

# No Consent

## Astra Agro Lestari's land grab in Central and West Sulawesi, Indonesia



**Friends of the Earth United States**



Wahana Lingkungan Hidup Indonesia





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Astra Agro Lestari (AAL) is Indonesia's second-largest palm oil company,<sup>1</sup> controlling 297,000 hectares of plantations.<sup>2</sup> AAL lists 41 palm oil subsidiaries operating in eight provinces of Indonesia, including PT Agro Nusa Abadi, PT Lestari Tana Teladan, and PT Mamuang, the subjects of this brief. AAL additionally cites one steel company, two oil refineries, and two rubber plantation companies as subsidiaries.<sup>3</sup>

Through its subsidiaries PT Agro Nusa Abadi, PT Lestari Tana Teladan, and PT Mamuang, AAL is responsible for numerous environmental, human rights, and governance violations. The three subsidiaries are embroiled in protracted land conflicts with local communities in the provinces of Central and West Sulawesi, accused of violent land-grabbing abetted by Indonesian security forces, and implicated in illegal deforestation, forest encroachment, and soil, air, and water pollution with negative impacts to communities' livelihoods. None of the three companies have received the

Free, Prior and Informed Consent (FPIC) of local communities to operate. Community testimonies, field investigations, and desk research reveal that the three AAL subsidiaries are in violation of national laws and regulations, including:

- PT Agro Nusa Abadi (PT ANA) lacks an HGU certificate, the legal permit which gives companies the right to cultivate land. The company is alleged to have forcibly taken over 5,000 hectares of land despite community ownership claims documented through Land Certificates (SKT).
- PT Lestari Tana Teladan (PT LTT) illegitimately claims 1,505 hectares of community-titled land in its HGU certificate and is operating on 321 hectares outside of its permitted concession area.
- PT Mamuang illegally occupies 255 hectares of Indonesia's protected Forest Zone, where it has cleared forests and planted palm oil.





# Summary of Licensing Violations by AAL Subsidiaries

Type of permit	PT Mamuang		PT Lestari Tani Teladan		PT Agro Nusa Abadi	
	Year	Area (ha)	Year	Area (ha)	Year	Area (ha)
Izin Lokasi (Location Permit)	Unknown	Unknown	Unknown	Unknown	2006	19,675
					2007	19,675
					2014	7,244
Izin Lingkungan (Environment Permit)	Unknown	Unknown	Unknown	Unknown	2008	19,675
IUP (Plantation Business Permit)	2000	8,000	2004	5,667	2007	19,675
					2014	7,244
SK Pelepasan Kawasan Hutan (State Forest Release Letter)	1996	7,921	1992	Unknown	Unneeded	Unneeded
HGU (Right to Cultivate Land)	1997	8,000	1994	5,067	Never	Never
Izin Pemanfaatan Kayu (Timber Utilization Permit)	Unknown	Unknown	Unknown	Unknown	2007	19,675

Oil palm plantations in Indonesia require several permits to meet legal obligations. The six permits noted here are particularly important to ensure that forests are not illegally cleared and the rights of communities are not violated. According to publicly available data, the three AAL subsidiaries lack permits to legally operate.

