INTRODUCTION

In February 2017, Rainforest Action Network (RAN) released a report that showed massive deforestation at the plantation of PT. Agra Bumi Niaga (PT. ABN), despite a moratorium of clearing forests inside the Leuser Ecosystem. With the report, RAN also released shocking drone footage of the forest destruction. Field investigations carried out by RAN’s investigators found that, at the time of the forest clearance, oil palm fruit was transported from PT. ABN’s plantation to a nearby crude palm oil mill, which is owned by PT. Koperasi Prima Jasa (PT. KPJ) and was a known supplier to Wilmar International. Wilmar shipped this Conflict Palm Oil around the world and it may have been used in products by prominent consumer brands, including PepsiCo, McDonald’s, Nestle, Unilever and Procter & Gamble.

Despite public pressure calling for these brands and their suppliers to intervene and enforce their own ‘No Deforestation’ commitments, field investigations conducted three months later, and satellite images from April 22nd 2017 show that PT. ABN has continued to destroy critically important lowland forests and sell palm oil to a crude palm oil processing mill owned by PT. Ensem Sawita. Supplier mill lists and maps published by six of the world’s largest palm oil traders — Wilmar, Musim Mas, Golden Agri-Resources (GAR), Cargill, IOI and ADM — show that PT. Ensem Sawita has a track record of supplying palm oil to local refineries, which in turn supply all of the world’s largest traders and global brands.

The PT. Ensem Sawita mill was first exposed as sourcing from bad actors — which are destroying the last stretches of the Leuser Ecosystem’s lowland rainforests — in RAN’s first report in November 2014. Wilmar, Musim Mas and GAR publicly responded to this first report and committed to work with PT. Ensem Sawita to ensure that it would break its links to deforestation inside the Leuser Ecosystem. This report shows that over two years later Wilmar, Musim Mas and GAR have failed to ensure that PT. Ensem Sawita is not sourcing from the problematic suppliers destroying the Leuser Ecosystem.

These traders have each made public statements that they have conducted mill assessments and in some cases have required PT. Ensem Sawita to comply with “corrective action plans”. The fact that PT. Ensem Sawita has not stopped sourcing Conflict Palm Oil from
PT. ABN shows that the field assessments and “corrective action plans” currently being used by these three traders have failed to halt forest destruction in their supply chains. Given PT. Ensem Sawita is located less than five miles away from PT. KPJ—the last mill exposed for sourcing from PT. ABN—it should have been one of the first mills investigated for ongoing sourcing from PT. ABN. This report shows that, at this point in time, “No Deforestation” commitments are just that—public commitments that have not yet been implemented where it matters most on the frontlines of palm oil expansion.

This report also presents new evidence from field investigators that have tracked trucks from PT. Ensem Sawata mill to Permata Hijau, another refinery operator near the Port of Belawan, Medan. Permata Hijau lacks an adequate “No Deforestation, No Peatland and No Exploitation Policy” and continues to supply major processors in India, China and in the USA, such as Cargill and IOI Loders Croklaan.

Shockingly, this latest Leuser Watch report shows that the biggest global brands, such as PepsiCo, McDonald’s, Nestle, Unilever, Kellogg’s, Mars and Procter & Gamble and many more, are connected to this single deforestation event through their sourcing of palm oil from the world’s largest palm oil traders.

THE PLANTATION COMPANY
DESTROYING THE LEUSER ECOSYSTEM - HABITAT FOR ENDANGERED SPECIES

The plantation company PT. Agra Bumi Niaga (PT. ABN) operates a palm oil plantation inside the Leuser Ecosystem in the East Aceh Regency. Its palm oil concession covers a land area of around 2,000 hectares and is located in the Peureulak water catchment, which provides fresh water and a source of livelihood for local communities. According to the IUCN maps, which show the geographic distribution of endangered species, the PT. ABN concession is also within the range of the Sumatran tiger and also partially within the range of the critically endangered Sumatran elephant and orangutan.

