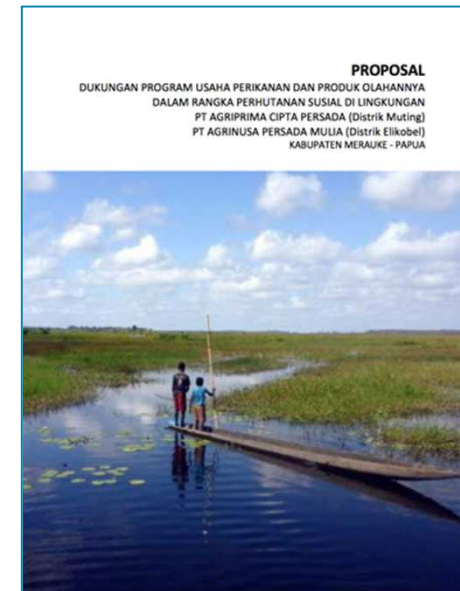
The '**studi banding**' introduced participants from Papua to rattan wicker processing whilst participants from West Kalimantan learnt about forest-based livelihoods in Merauke.

# Recovery Plans

Different options for the development of sustainable land and forest uses that generate economic and other benefits to local communities (not the company) are currently being considered including development of existing business model that support sustainable natural resources management especially in Kubu Raya, Bengkayang and Papua region.

The first project supported is taking off in Papua where the company will assist the community to develop fish farming and marketing.

Aware that our primary expertise is with oil palm, Gama welcomes external parties who can offer additional support to help us realize our Recovery commitments by supporting the communities and our CSR staff.



*Aloe vera* is a potentially suitable crop for planting on peat in West Kalimantan.



Visit the Wilmar illipe nut crushing plant in Pontianak in September 2018.



Communities in Merauke are interested in semi-natural fish farming.



Abandoned rubber plantings may be revived in Merauke if a decent market can be identified.



## Recovery Plans – Fish Farming Progress (Papua)

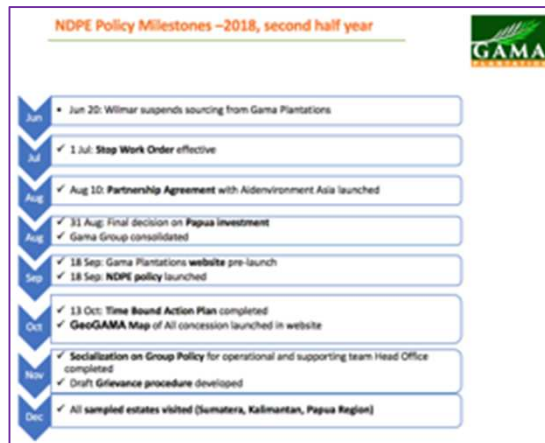
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# Time Bound Plan

Gama's Time Bound Plan is a series of monthly Milestones defined for a 30-month period. A review of the Milestones is scheduled for Q1-2019, in order to develop a new detailed workplan for the year ahead. Furthermore, development for 60 months plan is in progress to accommodate grievance cases, Recovery Plan implementation and others, which also could serve as business plan and roadmap of our business in oil palm plantation.



*Note: the 2019 Milestones are currently under revision*



# Public Progress reporting

Since we did not exist as a single entity, Gama Plantation did not previously have a means to communicate with the outside world. We have soft-launched our website [ [www.gamaplantation.com](http://www.gamaplantation.com) ] on 18 September 2018.

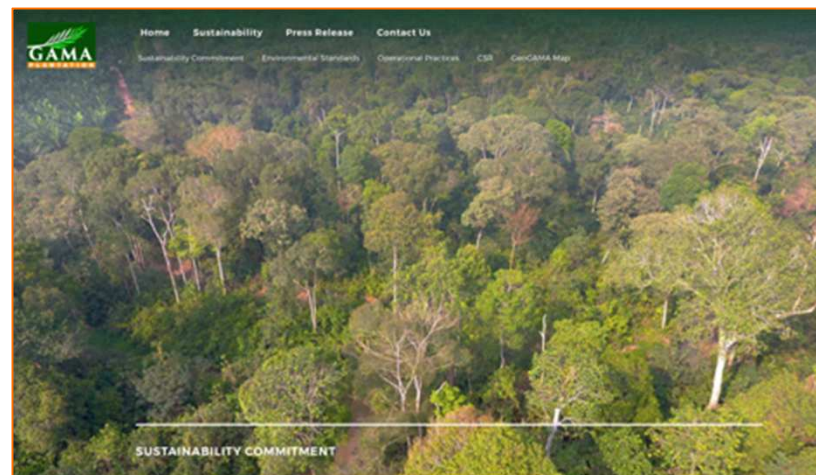
A communications officer has been employed to make the website more material, responsive and complete.