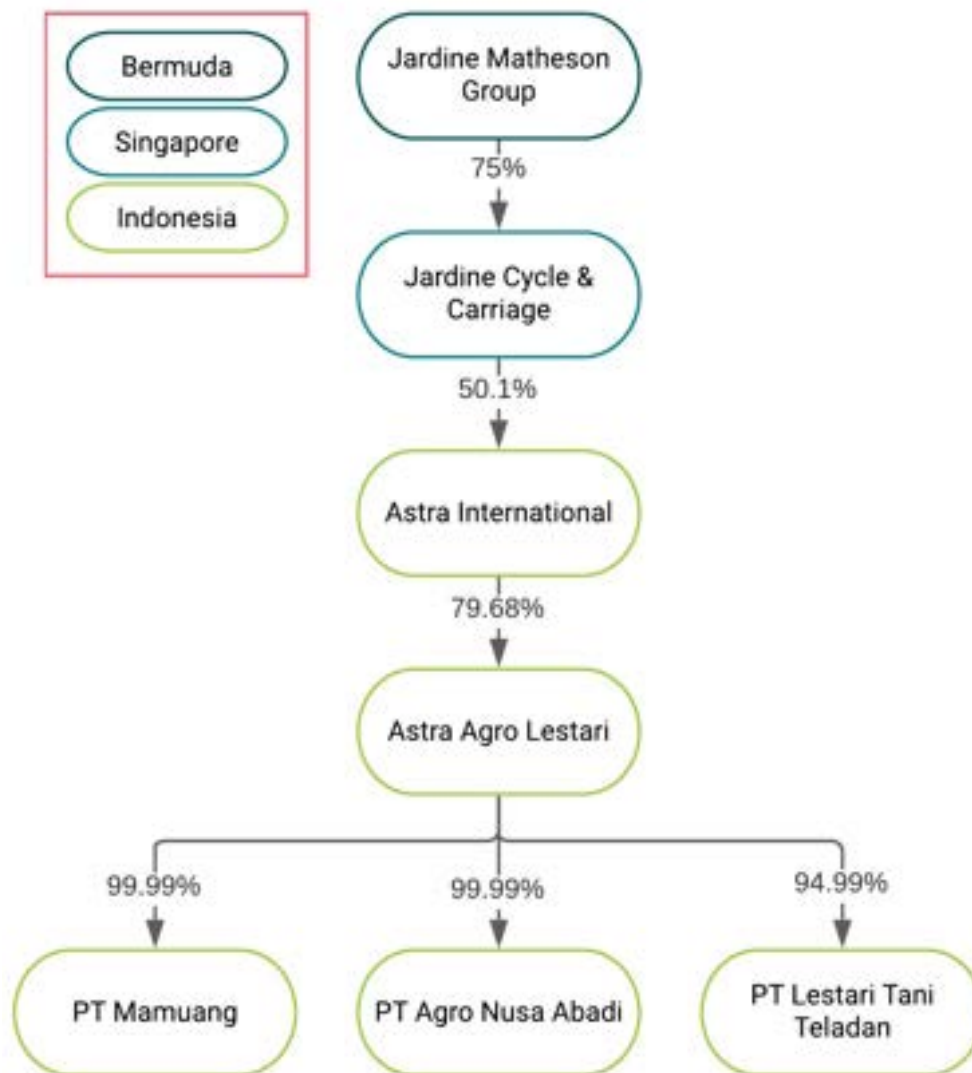


# Ownership of Astra Agro Lestari

Nearly 80% of Astra Agro Lestari's (IDX:AALI) shares are held by its parent company, Astra International (IDX:ASII), the largest independent automotive group in Southeast Asia, with business operations in financial services, mining, agribusiness, infrastructure, and information technology. Jardine Matheson (LSEG:JARB, SGX:J36, BSX:JMHBD), a British conglomerate

headquartered in Hong Kong and incorporated in Bermuda, holds a majority stake in Astra International through a Singaporean subsidiary. Jardine Matheson is exposed to Astra Agro Lestari's oil palm operations in Indonesia through its 75%-owned subsidiary, Jardine Cycle & Carriage (SGX:C07), which in turn holds 50.1% of Astra International's shares.

## Astra Group corporate structure



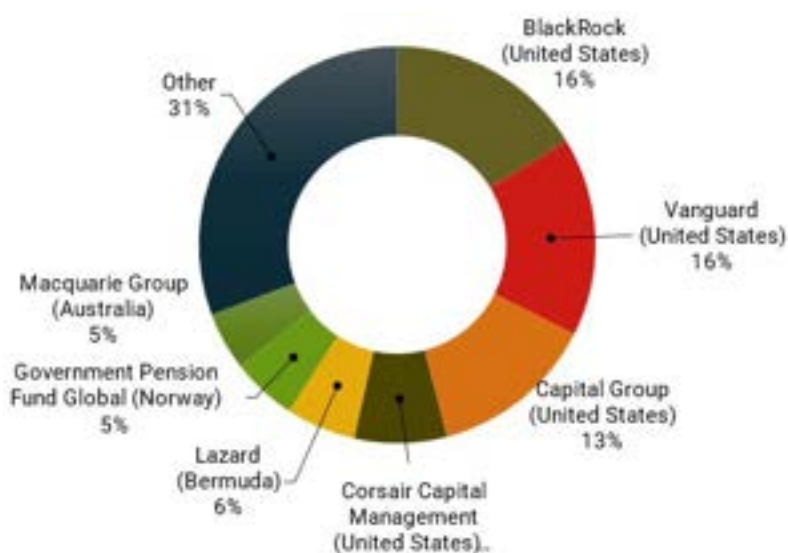
Source: Jardine Matheson (July 29, 2021), Jardine Matheson Holdings Limited Half-Yearly Results for the Six Months Ended June 30, 2021, p. 36; Jardine Cycle & Carriage (November 3, 2021), Jardine Cycle & Carriage Limited Interim Management Statement, p. 2; PT Astra International (October, 2021), Consolidated Financial Statements September 30, 2021, p. 11; Astra Agro Lestari (2021, October), Consolidated Financial Statements September 30, 2021, p. 10.

## Investors and financiers

The largest shareholders in AAL and its parent companies (Astra International, Jardine Matheson, Jardine Cycle & Carriage, and Jardine Strategic of the Jardine Matheson group) are U.S. asset managers BlackRock, Vanguard, and Capital Group.<sup>4</sup> As of November 2021, BlackRock and Vanguard each owned around \$42 million (or 16%) of shares in the group of companies. Notably, while the Norwegian Government Pension Fund Global fund divested from AAL in 2011, it remains invested in AAL's parent companies. At the time of publication, the Norwegian Government Pension Fund Global fund has Astra International "under observation because of the risk of the company being responsible for severe environmental damage."<sup>5</sup>

## Forest-risk shareholdings in AAL and Jardine Matheson group companies (November 2021)

Investor	Value (US\$ mln.)
BlackRock (United States)	42.3
Vanguard (United States)	41.9
Capital Group (United States)	35.1
Corsair Capital Management	19.5
Lazard (Bermuda)	14.8
Government Pension Fund Global	13.9
Macquarie Group (Australia)	12.2
Other	79.7

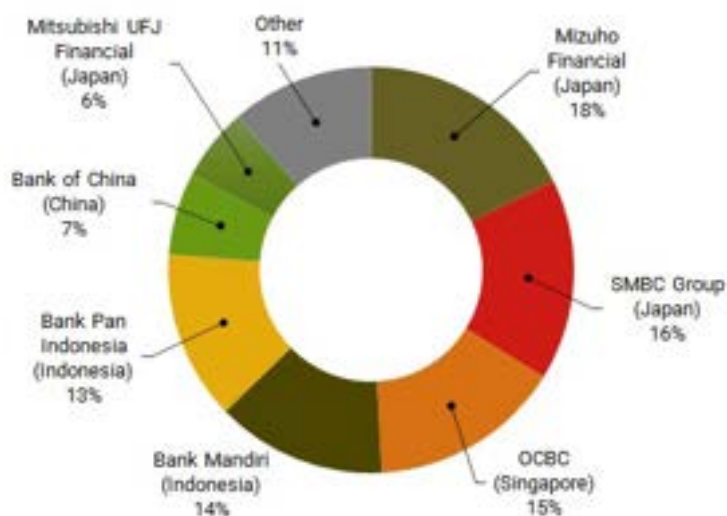


## Forest-risk loans and underwriting services to AAL and Jardine Matheson group companies (September 2016-2021)

Banks providing loans and underwriting services to AAL and its parent companies include Japanese banks Mizuho Financial (\$198.2 million) and SMBC Group (\$178.3 million), Singaporean bank OCBC (\$170.5 million), and Indonesian banks Bank Mandiri (\$151 million) and Bank Pan Indonesia (\$150 million). The Bank of China (\$73.2 million) also provides substantial financial support to AAL and its parent companies.