On June 22, 2016, Indonesia’s Environment and Forestry Minister sealed off this same palm oil concession because the company did not have the proper permit for land clearance. The Ministry’s own field assessment had located at least 22 Sumatran elephants living within the plantation concession area.
THE PROBLEM AND THE EVIDENCE

In June 2016, following the declaration of a moratorium on new palm oil expansion by the President of Indonesia, the outgoing governor of the Indonesian Province of Aceh issued a circular letter to all plantation companies instructing them to cease all forest clearance activities, including activities that may take place in existing palm oil plantation concessions inside the Leuser Ecosystem. In February 2017, RAN released satellite analysis, drone footage and images from field research carried out in November 2016 and January 2017, showing that PT. Agra Bumi Niaga (ABN) had cleared a total of 324 hectares of forest in its plantation in clear violation of the instructions from both the President of Indonesia and Governor of Aceh. By January 2017, only 96 hectares of forest remained within its concession.

New satellite image analysis shows that despite public pressure on these global brands, and their suppliers, to intervene and enforce their ‘No Deforestation’ commitments, and calls for the President of Indonesia and Ministry of Environment and Forest to revoke its permit, PT. ABN has continued to destroy critically important lowland forests in the Leuser Ecosystem. By mid-February 2017 it had reduced the area of remaining forests to 92 hectares. Only a month later an additional four hectares were lost. PT. ABN has reduced the area covered by forests from 420 hectares in June 2016 to 88 hectares in April 2017. This ongoing deforestation strikes a massive blow to the herd of Sumatran elephants that rely on this last corridor of lowland forests for their survival.

This series of images shows the progression of forest clearing between June 2016 (the month the circular letter was sent to palm oil companies) and April 2017. Note that for some months (October and November) cloud cover made satellite observation impossible.
SUPPLY CHAIN LINKS

The Conflict Palm Oil produced by PT. Agra Bumi Niaga (PT. ABN) has a complex supply chain that involves a number of actors. The supply chain stretches from the mills that process the oil palm fruit, to major traders that refine and ship the palm oil to dozens of countries around the world, and finally to the major brands that use the palm oil in the manufacturing of consumer goods products, like snack foods and homecare products. The evidence below exposes the actors involved in, or profiting from, the destruction of the Leuser Ecosystem.

CONFLICT PALM OIL MILL: PT. ENSEM SAWITA

In February 2017, field investigations showed that PT. Agra Bumi Niaga (ABN) sold oil palm fruit to PT. Koperasi Prima Jasa (PT. KPJ), which operates a crude palm oil (CPO) mill about 200 kilometers from the PT. ABN plantation. At the time, PT. KPJ was a supplier to the world’s largest palm oil trader, Wilmar International. Wilmar was the first major palm oil trader to adopt a “No Deforestation, No Peatlands and No Exploitation Policy” that commits the company to not source palm oil from suppliers that are clearing rainforests. In response to RAN’s latest Leuser Watch report, Wilmar said that it “immediately initiated engagement with PT. Koperasi Prima Jasa (PT. KPJ)” and assisted PT. KPJ in verifying the evidence of its sourcing relationship with PT. ABN. As of March 1, 2017 Wilmar said that “PT. KPJ has decided to put on hold purchases from PT. ABN.”

Aerial image taken by a drone above PT. Ensem Sawita’s crude palm oil mill, Aceh Timur, Indonesia.

PHOTO: PAUL HILTON / RAN
Palm oil fruit being transported by truck from the PT. ABN plantation to the market. January 2017.

Photo: Nanang Sujana / RAN

Aerial view taken by drone above Wilmar international’s PT. Multimas Nabati Asahan, Paya Pasir facilities, which is known to source palm oil from PT. Koperasi Prima Jasa and PT. Ensem Sawita.

Photo: Paul Hilton / RAN
Investigators observe the loading of a truck with palm oil fruit inside the PT. ABN concession.

GPS: 4°32'45.01"N, 97°40'27.00"E

The same truck leaves the boundary of the PT.ABN concession.

GPS: 4°34'52.87"N, 97°41'13.43"E

The truck arrives at the PT. Ensem Sawita CPO mill.

GPS: 4°33'57.42"N, 97°55'11.50"E

RAN conducted a field investigation after this statement was issued to determine if Wilmar was still sourcing from mills being supplied by PT. Ensem Sawita. At the time of our investigation, we found that PT. KPJ was no longer sourcing from PT. ABN, but that a mill within 5 miles of PT. KPJ owned by PT. Ensem Sawita continued to buy from the controversial PT. Agra Bumi Niaga. PT. Ensem Sawita is one of the most significant palm oil mills in the region. Shockingly, this mill has a long purchasing history with Wilmar, suggesting that Wilmar continues to be unable to enforce its “No Deforestation” policy in its own supply chain, even after being fully informed of the destructive procurement and production practices of its direct and indirect suppliers.

