



LEUSER WATCH

PT. DUA PERKASA LESTARI: DESTROYING THE “ORANGUTAN CAPITAL OF THE WORLD”

INTRODUCTION

A Rainforest Action Network (RAN) field investigation found evidence of active clearance of forested peatlands and the digging of peat drainage canals by PT. Dua Perkasa Lestari (DPL) in the Leuser Ecosystem’s Tripa peatland. This evidence comes one month after this “Conflict Palm Oil Culprit” was exposed in a RAN report¹ for the destruction of critically important lowland rainforests and peatlands inside the Leuser Ecosystem.

RAN’s investigation also identified where palm oil fruit was being harvested and loaded onto trucks in PT. DPL’s concession. The loaded trucks were then tracked from the plantation to a nearby crude palm oil processing mill operated by PT. Raja Marga. This mill company has supplied refineries operated by Wilmar International and Golden Agri-Resources (GAR) at ports near the city of Medan, approximately 500 kilometers away.

This investigation demonstrates that Wilmar and GAR, both significant buyers in the palm oil industry, remain at risk of processing and shipping Conflict Palm Oil from the Leuser Ecosystem to manufacturing facilities across the globe.

THE LEUSER ECOSYSTEM

The Leuser Ecosystem spans roughly 6.5 million acres (2.6 million hectares) across intact tropical forests and teeming peat swamps in the provinces of Aceh and North Sumatra on the island of Sumatra. It provides vital habitat for iconic and endangered species as well as water security for roughly 5 million people. The Leuser Ecosystem is under serious threat from the development of palm oil plantations, pulp operations, illegal logging, mining, new roads and inadequate land use planning.

¹ Rainforest Action Network. *Protecting the Leuser Ecosystem: A Shared Responsibility*. November 7, 2016.

The Tripa peatland is one of three carbon-rich peatlands located in the northwest of the Leuser Ecosystem. Tripa safely stores significant amounts of carbon in the ground, and is of unique importance as it provides much-needed habitat for some of the highest densities of critically endangered Sumatran orangutans in the world.

In April 2016, Indonesia's President Jokowi declared a country-wide moratorium on the issuance of new palm oil and mining permits, which has the potential to limit palm oil expansion in the Leuser Ecosystem. The moratorium was quickly supported by Siti Nurbaya, Indonesia's Minister of Environment and Forestry, together with Acehese leaders, who called for the enforcement of the moratorium in the Leuser Ecosystem and for the government to conduct a review of all permits. In June 2016, the Governor of Aceh, Zaini Abdullah, issued a circular letter to all palm oil companies instructing them to cease all forest clearance activities, including in areas with existing permits. This increase in political support presents tremendous new opportunities for securing the protection of Indonesia's rainforests, including the Leuser Ecosystem and its vital peatlands, like Tripa.

THE PLANTATION COMPANY

PT. Dua Perkasa Lestari (DPL) operates a palm oil concession covering roughly 6,500 acres (2,600 hectares) as part of the Atmaja Makmur Gemilang Group of companies.²

PT. DPL is no stranger to controversy. This Conflict Palm Oil Culprit has been under international scrutiny since 2012 when it contributed to a man-made inferno that burned through the Tripa peatland and sent thick plumes of smoke across Sumatra and

surrounding regions of Southeast Asia. As

a result, a lawsuit was filed against the company by

Indonesia's then-Ministry of Environment for illegally burning the forested peatland. PT. DPL was found guilty, ordered to pay a fine and its estate manager was sentenced to time in prison. PT. DPL is appealing the verdict.³



PT. DPL's concession (orange) shown in the Tripa peatland, inside the Leuser Ecosystem (yellow).

Despite the national moratorium on palm oil expansion, legal prosecutions and more than four years of international attention on the area, PT. DPL is still destroying the Tripa peatland. Satellite analysis carried out by RAN identified that PT. DPL continued to clear forests after the moratorium was announced and the circular letter was issued. In the months of July, August and September 2016 the company cleared 1, 3 and 7 hectares of forests respectively, in clear violation of the moratorium.