Creditor	Value
Mizuho Financial (Japan)	198.2
SMBC Group (Japan)	178.3
OCBC (Singapore)	170.5
Bank Mandiri (Indonesia)	151.0
Bank Pan Indonesia (Indonesia)	150.0
Bank of China (China)	73.2
Mitsubishi UFJ Financial (Japan)	64.3
Other	127.0

## Forest-risk loans & underwriting services to AAL and group companies (2016-2021)

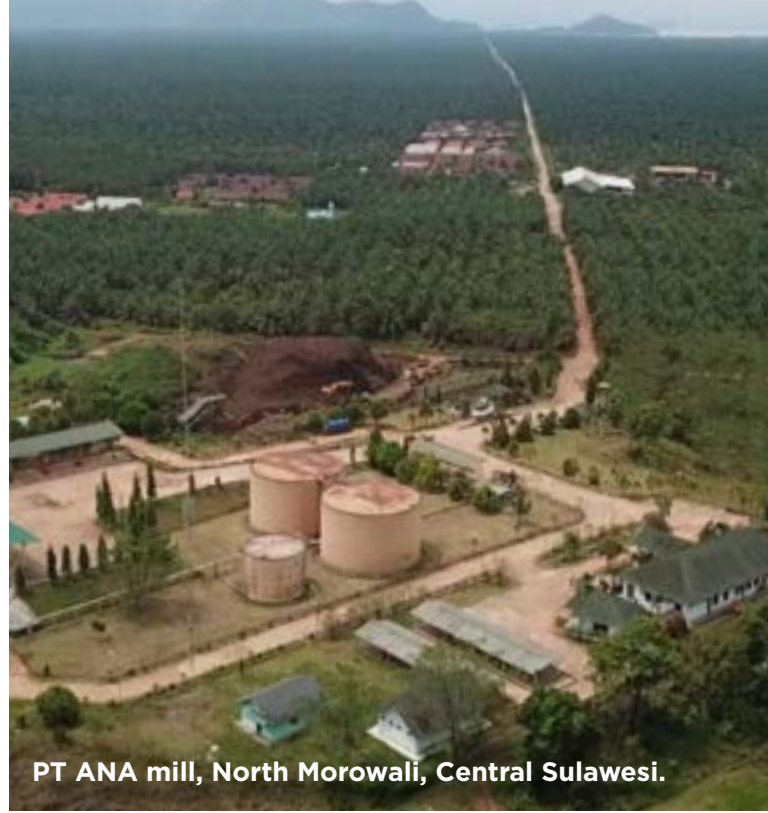




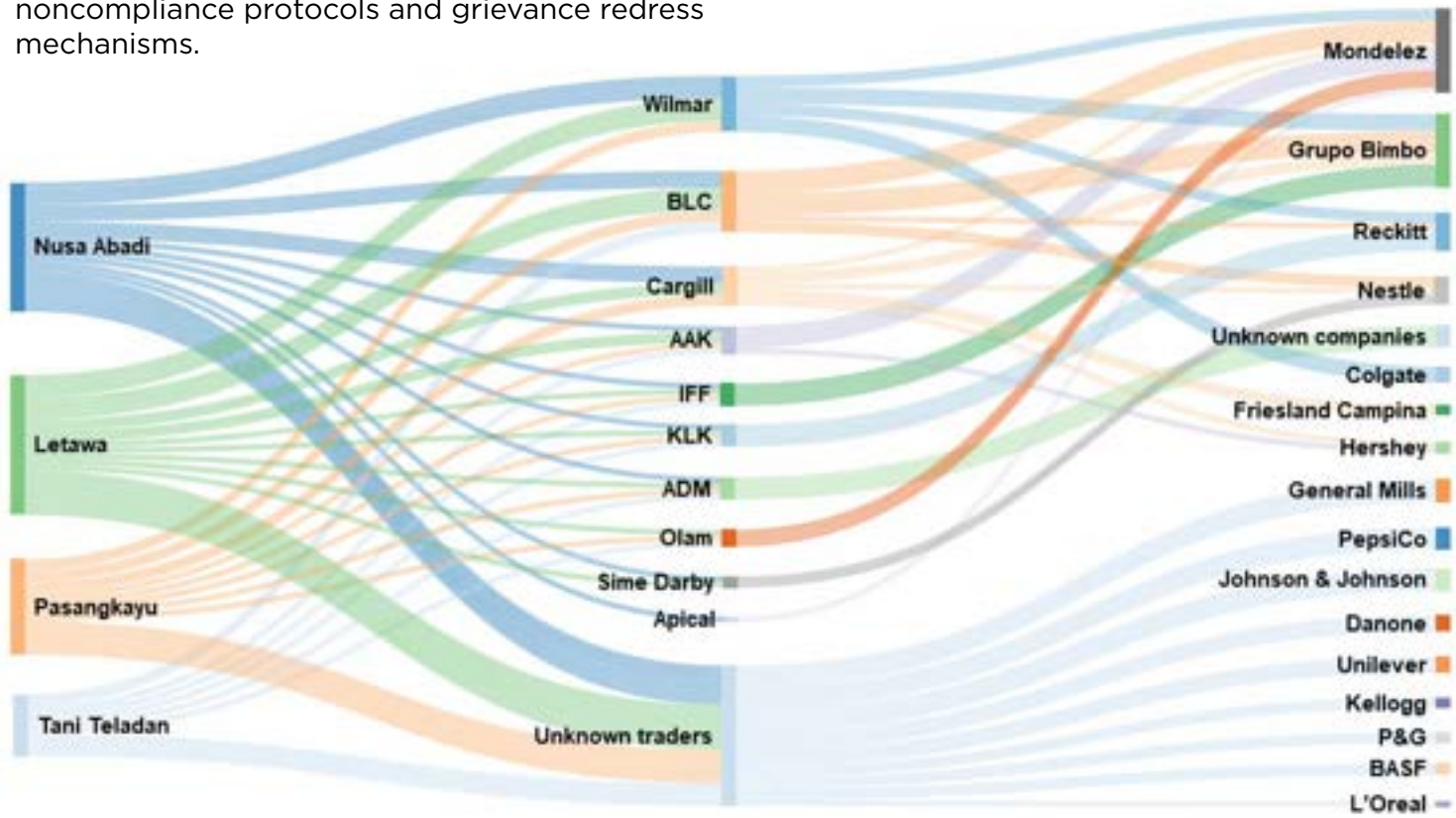
# Supply chain links

A review of publicly available supply chain data shows that PT ANA, PT LTT, and PT Mamuang are known or highly likely to supply oil palm fruit to four palm oil mills owned by Astra Agro Lestari in Central and West Sulawesi: Nusa Abadi, Tani Teladan, Pasangkayu, and Letawa.<sup>6</sup> Further review of published mill lists show that large palm oil traders – including **Wilmar, Sime Darby, Cargill, Archer Daniels Midland, Bunge Loders Croklaan, and Olam** – source from these four mills, and at least 17 consumer brands— including **Procter & Gamble, PepsiCo, Unilever, Colgate Palmolive, Nestlé, General Mills, and Danone**—purchase crude palm oil from AAL and from these mills.<sup>7</sup>

Ongoing environmental and human rights violations by PT ANA, PT LTT and PT Mamuang violate these companies’ No Deforestation, No Peatland, No Exploitation (NDPE) policies, including commitments to respect communities’ land rights and the right to give or withhold Free Prior and Informed Consent to any development on their lands. The presence of palm oil from AAL and PT ANA, PT LTT and PT Mamuang in consumer companies’ supply chains calls into question these companies’ enforcement of their NDPE policies and the effectiveness of their due diligence processes, noncompliance protocols and grievance redress mechanisms.



PT ANA mill, North Morowali, Central Sulawesi.



# Procter & Gamble's role and responsibility as a customer of Astra Agro Lestari

In September 2020, WALHI/Friends of the Earth Central Sulawesi sent a letter to Procter & Gamble (P&G) expressing concerns regarding violations committed by PT ANA, PT LTT, and PT Mamuang.<sup>8</sup>

On behalf of local communities, WALHI urged P&G to stop buying Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) from Astra Agro Lestari and its subsidiaries due to the companies' ongoing human rights violations and failure to comply with Indonesian laws. In response, P&G brought the case to Wilmar International, which buys CPO and PKO from AAL and sells it to P&G. P&G's sustainability managers offered to "facilitate a constructive dialogue between WALHI and Wilmar in the presence of P&G and Friends of the Earth U.S. to further the resolution process." However, after decades of advocacy on behalf of palm oil-affected communities in Indonesia, WALHI expressed little confidence that Wilmar would in good faith resolve and redress community grievances. Reacting to the allegations in the Financial Times,<sup>9</sup> Wilmar responded, "Unfortunately, WALHI has declined the opportunity to engage directly with Wilmar."<sup>10</sup> Wilmar - and P&G - have not yet recognized that WALHI's refusal to meet Wilmar and AAL stems from the fact that impacted Indigenous and local communities have never given their Free, Prior and Informed Consent to PT ANA, PT LTT, and PT Mamuang to develop oil palm plantations on their lands, and their operations are therefore altogether illegitimate in the eyes of the complainants.