The findings of the field investigation showing the new supply chain links between palm oil company PT. Agra Bumi Niaga and palm oil mill operator PT. Ensem Sawita are presented below.
The Google Earth image below shows the route that the truck took between PT. ABN’s palm oil plantation and PT. Ensem Sawita’s crude palm oil mill which is located less than five kilometres to the south of PT. ABN’s previous customers, PT. KPJ.

The findings of this field investigation also show that global brands such as PepsiCo, McDonald’s, Nestlé, Unilever, Kellogs, Mars and Procter & Gamble, that all purchase palm oil from Wilmar, continue to source palm oil produced by companies whose expansion is occurring in violation of their “No Deforestation” policies, the Indonesian and Aceh government’s moratorium, and at the expense of critical habitat area for Sumatran elephants, and a number of other critically endangered species in Indonesia.
CONFLICT PALM OIL TRADERS

There are four major refining companies and traders located in the Medan region — Wilmar International, Musim Mas Group, Golden Agri Resources and Permata Hijau. All four companies are currently, or have historically been sourcing crude palm oil from PT. Ensem Sawita, the controversial mill exposed in this report for sourcing oil palm fruit from PT. Agra Bumi Niaga despite its ongoing destruction of forests in the Leuser Ecosystem.

SOURCING FROM PT. ENSEM SAWITA IN MAY 2017

Permata Hijau Group operates the fourth significant refinery located in the Medan region and to date it has not adopted an adequate “No Deforestation, No Peatland and No Exploitation Policy”. In May 2017, RAN’s field investigators identified a truck leaving PT. Ensem Sawita and tracked it to Medan where it stopped and lined up for entry to the Permata Hijau refinery at the port of Belawan, near Medan, Indonesia.

Musim Mas, is one of the three largest palm oil processors and traders in the region and has a facility located in Belawan, near the port town of Medan, Indonesia. In 2014, Musim Mas adopted a “No Deforestation, No Peatland and No Exploitation” policy and has since published its list of supplying mills in the regions. In its latest supplying mill list, which covered the period from January 2016 to November 2016, Musim Mas lists PT. Ensem Sawita as a supplier to all three of its refineries in the Medan region, reaching back to at least January 2015. These mill lists are updated regularly and while these types of backdated mill lists can not be used to substantiate the evidence collected in interviews, which indicates that refineries owned by Musim Mas were sourcing from PT. Ensem Sawita at the time the RAN investigation took place in May 2017, the mill lists do show historical sourcing relationships between Musim Mas and PT. Ensem Sawita.
There has been no indication by Musim Mas of PT. Ensem Sawita’s ongoing connections to palm oil companies including PT. ABN, breaching of its “No Deforestation” policy or any indication that the company has discontinued sourcing from either problematic supplier. Musim Mas customers remain at risk of buying Conflict Palm Oil from PT. ABN that has been grown at the expense of forests in the Leuser Ecosystem.

LONG TERM SOURCING AGREEMENTS WITH PT. ENSEM SAWITA

Wilmar is the world’s largest palm oil trader and has two refineries owned by its PT. Multimas Nabati Asahan subsidiary in Medan14 and Kuala Tanjung.15 It also lists its supplying mills to these facilities, and includes PT. Ensem Sawita as supplier for the time period from January 2016 to December 2016. PT. Ensem Sawita is also listed as a supplier on older Wilmar mill lists reaching back to at least early 2014.16 2014 was also the first time Wilmar publicly confirmed its relationship to PT. Ensem Sawita in response to a previous RAN report.17

Wilmar’s Kuala Tanjung facility supplies Wilmar refineries in a number of countries, including in the Ukraine,18 which gives Wilmar access to hundreds of global brands selling food, personal care and other consumer manufacturing products to the Eastern European market. Wilmar refineries in Bangladesh,19 China,20 India,21 Vietnam,22 and South Africa23 all are listed as having received palm oil from Kuala Tanjung24 between January and December 2016. The Wilmar/ADM joint venture refinery in Hamburg, Germany also receives palm oil from Kuala Tanjung but PT. Ensem Sawita is not listed as a supplying mill.