² Atmaja Makmur Gemilang Group. "Management." 2016.

³ Fisma, Julida. "Putusan Kasus Pembakaran Lahan PT DPL di Abdya, Jaksa Ajukan Banding." Aceh Journal National Network. November 2, 2015.

THE PROBLEM & THE EVIDENCE

In November 2016, RAN carried out a field investigation of PT. DPL and observed active forest clearing and digging for several peat drainage canals.



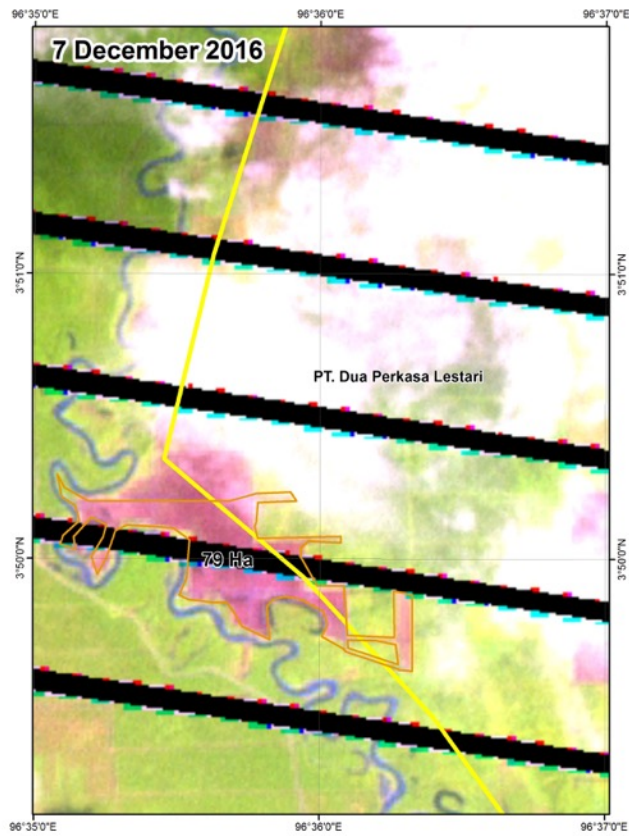
*Excavator clearing trees and digging a drainage canal.
GPS: 3°49'52.69"N,
96°35'57.01"E*



*Peat drainage canal built by PT. DPL.
GPS: 3°50'3.04"N,
96°35'45.58"E*

*GPS coordinates at drainage canal:
3°50'3.04"N, 96°35'45.58"E*





Satellite analysis shows that the recent clearing of forest and dredging for canals in and around the PT. DPL concession from September 10 to December 7, 2016 resulted in a total cleared area of 79 hectares as highlighted in the image to the left.

In order to identify the palm oil mill that continues to buy palm oil fruit from PT. DPL and processes it into crude palm oil (CPO), investigators observed the harvest, collection and loading of palm oil fruit within the PT. DPL concession.



RIGHT: Palm oil fruit being harvested at PT. DPL.
GPS: 3°54'20.76"N, 96°36'59.23"E



Palm oil fruit being loaded onto a truck next to PT. DPL sign.
GPS: 3°54'27.16"N, 96°37'0.71"E

SUPPLY CHAIN LINKS

Mill: PT. Raja Marga - The investigation tracked the truck containing the palm oil fresh fruit bunches approximately 20 kilometers from PT. DPL's concession to a weighing station. From the weighing station the same truck was tracked for less than five kilometers to the nearby crude palm oil mill owned by PT. Raja Marga. The connection between PT. Dua Perkasa Lestari and PT. Raja Marga is further proven through a number of documents including a weighing slip.