Wilmar posted the case in its public grievance list as requested by P&G, but Wilmar's response<sup>11</sup> relied entirely on statements made by AAL and dismissed the grievances without conducting the most minimal due diligence. P&G did not accede to WALHI's request to meet directly to discuss the company's response to the grievances. P&G wrote, "As you know, P&G does not have a business relationship with PT AAL, which means we aren't able to further drive the resolution of this case without the presence of Wilmar and PT AAL."<sup>12</sup>

Nevertheless, P&G and numerous other consumer brands do in fact have a business relationship with AAL as an indirect supplier. As mandated by international frameworks such as the OECD Guidelines for Multinational Enterprises, all companies in the value chain have a responsibility to address AAL's flagrant and persistent violations of Indonesian law and international norms.

At the time of publication, P&G has commissioned an independent assessment of AAL's violations based on an agreement with WALHI and Friends of the Earth U.S. Six months since the assessment was commissioned, and eighteen months after the initial grievance was formally brought to P&G's attention, no results have been reached.



Environmental human rights defender, Central Sulawesi.



# Environmental, Social, and Governance (ESG) risks and impacts

Recent investigations affirm longstanding community grievances indicating that PT ANA, PT LTT, and PT Mamuang are in persistent violation of national laws and regulations, as well as the corporate sustainability policies of consumer brands that source from AAL and financiers of AAL and its parent companies, Astra International and Jardine Matheson.

Communities impacted by AAL's operations in Central and West Sulawesi have struggled for decades against violence, criminalization, and state-supported repression. Communities allege that each of the three AAL subsidiaries has encroached on lands for which they have legal ownership, with thousands of hectares claimed by the companies without community consent. Consequently, the affected communities have experienced significant negative environmental

impacts, including deforestation, flooding, and pollution of soil, air, and water sources.

Communities have also faced intensive repression and human rights abuses resulting in numerous community members being criminalized for practicing their livelihoods on community lands encroached upon by AAL subsidiaries.

According to local rightsholders and civil society organizations, significant responsibility for these violations lies with district and regional governments' failure to enforce and implement existing laws and regulations ensuring companies have secured proper permits and that these permits do not overlap with land legally owned by local farmers and communities.