There has been no indication by Wilmar of PT. Ensem Sawita’s ongoing connections to palm oil companies including PT. ABN, breaching of its “No Deforestation” policy, or any indication that the company has discontinued sourcing from either problematic supplier. Any Wilmar customers in these regions and countries are at risk of buying Conflict Palm Oil that has been grown at the expense of forests in the Leuser Ecosystem.

LONG TERM SOURCING AGREEMENTS WITH PT. ENSEM SAWITA

Golden Agri Resources (GAR) is another very large global palm oil trader and has one refinery owned by its subsidiary in Medan, PT. SMART Tbk (SMART). GAR also lists PT. Ensem Sawita as one of its suppliers to this refinery during the time period of January to December 2016.25 In GAR’s published progress reports, it says it has helped PT. Ensem Sawita to implement remedial action plans in October 2015 specifically to ensure that no palm oil linked to deforestation is sold by this mill to GAR following an earlier report by RAN.26 GAR’s purchasing relationship with PT. Ensem Sawita reaches back to at least January 2015.27

There has been no indication by GAR of PT. Ensem Sawita’s ongoing connections to palm oil companies including PT. ABN, breaching of its “No Deforestation” policy, or any indication that the company has discontinued sourcing from either problematic supplier. Any GAR customers in these regions and countries are at risk of buying Conflict Palm Oil that has been grown at the expense of forests in the Leuser Ecosystem.

These long term sourcing arrangements with the PT. Ensem Sawita mill show that Musim Mas, Wilmar and Golden Agri Resources all have a history of supply chain links to PT. Agra Bumi Niaga — one of the the most destructive palm oil plantation in the Leuser Ecosystem.
LINKS TO OTHER TRADERS

At least three other major palm oil traders are implicated in the supply chain linking major brands to the destruction of the Leuser Ecosystem by PT. ABN via Medan based traders sourcing from PT. Ensem Sawita.

IOI Group is also amongst the world’s biggest palm oil traders globally and while it has no direct operations in Aceh and Sumatra, it sources palm oil from traders with refineries located in the region. IOI Loders Croklaan published supplier mill lists shows that a number of IOI Refineries have used palm oil from PT. Ensem Sawita including facilities in Channahon (Illinois, USA), Rexdale (Canada), Rotterdam (Netherlands), and Wormerveer (Netherlands). The IOI mill lists reveal that its trading partners GAR, Musim Mas and Cargill are all providing products to the US market that contains crude palm oil sourced from PT. Ensem Sawita’s mill. The IOI mill lists also show that the palm oil originates at the port of Kuala Tanjung and since Wilmar is the main trader in that location with its own refinery it is possible that Wilmar is also involved in this supply chain. IOI’s published grievance list also states that it has raised its concerns regarding non-compliance in the supply chain of PT. Ensem Sawita and a group of mills exposed for their connections to the destruction of the Leuser ecosystem.

There has been no indication by IOI of its knowledge of PT. Ensem Sawita’s ongoing connections to palm oil companies including PT. ABN, breaching of its No Deforestation policy, or any indication that the company has discontinued sourcing from either problematic supplier. Any IOI customers, especially in the USA, are at risk of buying Conflict Palm Oil that has been grown at the expense of forests in the Leuser Ecosystem.

Cargill is one of the world’s largest commodity traders and has an extensive network of trading partners. Cargill’s own plantations and refineries are not located in either Aceh or North Sumatra. Cargill has published its supplying mills, as has its customer IOI (see above), and both listings show that Cargill has been indirectly sourcing from PT. Ensem Sawita (and therefore from PT. ABN) or been involved in the trade of such products.

There has been no indication by Cargill of its knowledge of PT. Ensem Sawita’s ongoing connections to palm oil companies including PT. ABN, breaching of its “No Deforestation” policy, or any indication that the company has discontinued sourcing from either problematic supplier. Any Cargill customers, including PepsiCo and others located in the USA, are at risk of buying Conflict Palm Oil that has been grown at the expense of forests in the Leuser Ecosystem.
ADM is a significant shareholder of Wilmar and one of the world’s largest commodity traders. ADM has no operations of its own in the region, however, for the time period of October 2015 to September 2016 (the latest available data), PT Ensem Sawita is listed as a supplying mill to ADM in North America. A number of European ADM owned refineries also have directly (or more likely indirectly through Wilmar or GAR) sourced palm oil from PT. Ensem Sawita including facilities in Hamburg (a joint venture with Wilmar) and Main in Germany, as well as in Ireland, and France.