Truck arriving at the weighing station.
GPS: 4°0'37.65"N, 96°36'0.75"E



Truck arriving and unloading at PT Raja Marga.
GPS: 3°59'7.73"N, 96°37'37.73"E

Weighing slip connecting PT. DPL
and PT. Raja Marga

| PT. RAJA MARGA | | SLIP PENIMBANGAN TBS | | | |
|----------------|------------|----------------------|----------|-------------|----------|
| NO. SLIP | 0103622 | NO. SLIP | 001961 | | |
| DATE MASUK | 09/11/2016 | 19:55:10 | Supplier | PT. DPL | |
| DATE KELUAR | 09/11/2016 | 20:37:08 | No. SFB | 1551 | |
| WARRANTY | TBS | | | | |
| MADIC TIMBANG | | POTONGAN | | KETERANGAN | |
| Berat | 14.640 Kg | Berat Bersih | 0 Kg | 114 (KOROS) | 0.178 |
| Paku | 4.210 Kg | Berat Berat | 0 Kg | Korosi | 0 Kg |
| Berat | 10.430 Kg | Berat | 104 Kg | Jenis Sbb | STANDARD |
| Berat | 355 Kg | Berat Pjs | 0 Kg | | |
| Berat | 10.065 Kg | Berat/Passit | 261 Kg | | |
| | | Berat/Passit | | | |
| | | Sugar | | | |

Stamp: PT. RAJA MARGA
Stamp: POST 2 RAJA MARGA



Sign at PT. Raja Marga mill.

Palm Oil Traders: Wilmar and Golden Agri-Resources - Wilmar and GAR are two of the world's largest palm oil processors and were identified as two of the biggest buyers of palm oil from the Leuser Ecosystem region by RAN in 2014.⁴ Both companies have adopted policies that commit to not sourcing palm oil from growers that are clearing forests, peatlands or exploiting communities and workers.

In an effort to achieve transparency and trace their palm oil supply chains, Wilmar and GAR have been publishing lists of the mills supplying palm oil products to each of their refineries, including those located near the ports that export palm oil from the Leuser Ecosystem to the global market in Medan, Sumatra. The latest mill lists published by both companies state PT. Raja Marga's mill as a supplier to their local refineries.

Wilmar's refinery,
PT. Multimas
Nabati Asahan
(MNA, Paya Pasir).
GPS: 3°42'54.29"N,
98°40'17.94"E



PT Multimas Nabati Asahan, Paya Pasir
Traceability Summary - Supplies July 2015 - June 2016

| Refinery Details | | | | | |
|----------------------|---------------------------------------|-------------|----------|-----------|--|
| Parent Name | Refinery Name | RSPO Status | Latitude | Longitude | Address |
| Wilmar International | PT Multimas Nabati Asahan, Paya Pasir | No | 3.71508° | 98.67165° | Jl. Jala 4, Kelurahan Rengas Pulau, Kecamatan Medan Marelan, Medan |

Last Updated : 27 Oct 2016

| Parent Name | Refinery Name | RSPO Status | Latitude | Longitude | Address |
|-------------------------------|---|-------------|----------|-----------|---------|
| PTPN | Perkebunan Nusantara II (Sawit Hulu) | | | | |
| PTPN | Perkebunan Nusantara II (Sawit Sebrang) | | | | |
| PTPN | Perkebunan Nusantara IV (Adelina) | | | | |
| PTPN | Perkebunan Nusantara IV (Sawit Langkat) | | | | |
| Devi Mada | Pjpd Indah Pustan | | | | |
| | Raja Marga* | | | | |
| | Randang Pura Perada* | | | | |
| Duta Marga | Sumadera Sawit Nabati | | | | |
| Sime Darby Plantation Sdn Bhd | Sandika Nata Palms | | | | |
| Sawit Nagas Raya Makmur | Sawit Nagas Raya Makmur | | | | |

*Considered untraceable
i) Exact supplying mill unknown
ii) Does not meet Wilmar's traceability criteria
***Unknown