## Definitions

- **FPIC:** Free, Prior and Informed Consent is an internationally recognized principle enshrined in human rights law that states Indigenous peoples have the right to self-determination and the right to give or withhold consent for activities that impact their ancestral lands or resources after a process of consultation and participation.
- **HGU:** Hak Guna Usaha is a right granted by the Indonesian government to work on land directly controlled by the State. HGU is granted for up to 35 years and may be extended by 25 years. HGU is granted on lands that are larger than five hectares to Indonesian citizens and corporations, including foreign companies.
- **Plasma:** Smallholder farming scheme established as part of a transmigration program set up by the Indonesian government beginning in 1987. Under the scheme, farmers were relocated to oil palm growing areas, partnered with a local company, and exclusively sell produce to the company at a price set by the Indonesian government.
- **SHM:** Sertifikat Hak Milik is a freehold certificate indicating ownership of land.
- **SKPT:** Surat Keterangan Pendaftaran Tanah is a land registration certificate that confirms land ownership.





# PT Agro Nusa Abadi (PT ANA)

## Governance risks and impacts

- PT ANA does not have an HGU certificate, the legal permit to cultivate land. Without an HGU permit, the company may not be paying requisite state taxes.<sup>13</sup>
- Despite documentation of community ownership claims through Land Certificates (SKT) awarded to 1,224 individuals, PT ANA has forcibly taken over community lands in East Petasia subdistrict, covering between 5,000 and 7,000 hectares in the villages of Bunta, Molino, Bungintimbe, Tompira, and Bunta.<sup>14</sup>
- A permit provided to PT ANA was re-issued in 2014 to an area of land only one-third of its original concession size, raising questions about the legality of ongoing operations.<sup>15</sup>
- PT ANA's Plantation Business Permit was illegally awarded in 2007, one year ahead of its Environment Permit (issued in 2008).<sup>16</sup>

- According to a report by the Ombudsman of the Republic of Indonesia, PT ANA's concession overlaps with a transmigration site and with areas of private land. These overlaps, together with other violations cited in the report, led the Ombudsman to recommend a review of PT ANA by the presidentially mandated Oil Palm Licensing Review mechanism.<sup>17</sup>

## Environmental risks and impacts

- PT ANA has reportedly built embankments along the Mintai River resulting in high water levels in community plantations, preventing farmers from harvesting their crops.<sup>18</sup>
- Agrochemical contamination from fertilizers that may be linked to company operations has caused the failure of seaweed crops around the mouth of the Mohoni River.<sup>19</sup>
- Poorly processed palm oil mill waste leaks into the Mintai River estuary and is contaminating community ponds.<sup>20</sup>

**One of numerous wastewater pipes on the PT ANA concession, dumping into a river which formerly provided food for surrounding communities.**





# PT Lestari Tana Teladan (PT LTT)

## Governance risks and impacts

- PT LTT's HGU certificate in Rio Pakava district includes 1,505 hectares of community-owned land under Land Registration Certificate (SKPT).<sup>21</sup>

Community settlements included in PT Lestari Tani Teladan HGU in Rio Pakava District, Central Sulawesi

No	HGU	Village	Land area (hectare)
1.	HGU No. 19010000200005 on 08/09/1994	Village Towiora	459
2.	HGU No. 00019010200019 on 27/11/2002	Village Towiora	3,5
3.	HGU No. 19010000200005 on 08/09/1994	Village Tinauka	1003,8
4.	HGU No. 00019010200027 on 27/09/2006	Village Tinauka	2,6
5.	HGU No. 00019010200026 on 27/06/2006	Village Tinauka	0,4
6.	HGU No. 19010000200006 on 23/11/2001	Village Tinauka	37
Total area of conflicted land			<b>1,505</b>

- There is no evidence in the public domain that PT LTT ever secured location, environmental, or timber utilization permits, raising questions about whether these permits were ever acquired.<sup>22</sup>
- PT LTT appears to manage plantations outside its HGU, covering an area of 321 hectares.<sup>23</sup>
- PT LTT's concession overlaps with the neighboring PT Mamuang concession.<sup>24</sup>
- PT LTT has not fulfilled its legal obligation to allocate 20% of its plantation area as plasma land in partnership with local communities, as mandated by Indonesian law.<sup>25</sup>
- The Donggala District Government continues to tax residents of Towiora and Tinauka villages for their environmental management permit despite the fact that this land is now controlled by PT LTT. This raises concerns of double tax collection by the local government, in violation of the Indonesian Constitution.<sup>26</sup>

## Human rights risks and impacts

- When PT LTT began clearing land in Rio Pakava District in 1993, both PT LTT and PT Mamuang are suspected of taking over 182 hectares of transmigration land in Polanto Jaya Village.<sup>27</sup>
- Currently, there are 55 plots of land whose legal owners have not received compensation from the company, while farmers who did receive compensation for another 127 plots of land argue that they did not receive the full amount promised.<sup>28</sup>
- In 2004, PT LTT, assisted by the Mobile Brigade Corps (BRIMOB), a paramilitary unit of the Indonesian National Police, seized community land in the villages of Towiora, Minti Makmur, Tinauka, and Rio Mukti. Rightsholders allege that the land-grabbing was carried out with violence, intimidation, indiscriminate shooting, and kidnapping. Three residents were criminalized and sentenced to four months in prison.<sup>29</sup>

## Environmental risks and impacts

- PT LTT cleared land and planted oil palm trees on the banks of the Lariang River, widening the river and increasing the threat of flooding. Lands on the outskirts of the Lariang River are slowly eroding, and every year, flooding inundates settlements, according to residents. In May 2019, approximately 40 houses were flooded.<sup>30</sup>
- Improper disposal of palm oil waste has polluted soil, air, and water sources in Towiora Village, impeding community access to clean water, especially during the dry season.<sup>31</sup>
- Laboratory tests of water in wells in Towiora Village conducted in November 2020 found nitrite as much as 18.8 mg/L, total coliform 1100/100 ml, and fecal coliform 15/100 ml, exceeding the threshold mandated by the Ministry of Health.<sup>32</sup>