There has been no indication by ADM of its knowledge of PT. Ensem Sawita’s ongoing connections to palm oil companies including PT. ABN, breaching of its No Deforestation policy, or any indication that the company has discontinued sourcing from either problematic supplier. Any ADM customers, especially in these regions and countries are at risk of buying Conflict Palm Oil that has been grown at the expense of forests in the Leuser Ecosystem.

GLOBAL EXPORTS FROM BELAWAN AND KUALA TANJUNG

In addition to the movements of palm oil from PT. Ensem Sawita within the supply chains of the major traders there are also exports from the ports of Belawan and Kuala Tanjung to other customers around the world that may contain palm oil originating from this controversial supply chain. According to official Indonesian export data, companies in more than 100 countries received palm oil from these ports between April and November 2016.
MAJOR GLOBAL BRANDS RISK CONNECTIONS TO DESTRUCTION OF THE LEUSER ECOSYSTEM

RAN’s latest field investigation have unearthed new evidence of fresh bulldozing through critical elephant habitat in Indonesia’s Leuser Ecosystem. The links are crystal clear, from destroyed elephant habitat by PT. Agra Bumi Niaga to mills supplying the world’s biggest palm oil suppliers — Wilmar, Musim Mas, Golden Agri Resources, Permata Hijau, IOI, ADM and Cargill — which sell palm oil to hundreds of corporations selling the biggest global brands to consumers across the globe.

Many of the major corporations with the most well-known brands have so-called “No Deforestation” policies in place to prevent exactly this type of incident, but this report shows that without strict enforcement, those policies aren’t worth the paper they’re written on. Amongst these brands are the Snack Food 20 companies that Rainforest Action Network (RAN) has exposed — Campbell Soup Company; ConAgra Foods; Dunkin’ Brands; General Mills; Grupo Bimbo; Hillshire Brands Company; Kraft Heinz Company; Hormel Foods; Kellogg Company; Krispy Kreme Doughnuts; Mars; Mondelez; Nestlé; Nissin Foods Holdings; PepsiCo; The Hershey Company; The J.M. Smucker Company; Toyo Suisan Kaisha, Ltd., Unilever; and more recently others including McDonald’s and Procter & Gamble.

The graphic at left shows that this single case of ongoing deforestation by PT. Agra Bumi Niaga is connected to some of the world’s major brands via a global palm oil supply chain controlled in large part by their suppliers — the traders exposed in this report Wilmar, Musim Mas, Golden Agri Resources, Permata Hijau, IOI, ADM and Cargill. Given that the identified traders in this report are believed to have a combined palm oil market share of well over 60% it is clear that most of the world global brands have business ties to at least one of the traders. It is telling that, to date, there is not a single global brand that has been able to claim it is free of associations with the destruction of the last place on earth where Sumatran elephants still roam. Instead, major brands continue to hide behind corporate greenwash while forests are flattened in the Leuser Ecosystem to make way for Conflict Palm Oil plantations.

If more immediate action is not taken to enforce “No Deforestation” policies these brands will be remembered as the corporate giants responsible for the destruction of the last place on earth where Sumatran elephants, orangutans, rhinos and tigers roamed side by side.
CONCLUSION

This report exposes the actors involved in, or profiting from, the destruction of the Leuser Ecosystem and the shocking truth that despite the wave of “No Deforestation” commitments that have been made by countless corporations, the global palm oil supply chain remains tainted with Conflict Palm Oil grown at the expense of the Leuser Ecosystem. If more immediate action is not taken to enforce “No Deforestation” policies these brands will be remembered as the corporate giants responsible for the destruction of the last place on earth where Sumatran elephants, orangutans, rhinos and tigers roamed side by side.

Find out more on www.RAN.org/LeuserWatch

ENDNOTES


7 Confidential Sources.


Aerial view of recent land clearing by PT. Agra Bumi Niaga.

PHOTO: NANANG SUJANA / RAN