Wilmar has received palm oil from PT. Raja Marga at both of its facilities close to Medan.⁵ As noted in its mill lists, Wilmar considers the origin of the palm oil it receives from PT. Raja Marga as "untraceable." In December 2016, Wilmar publicly announced that it stopped sourcing from the PT. Raja Marga mill in October 2016, despite PT. DPL having violated the moratorium since June 2016.⁶ Wilmar's publicly available mill lists have not been updated since

June 2016 to reflect the discontinuation of its relationship with PT. Raja Marga. It is unclear if PT. DPL continues to supply palm oil fruit to other mills in Wilmar's supply chain.

⁴ Rainforest Action Network. *The Last Place on Earth—Exposing the Threats to the Leuser Ecosystem: A global biodiversity hotspot deserving protection.* November 11, 2014

⁵ Wilmar. "PT Multimas Nabati Asahan, Paya Pasir." and "PT Multimas Nabati Asahan, Kuala Tanjung." October 27, 2016.

⁶ Wilmar. "Wilmar's Full Response to ABC Australia and RAN's Allegations." December 8, 2016.

GAR has a crushing facility and refinery at the port and also states on its supplier list that it purchases crude palm oil and palm kernels from PT. Raja Marga.⁷ GAR has not issued a public response since the release of RAN's latest report stating if it continues to source from PT. DPL via PT. Raja Marga or other mills in the region. As a matter of priority, GAR must stop sourcing from PT. Dua Perkasa Lestari.



Golden Agri-Resources' Belawan Refinery and Kernel Crushing Plant.
GPS: 3°46'42.99"N, 98°41'20.47"E

Belawan Refinery and Kernel Crushing Plant
List of Supplying Mills
Period: Jan - Jun 2016

GAR Owned Mills

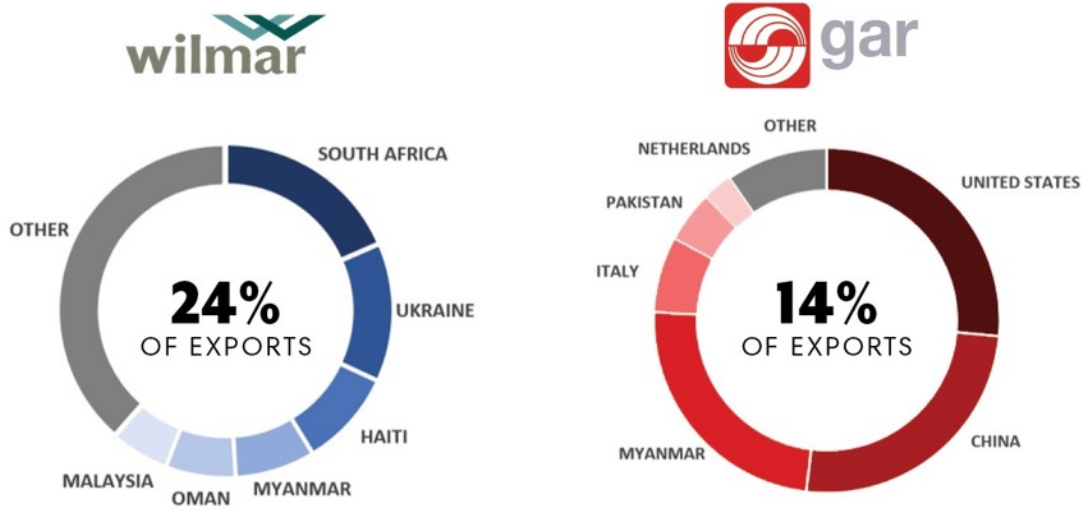
| No. | Mill Name | Company Name | Province | CPO | PK |
|----------|----------------|---------------------------------|-----------------|-----|----|
| 1 | Bukit Perak | Bumi Permai Lestari, PT | Bangka Belitung | | ✓ |
| 2 | Indra Sakti | Meganusa Intisawit, PT | Riau | ✓ | |
| 3 | Jelatang | Kresna Duta Agroindo, PT | Jambi | ✓ | ✓ |
| 4 | Kenanga | Kencana Graha Permai, PT | West Kalimantan | ✓ | |
| 5 | Langga Payung | Tapian Nadenggan, PT | North Sumatera | ✓ | ✓ |
| 6 | Langling | Kresna Duta Agroindo, PT | Jambi | ✓ | ✓ |
| 7 | Leidong West | Maskapai Perkebunan Leidong, PT | Bangka Belitung | ✓ | ✓ |
| 8 | Padang halaban | SMART Tbk, PT | North Sumatera | ✓ | ✓ |
| 9 | Pelakar | Kresna Duta Agroindo, PT | Jambi | ✓ | ✓ |
| 10 | Sungai Bengkal | Satya Kisma Usaha, PT | Jambi | ✓ | ✓ |
| Subtotal | | | | 9 | 8 |