**WALHI**  
WALAHUHI TERUKAN

**OVERLAY MAP OF TOWIORA AND TINAUKA VILLAGE COMMUNITY LAND CLAIMS OVER PT LESTARI TANI TELADAN HGU CONCESSION AREAS**

0 0.4 0.8 1.6 2.4 KM

**Legend**  
Community Landv Claims

- Tinauka Claim
- Towiora Claim
- HGU Maps





# PT Mamuang

## Governance risks and impacts

- PT Mamuang illegally occupies 255 hectares of Indonesia's protected Forest Zone.<sup>33</sup>
- There is no evidence in the public domain that PT Mamuang ever secured location, environmental, or timber utilization permits, raising questions about whether these permits were ever acquired.<sup>34</sup>
- PT Mamuang's concession appears to overlap with the neighboring PT LTT concession.<sup>35</sup>

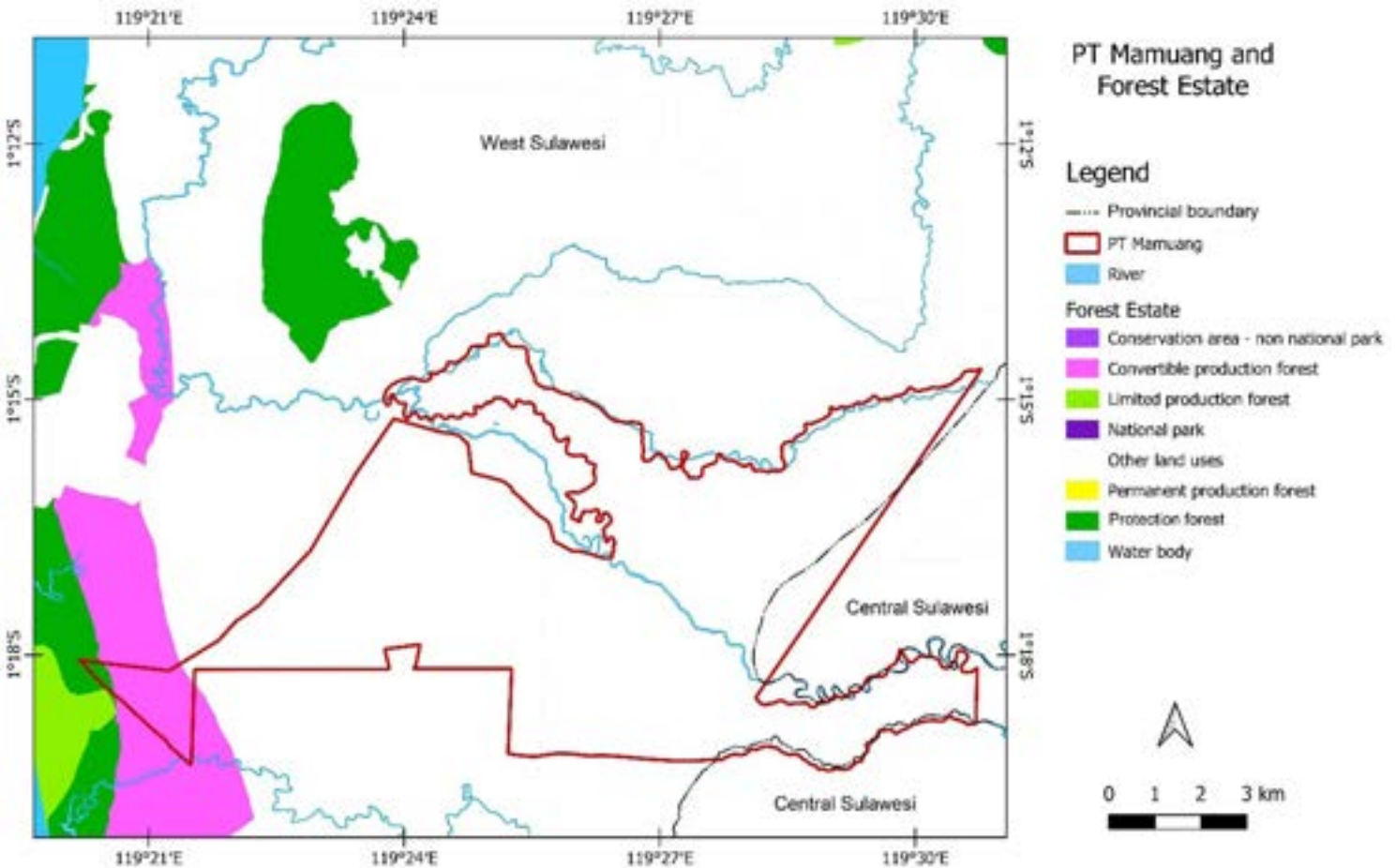
## Human rights risks and impacts

- Land conflicts between PT Mamuang and farming communities in Rio Pakava subdistrict are common. In one instance, 68 farmers from Rio Mukti village claim that PT Mamuang seized 128 hectares of land.<sup>36</sup>

- Beginning in 2017, four farmers from Polanto Jaya village—Jufri Alias Upong Bin H. Laujung, Suparto Alias Baris, Mulyadi, and Sikusman—were criminalized for harvesting palm oil fruit bunches from their own lands, for which they held legal Land Registration Certificates (SKPT) and Freehold Certificates (SHM) demonstrating their ownership. After several court hearings, each side in the dispute was ordered to show documentation of their rights to the land. PT Mamuang failed to provide documentation of its legal rights to the land, but the Pasangkayu District Court sentenced the four Polanto Jaya residents to prison for four to seven months.<sup>37</sup>

## Environmental risks and impacts

- The 255 hectares of protected Forest Zone illegally occupied by PT Mamuang has been cleared of forest and planted with palm oil.<sup>38</sup>



# Land-grabbing, criminalization, and resistance: The Case of Franz Hemsí

Franz Hemsí is a farmer and land defender in Central Sulawesi, Indonesia. Since 2005, farmers such as Hemsí have been embroiled in protracted land conflicts with palm oil company PT Mamuang. As a result of his resistance to the forcible takeover of his and his communities' lands, Hemsí has endured violence, imprisonment, and threats to his life and his family. Hemsí was jailed three separate times on dubious charges despite providing legal documentation of ownership of his ancestral lands. In 2020, after years of struggle, community-led resistance, and legal battles, Hemsí successfully received recognition of his rights to 20 of the 50 hectares of land that PT Mamuang had illegitimately and violently grabbed.

