



MEDIA BRIEFER ON RAINFOREST ACTION NETWORK'S (RAN) REPORT:

Protecting the Leuser Ecosystem: A Shared Responsibility

7th November 2016

What is the Leuser Ecosystem, and why is it important?

The Leuser Ecosystem is one of the largest expanses of intact tropical rainforest remaining in Southeast Asia, with a rich abundance of species not found elsewhere in the world. The Leuser spans roughly 6.5 million acres across rainforests and teeming peat swamps in the provinces of Aceh and North Sumatra on the island of Sumatra, and provides a clean water supply on which nearly 5 million people and their livelihoods depend. The Leuser is a global conservation priority in that its forests and peatlands regulate our global climate and safely store massive amounts of carbon in their depths. The Leuser Ecosystem is also home to some of Southeast Asia's most iconic species and is the last wild habitat area where critically endangered Sumatran orangutans, elephants, rhinos and tigers coexist.

What is significant about this latest report on the Leuser Ecosystem?

This report shows that, although the Leuser was afforded legal protection under Indonesian national law, industries continue to expand into critical areas. In particular, lowland rainforests and peatlands inside the Leuser continue to be bulldozed for Conflict Palm Oil plantations.

Since the announcement of a national moratorium on palm oil expansion in April 2016, RAN has undertaken investigations to determine if, in fact, the moratorium is being upheld by palm oil companies with operations inside the Leuser. Several companies operating inside the Leuser are respecting the moratorium on rainforest clearance for palm oil plantations. However, satellite monitoring and field investigations as recent as September 2016 have found evidence that some rogue companies continue to destroy crucial lowland rainforests and peatlands inside the areas allocated to them for palm oil development. The findings of these investigations indicate that, in its first few months, the government-led moratorium is not yet fully effective.

Despite the moratorium, which areas are still being cleared?

The clearance of forests and peatlands has continued within some existing palm oil concessions, despite the Governor of Aceh distributing a circular letter to all palm oil companies on June 17, 2016, instructing them to uphold the moratorium and cease all forest clearance activities, including in areas with existing permits. In the three months following the circular letter (July - September 2016), continued deforestation was found in 12 palm oil concessions located within the threatened lowland rainforests and peatlands of the Leuser. Analysis of Landsat satellite imagery indicates a total of 294 hectares of forest has been lost in these concessions in this period. The highest observed rates of deforestation occurred within existing concessions located in the lowland rainforests in the district of Aceh Timur and the lowland rainforests and peatlands in Tripa and Singkil-Bengkung in the south and west of the Leuser.

These areas within the Leuser are highly stressed and sensitive, and seemingly small-scale deforestation can have much wider biodiversity impacts. The rapid increase in the rate of deforestation each month is of particular concern. While in July 2016, 38 hectares of forest were lost in Leuser concessions, this increased to 58 hectares in August 2016. September 2016 satellite analysis showed more than a threefold increase over the previous month, with a loss of 199 hectares of forest.

What supply chains are connected to the palm oil coming from the Leuser?

The palm oil exported from Aceh and North Sumatra, the two provinces where the Leuser Ecosystem is located, has a global reach. With exports being shipped to more than 100 countries globally, the palm oil ends up in a vast number of different consumer goods and industrial products sold by consumer brand companies.

Wilmar International, Golden Agri-Resources (GAR) and Musim Mas Group are the 'Big Three Buyers' of palm oil from the region. Each company has refining facilities at the ports closest to the Leuser Ecosystem and ship palm oil from those ports to markets across the globe. The shipping of large volumes of palm oil from the refineries at these major global ports is a considerable driver for the expansion and production of Conflict Palm Oil inside the Leuser.

The financiers of the Big Three Buyers are also connected and have an integral role to play in ensuring that these traders scale up their efforts to halt deforestation, development on peatlands and the exploitation of local communities and workers across their global supply chains.

In addition, a number of the Snack Food 20, including PepsiCo, Kraft Heinz, Nissin Foods, Toyo Suisan and Tyson Foods, are laggards in the industry. Their weak palm oil policies and loopholes place these brands at extreme risk of sourcing Conflict Palm Oil from bad actors, including the Conflict Palm Oil Culprits destroying the Leuser Ecosystem.

What must be done and by whom?

The survival of the Leuser Ecosystem depends on decisions made by a number of key influencers and dealmakers. These actors must work together with communities and local and national governments in Indonesia to secure the protection of the Leuser.

The Snack Food 20 and other global brands drive the demand for palm oil that is pushing palm oil plantations into critical areas of the Leuser. The Snack Food 20 need to step up their supply chain implementation efforts, including investments in solutions that protect the Leuser and ensure that their suppliers are not sourcing from companies responsible for its destruction.

The Big Three Buyers, and other palm oil refiners and mill owners exposed in the report, must stop buying palm oil that has been grown at the expense of the lowland rainforests and peatlands of the Leuser. These companies must use their buying power to drive improvements in the practices of all palm oil companies and smallholders in their supply chains and invest in

efforts to protect the Leuser. Palm oil sector laggards that also have refineries at the ports near the Leuser, such as PepsiCo's partner Indofood, Permata Hijau, Pacific Interlink, Best Group and PT. Agro Jaya Perdana, are also at risk of driving its destruction. These laggards must take the first step and adopt a time-bound responsible palm oil production and procurement policy.

International and Indonesian banks and institutional investors have a responsibility to rigorously assess and address environmental, social and governance (ESG) risk issues prior to financing any company involved in forest-risk commodity sectors linked to the Leuser. As part of effective due diligence, banks must engage directly with their clients to identify risk issues related to Conflict Palm Oil and implement proactive responses to address and remedy them. For the Leuser, this is particularly the case for the palm oil refinery companies, which are the direct buyers of crude palm oil from the region.

All levels of government in Indonesia, as well as the international community, can strengthen policies and support frameworks to secure and uphold the legal protections afforded to the Leuser as a Nationally Strategic Area for its Environmental Protection Function. Most importantly, a new spatial plan for Aceh must be adopted and implemented. It must shift development priorities from the current model to one which does not rely on industries destructive to the unique ecological values of the Leuser. Instead, the revised plan should build on and enhance the ecological values of the region while benefiting and being driven by the collective voices and needs of local communities. It must secure land rights and livelihoods, mitigate natural disasters by considering proper environmental sensitivity analyses, and promote responsible development alternatives that deliver payments for securing the protection of remaining rainforests and peatlands.

The long term protection of the Leuser relies upon the participation of local communities across Aceh and North Sumatra. Bottom-up approaches where community rights are recognized and the voices of customary landowners and communities are heard will be integral to the alternative development solutions needed to maintain the Leuser's unique ecological values. If given the chance, communities can play a key role in carrying out solutions on the ground such as monitoring, safeguarding the conservation of their forests, and maintaining the unique cultural values of the region. The international community at large must support and stand in solidarity with local communities, and provide technical support to local and national governments, as they work to protect Indonesia's rainforests and peatlands, including the Leuser Ecosystem.

A global movement is needed to secure the protection of the Leuser Ecosystem and the livelihoods of the over 5 million people that depend on it for their well being and future prosperity. We will build a global movement to match: 5 million people that will stand shoulder to shoulder with the people of Aceh and North Sumatra and demand an end to Conflict Palm Oil.

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