We will publicly report on progress every quarter, whilst its first comprehensive sustainability report will be commissioned in Q4-2019, scheduled for release in Q1-2020.

Development already in progress for additional communication tools such as Twitter, Instagram and FB which will be launch in 2019.



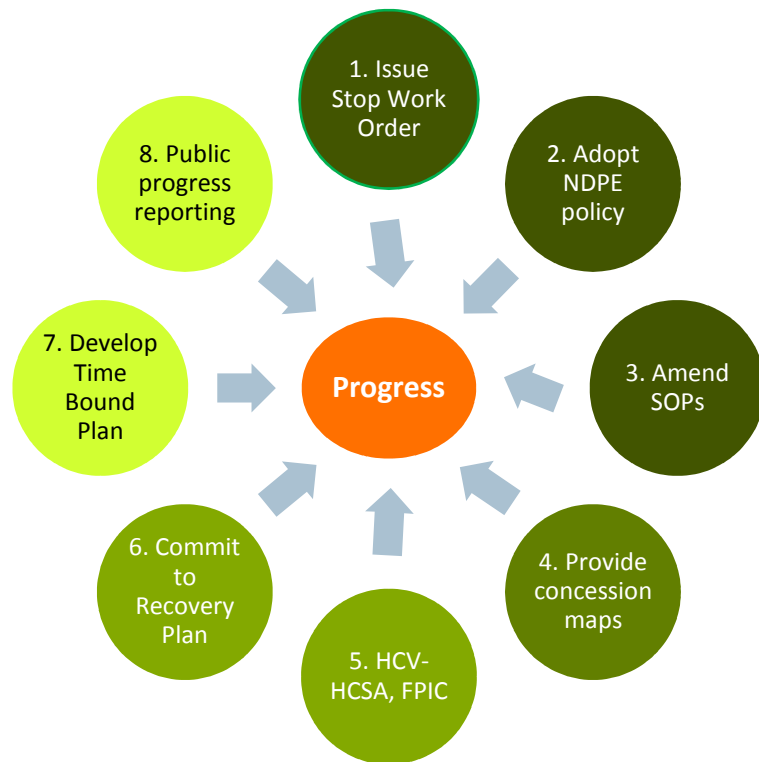
<b>Gama Plantations' Clarification on Media Coverage on the Recent Fires in Kubu Raya - West Kalimantan</b>
12 SEP 2018
<b>Gama Plantations to include 2 Papua's entities into Collaborative Agreement with Aidenvironment Asia to Develop and Implement</b>
31 AUG 2018
<b>Gama Plantation and Aidenvironment Asia enter into Collaborative Agreement to Develop and Implement NDPE Policy</b>
10 AUG 2018
<b>Stop Work Order Sample (PT. Graha Agro Nusantara)</b>
28 JUN 2018



# Conclusion

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Since our suspension in June 2018, considerable progress has been made by the owners of the companies that have agreed to embrace and follow our NDPE policy:



1. A Stop Work Order was issued, monitored and is found effective.
2. A comprehensive NDPE policy was published and is being implemented.
3. Our Standard Operating Procedures are aligned with our NDPE policy, and we have clearly instructed our plantation managers.
4. Our concession maps were made publicly available.
5. A scoping study was completed to determine next steps for conservation (HCV, HCS). Meanwhile, historical conflict cases are being addressed. Furthermore, going well beyond fire fighting, we adopted a policy to not buy land or fruit from land burnt after 1<sup>st</sup> July 2018.
6. We publicly acknowledge the scale of non-compliant land development and commit to settling past harm through Recovery Plans.
7. Aforementioned actions are rolled out through a Time Bound Plan.
8. We commit to regularly report to the public about progress made and constraints encountered.





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