*“I’m not afraid to fight; the struggle doesn’t end here. As long as I’m still alive, I will continue to fight against injustice.” – Franz Hemsí*

In 2005, PT Mamuang began operating in Central Sulawesi, digging trenches between the area claimed by the company and lands owned and managed by local communities. Conflict between the company and farmers intensified the following year as PT Mamuang forcibly grabbed land, destroying farmers' crops, tools, and machinery in the process. Farmers eventually fought back, uprooting oil palm trees from the plantations PT Mamuang had established on their land. These events set in motion a protracted land conflict that continues to this day.

Since it commenced operations, PT Mamuang has never been able to prove that it has a legal right to operate on the land in question. In 2010, the company began harvesting palm fruit at the same time as community members. Conflict ensued, and police arrested two farmers. When Hemsí stood up for his neighbors, he was arrested and imprisoned for three months.

Upon release, Hemsí continued to organize farmers who were fighting to protect their lands and livelihoods. In 2015, the company sent a group of men to intimidate Hemsí and his family. They built an encampment next to Hemsí's land and threatened to kill him and his family if he did not vacate the land. When Hemsí filed a report against PT Mamuang with local police, Hemsí was detained for alleged theft and destruction of property. In 2017, a court found Hemsí guilty, and he was once again sentenced to prison, this time for five months and seven days.

In April 2018, Hemsí contacted the National Land Agency (BPN) to register his land, in hopes of receiving a formal certificate. After conducting measurements, the National Land Agency ruled in Hemsí's favor, determining that his land was not included in PT Mamuang's HGU – the certificate indicating where the company had a right to operate. Nonetheless, Hemsí was again criminalized: On December 15, 2018, one day after his wife gave birth to their third child, Hemsí was picked up by police and charged with theft. In March 2019, Hemsí was found guilty of the alleged theft charges filed by PT Mamuang and was again sentenced for five months in prison. In July 2019, Hemsí filed an appeal to the Supreme Court in Jakarta.

After years of struggle, in June 2020, a total of 20 out of the 50 hectares of land grabbed by PT Mamuang was returned to Hemsí due to his continuous efforts, and he received a formal land certificate from the National Land Agency. Communities in the region remain in conflict with the company, and PT Mamuang and its owner, Astra Agro Lestari, have never been held accountable for the violations or suffering caused to Hemsí and his family.





# Violations of AAL's Sustainability Policy

In 2015, AAL adopted a sustainability policy which applies to “all current and future operations and subsidiaries, including any refinery, mill, or plantation that we own, manage, or invest in as well as all third parties from whom we purchase.”<sup>39</sup> The policy broadly commits to protecting forests, peatlands, and human rights through three main principles: no deforestation, conservation of peatlands, and respect for human rights. The policy commits AAL to adhere to the U.N. Guiding Principles on Business and Human Rights, which explicitly calls on businesses to avoid causing or contributing to adverse human rights impacts and to respect internationally recognized human rights.<sup>40</sup>

All three plantation subsidiaries covered in this brief are in violation of AAL's sustainability policy.

	Adherence to UNGPs	Respect FPIC	Inclusion of smallholders	Grievance resolution and compensation
PT ANA		X		X
PT LTT	X	X		X
PT Mamuang	X	X	X	X



Environmental human rights defenders, Bungintimbe Village, North Morowali, Central Sulawesi



## Recommendations

Companies, banks, and investors must improve their due diligence and risk assessment processes and grievance redress mechanisms in order to hold companies such as AAL and its subsidiaries accountable for continued environmental, human rights, and governance violations. This includes suspending business relationships with AAL and the Jardine Matheson Group until there is resolution of ongoing conflicts and grievances. Instead of relying on third-party certification schemes and company self-reported data, companies and investors should seek to systematically include the perspectives and lived realities of impacted communities as part of their due diligence, risk assessment and grievance redress systems.

### **Astra Agro Lestari, PT ANA, PT LTT, and PT Mamuang should take these steps:**

- Return land back to communities that was forcibly taken without consent and ensure communities' land rights are restored and respected.
- Provide compensation to farmers as restitution for loss of livelihoods and environmental degradation from palm oil operations.
- Issue a public apology for ongoing conflicts with communities.
- Halt all plantation expansion until grievances have been resolved and policies and practices are in place to prevent further violations.
- Dissolve PT ANA, since the company has been operating without an HGU and is responsible for sustained human rights violations.

### **Jardine Matheson should take these steps:**

- Call on AAL to return land to communities, provide compensation to farmers and issue a public apology for ongoing conflicts with communities.
- Call on AAL to dissolve PT ANA, since the company has been operating without an HGU and is responsible for sustained human rights violations.

### **Palm oil traders, including Wilmar, Golden Agri-Resources, ADM, Bunge, Olam and Sime Darby should take these steps:**

- Announce immediate suspension of sourcing from AAL, PT ANA, PT LTT, and PT Mamuang until conflicts with communities have been resolved, land illegitimately taken without consent has been returned and compensation has been provided to affected farmers.
- Adopt and publish comprehensive noncompliance protocols that include clear thresholds for the suspension and termination of suppliers that have violated NDPE policies. These protocols should define time-bound actions that must be taken to resume sourcing from noncompliant suppliers, and independent verification to ensure that all actions taken are in compliance with legal and corporate NDPE standards.

