

Cargill is aware of the claims made by Forest Peoples Programme (FPP), with respect to Cargill's palm oil supply chains in Indonesia.

We take land dispute allegations very seriously and will investigate any issues raised in strict accordance with Cargill's Palm Grievance Procedure. All of our palm oil plantations and operations have and will always comply with all applicable regulations and procedures stipulated by the Indonesian government, in support of the land rights and well-being of local communities.

Cargill is committed to producing and sourcing palm oil in an ethical, environmentally sustainable and socially responsible manner in accordance with our "No Deforestation, No Peat and No Exploitation" (NDPE) [policy](#) and our [Supplier Code of Conduct](#).

Cargill is also firmly committed to using our expertise and constructive partnerships to ensure that all mutual agreements with communities and individuals are clearly defined, documented, and legally established. We remain steadfast in supporting smallholders and local farmers to fulfil our vision for sustainable palm oil cultivation, while fully respecting the rights, culture and wisdom of the communities we work with.

1) Cargill's commitment to respecting community tenure

We would like to state categorically that any land clearing carried out after 2010 has been in accordance with The Roundtable on Sustainable Palm Oil New Planting Procedure (RSPO NPP). The RSPO NPP consists of a set of assessments and verification activities to be conducted by growers prior to a new oil palm development. These assessments are then verified by a Certification Body (CB) to ensure growers have completed all necessary steps to promote responsible planting. Cargill certifies its own oil palm plantations under global and national sustainability standards, including RSPO and International Sustainability and Carbon Certification (ISCC).

Background

Cargill acquired PT Harapan Sawit Lestari (PT HSL) in November 2005, where most of its land area had already been planted with palm, with valid HGU (Hak Guna Usaha) and IUP (Ijin Usaha Perkebunan). Cargill has and continues to make improvements in its processes where there is interaction with our surrounding communities. Focusing on the land acquisition and land dispute settlement process, Cargill has developed a land acquisition SOP (ID Dokumen ISK-SOPPSS/LA.01-R-0) and Land Dispute Settlement SOP (ID Document HSL-SOP-PSS.02-R.03) in May 2005, which promotes the principle of prudence and respect for rights communities on land. There remain some longstanding land claims moving toward resolution regarding PT HSL.

Free, prior and informed consent (FPIC) was adopted as a RSPO Principles & Criteria in May 2013 and as a RSPO member, Cargill has ensured the P&C were executed throughout our plantations and in our land acquisition process and land dispute settlement. Proper land tenure mapping and socialization has been conducted by the company prior to any land acquisition executed by involving local authorities and local communities impacted. The amount of land compensation paid to landowners is in accordance with the values agreed in negotiations between the company and the community. When conducting the groundwork for any land acquisition, Cargill

has always involved local authorities, landowners and communities that border the targeted area. Evidence of land compensation and land transfer documents are kept by the company. Further, the handing over payments of land compensation of PT HSL are documented in photos. Cargill also makes payments directly to landowners, as witnessed by village officials and community leaders of the village. Any landowner(s) who does not agree with the compensation offered, is free to choose to have his or her land excluded from the land acquisition process.

Cargill is guided by the SOP Land Dispute Settlement in dealing with land claims/dispute in our business operation license area. The company will ascertain and map the area first to ensure the land dispute is located inside the company's own plantation, Inti or KKPA concession. The land claimant must meet at least 2 criteria: there is a written statement from the claimant and there is valid supporting documentation issued by the relevant authority held by the claimant. Settlement of land claims result in a legally accountable agreement, which becomes a valid record and evidence, to avoid reoccurrence of the issue on the same place or land objection in the future.

Cargill had also conducted a Social Impact Assessment in 2010 and once again, in 2017 by partnering with Lingkar Komunitas Sawit (LINKS) as consultant, to understand all potential social issues, which have been mapped and addressed in accordance to its priority.

PT HSL has recently completed "Risalah Panitia B" on February 24, 2021, as part of its HGU extension process. This was done in strict accordance with government regulations and our NDPE policy, and it received the full support from local authorities, the head of customary Dayak, local communities, as well as regional and provincial authorities.

2) Issue: The Asam Besar Village complaint

The matter has been settled amicably, with the Complainant and the Asam Besar Village communities are satisfied with the settlement. The RSPO Complaints Panel has delivered its decision to close this complaint against PT HSL on Sep 23, 2020. The moment the case opened, Cargill engaged PT HSL directly and we logged a grievance on our [public grievance log](#).

Background

The allegations raised by the Asam Besar Village to RSPO Complaint Panel (CP) on May 25, 2018 were as follows:

- a. PT HSL commenced replanting activities without proper consent from the local community of Asam Besar, Ketapang Regency, West Kalimantan.
- b. PT HSL was alleged to have unilaterally prepared and signed minutes of the meeting which include the agreement of the local community regarding the replanting, incorrectly implying that the local community accepted the replanting plan
- c. PT HSL failed to respect the local community and traditional customary law (hukum adat) by holding the traditional ceremony event of commencement of planting without the consent of the local community leader and head of villages.