| No | PT Dua Perkasa Lestari | PT Dua Perkasa Lestari, PT | Province | CPO | PK |
|----|-------------------------------|-----------------------------------|----------------|-----|----|
| 89 | Prima Jaya Lestari Utama | Prima Jaya Lestari Utama, PT | North Sumatera | ✓ | ✓ |
| 90 | Prima Palm Latex Industri | Prima Palm Latex Industri, PT | North Sumatera | ✓ | ✓ |
| 91 | Pulau Raja | PTPN IV | North Sumatera | ✓ | ✓ |
| 92 | Pulau Tiga | PTPN I | Aceh | ✓ | ✓ |
| 93 | Raja Marga | Raja Marga, PT | Aceh | ✓ | ✓ |
| 94 | Rambutan | PTPN III | North Sumatera | ✓ | |
| 95 | Rapi Teknik | Rapi Teknik, CV. | North Sumatera | | ✓ |
| 96 | Rickv Kurniawan Kertaopersada | Rickv Kurniawan Kertaopersada, PT | Jambi | ✓ | |

ABOVE: GAR supplier list stating it purchases crude palm oil and palm kernels from PT. Raja Marga.

⁷ Golden Agri-Resources. "PT Smart TBK." Accessible via the [GAR sustainability dashboard](#). 2016.

Once the palm oil from PT. Raja Marga's mill reaches refineries at the ports near Medan, it is mixed with palm oil from other sources, refined and then exported as a variety of products around the world. For example, according to official Indonesia export data, from April to July 2016, Wilmar shipped its palm oil products from the port at Kuala Tanjung to 52 countries worldwide, with South Africa and the Ukraine as the most prominent customers. During that same period, GAR sent its palm oil from the port at Belawan to 45 countries with the USA, China and Myanmar accounting for three quarters of that demand.



38% of exports from the Leuser Ecosystem region involve Wilmar and GAR, yet each of them has relatively distinct trading patterns. Note that while this is official government information, there may be reporting inaccuracies.

CONCLUSIONS

For the past three years, both Wilmar and GAR have been aware of their risk of sourcing from growers that are destroying the Leuser Ecosystem. While Wilmar and GAR have taken some initial steps to transform their palm oil supply chains, to a large extent neither company is currently able to trace their palm oil supply back to the plantation where the palm oil fruit is grown. Wilmar and GAR must improve their efforts to trace their supplies to the plantation level. As a matter of urgency, both companies must break their links to Conflict Palm Oil Culprits that are driving the destruction of the Leuser Ecosystem, in breach of their own company policies and government instructions to cease the clearance of forests and peatlands for palm oil development.

The fate of the Leuser Ecosystem relies in part on the actions of Wilmar and GAR. Both companies must invest more in efforts to secure the protection of the lowland rainforests and peatlands inside the Leuser Ecosystem, while also improving livelihoods for local communities.