### **Consumer goods manufacturing companies, including Procter & Gamble, Unilever, PepsiCo, Colgate Palmolive, Nestlé, Danone and Johnson & Johnson should take these steps:**

- Suspend AAL at a corporate group level until conflicts with communities have been resolved, land illegitimately taken without consent has been returned and compensation has been provided to affected farmers.
- Adopt and publish comprehensive noncompliance protocols that include clear thresholds for the suspension and termination of procurement from suppliers that have violated their NDPE policies. These protocols should define time-bound actions that must be taken in order to resume sourcing from noncompliant suppliers, and independent verification to ensure that all actions taken are in compliance with legal and corporate NDPE standards.
- Ensure grievance redress mechanisms are transparent and accessible to impacted communities and protect environmental human rights defenders from violence and intimidation.
- Adopt stand-alone policies and procedures ensuring zero-tolerance for violence, intimidation, and criminalization of environmental human rights defenders.



## The Consumer Goods Forum should take these steps:

- Issue a risk alert to all relevant member companies about ongoing environmental and human rights violations by AAL and its subsidiaries.
- Utilize its convening power to act on rhetorical commitments to halt deforestation, environmental destruction, and human rights abuses in the case of AAL and its subsidiaries.

## Creditors and shareholders in AAL, Astra International and Jardine Matheson should take these steps:

- Suspend financing to Astra Agro Lestari and the Jardine Matheson Group until conflicts with communities have been resolved, land taken without consent has been returned, and compensation has been provided to affected rights-holders.
- Adopt and implement No Deforestation, No Peatland and No Exploitation (NDPE) investment policies. Proactively assess clients' and investees' compliance at a corporate group level through robust due diligence and risk assessment processes, independent verification of compliance with investment policies and time-bound plans for grievance resolution.
- Adopt comprehensive noncompliance protocols that include clear thresholds for exclusion from loans, underwriting services, or investments based on material ESG risks.
- Adopt stand-alone policies and procedures ensuring zero-tolerance for violence, intimidation, and criminalization of environmental human rights defenders.

Jardine Matheson Group should call on Astra Agro Lestari to take the steps outlined in this document. Suspension of business relationships with AAL and Jardine Matheson group should remain in place until AAL, PT ANA, PT LTT and PT Mamuang have taken all of the steps outlined in this document. Consumer goods manufacturing companies, palm oil traders, banks and investors must independently verify that these actions have been taken prior to lifting suspensions that have been put in place.

## The Government of Indonesia should take these steps:

- Ensure that PT ANA, PT LTT, and PT Mamuang take full responsibility for the adverse environmental and social impacts of their operations and ensure that communities receive fair compensation, protection from criminalization and restoration of land rights.
- Call on the regent, governor, Ministry of Agrarian Affairs and Spatial Planning/ National Land Agency (ATR/BPN), and Ministry of Environment and Forestry (KLHK) to evaluate PT ANA, PT LTT, and PT Mamuang's existing licenses and permits and hold them accountable for violating laws and regulations.
- Call on the regional government to recognize and protect communities' land management areas which have been grabbed by PT ANA, PT LTT, and PT Mamuang.
- Resolve ongoing land conflicts between communities and companies and implement agrarian reform that respects the land and natural resource rights of communities.



Environmental human rights defenders criminalized for resisting AAL's operations, Central Sulawesi.

## Annex: Methodology

The findings in this report are a result of desk research and analysis conducted by Friends of the Earth U.S. and WALHI, field research conducted by WALHI, and data and analysis provided by experts in Indonesian permitting and licensing regulations, concession ownership, and global palm oil supply chains.

From 2018 to 2021, WALHI conducted field research in Rio Pakava Subdistrict, Donggala Regency and East Petasia District, North Morowali Regency, in Central Sulawesi, and in adjacent lands in West Sulawesi. Research included interviews with impacted communities and land defenders, water tests to assess allegations of contamination, and review of land ownership certificates and Indonesian laws and regulations.

An inquiry into PT ANA, PT LTT, and PT Mamuang's compliance with six key social and environmental licensing requirements was conducted by reviewing documents in the public domain. Concession maps and satellite imagery were overlaid to investigate PT Mamuang's occupation of Indonesia's Forest Zone. Full documentation of findings is on file with Friends of the Earth U.S.<sup>41</sup> Findings were shared with Astra Agro Lestari on January 12, 2022.<sup>42</sup>

Supply chain analysis was conducted by reviewing concession maps, satellite data, and published mill lists to identify connections between traders and consumer brands and mills associated with PT Agro Nusa Abadi, PT Lestari Tani Teladan, and PT Mamuang. PT Agro Nusa Abadi and PT Lestari Tani Teladan appear on universal mill lists. PT Mamuang does not have an associated mill name in mill lists published by consumer brands. Research assumed that palm oil fruit grown in the concessions is processed at the name-associated mills, so that palm oil fruit at PT Agro Nusa Abadi and PT Lestari Tani Teladan is processed at the mills of the same name. According to concession maps, there are two mills in the vicinity of PT Mamuang: Pasangkayu and Letawa. Research presumed that fruit from PT Mamuang is transported for processing at either of these mills.

Research was limited to the most current mill lists produced by consumer goods companies which were downloaded and searched. It is important to note that there is a delay in the publication of mills lists; even where a link has been established between mills and the latest lists published by traders or consumer companies, this is not a guarantee that these links still exist today. Full documentation of findings is on file with Friends of the Earth U.S.<sup>43</sup>

Finally, these findings were shared with Astra Agro Lestari six weeks prior to publication. By the time of publication, Friends of the Earth had received no response.





## Endnotes

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