The above complaint was registered and accepted by RSPO CP under Complaint Ref No: RSPO/2018/15/RB and sent to company for clarification on Oct 09, 2018. Cargill conducted an investigation and provided clarification to RSPO on Oct 30, 2018, explaining the basis of the Asam Besar Village complaint was related to a 250-hectare unproductive area located in Betivau Estate of PT HSL, which carries a valid HGU No. 04 Year 1997, issued by BPN on August 28, 1997 and valid until 2032.

PT HSL was replacing the oil palm trees to revitalize the area. PT HSL demonstrated due process prior to executing these activities, including conducting multiple meetings as well as consulting the regional government on Mar 22, 2018, for additional advice and assistance prior to the replacement of the palm trees. The correspondence to the regional government sought the government's support in socializing and making clear the validity of PT HSL's HGU to the community.

In response to PT HSL's correspondence on March 22, 2018, a meeting with the Ketapang regional government was held on March 26, 2018 at the Ketapang Plantation Office. The meeting concluded that:

1. PT HSL's HGU Permit is valid and the company has full rights to conduct its business on the HGU land that it owns
2. PT HSL will only replace the oil palms in the company's own estate, excluding plasma land
3. Before replacing the oil palms, PT HSL must carry out local customary ritual

On March 24, 2018, the company socialized and consulted with the Head of the Asam Besar Village, Community Leaders and Chairman of the Board of the indigenous Dayak about company's CSR programs. And at the same meeting, plans for the necessary local customary rituals required for the replacement of the oil palms on the 250 hectares in Betivau estate were discussed. The Head of the Asam Besar Village requested for PT HSL to also consult the local customary ritual with the Chairman of the Board of the indigenous Dayak, sub-district of Manis Mata.

On May 3, 2018, an invitation letter to the local customary ritual was sent to the Ketapang Regional Government and local authorities. It was, however, rejected by Head of Village Asam Besar, citing customary procedures that dictate how the invitation was to be delivered – which is for the inviting party to present the invitation with a container of rice. PT HSL was not made aware of this before. But as the invitation letters had already been received by many parties, PT HSL was obliged to continue with the local customary rituals on May 5, 2018 which was attended by Muspika (local authorities) Manis Mata, community leaders, management of PT HSL as well as representatives from the Plantation Office on behalf of the Ketapang Regent, and it was led personally by the Chairman of the Board of the indigenous Dayak, Sub District Manis Mata. In the midst of the ritual, the Head of the Asam Besar Village showed up with around 30 people and disrupted the ceremony, claiming the company did not obtain permission from the customary demong of Belian Sunsang, which is the customary holder of the area to be worked on. He shared that Belian Sunsang Customary demong will impose customary punishment on

violations committed by PT HSL and Chairman of the Board of the indigenous Dayak, Sub District Manis Mata.

On May 15 and May 21, 2018, a mediation meeting was held between the management of PT HSL, the Head of Asam Besar Village and staff, the Customary demong of Belian Sungsang and the Ketapang Regional government about the customary law of the Belian Sungsang Customary Head. At the meeting, PT HSL agreed that a follow-up traditional ritual program (2nd part) will be held again in the area where the oil palms were to be replaced.

On May 23, 2018, a local customary ritual was held at the Belian Sungsang Customary demong's traditional house (Bapak Dimpi) and attended by representatives of the Chairman of the Board of the indigenous Dayak, Ketapang District. And it was then agreed that the replacement program (cutting, fell down and chipping) at the Belian Sungsang Village location may start two days after the customary ritual was held.

On May 28, 2018, as part of the customary ritual, fences erected at Belian Sungsang were removed, which meant the company was allowed to carry out the palm trees replacement. The dispute was therefore settled.

On May 29, 2018, the replacement of palm trees commenced.

On September 29, 2018, the first oil palm planting in the revitalised area was attended by the Head of Asam Besar Village, Chairman of the Board of the indigenous Dayak, Sub District Manis Mata, and Management of PT HSL.

From Cargill's perspective, the case with the Asam Besar Village has been closed and CSR programs for Asam Besar Villages are ongoing as per what we have committed and agreed by the Asam Besar Village.

From RSPO's perspective, as the Complaint involved a certified management unit, CP pursuant to section 5.9 of the Complaints and Appeals Procedures (CAP), directed the Secretariat to refer the allegations to the relevant Certification Body (i.e. PT SGS Indonesia) for a verification process. The Certification Body then performed a special audit. This special audit was conducted during the annual surveillance audit from November 11 to 15, 2019 and involved field verification; interviews were conducted with the representatives of the Asam Besar Community and representatives of the Respondent. During the special audit, the Certification Body found that both parties of the Complaint had reached a settlement and during the special audit, the Certification Body also found that the Complainant had also revoked his mandate to Link-AR Borneo to represent the Asam Besar community in this matter. Cargill confirms that the company has never interfered in the Complaint choice/use of representation, neither has it pressured nor induced it to drop relations with Link-AR Borneo. As set out in our Policy on Sustainable Palm Oil, Cargill prohibits harassment, intimidation and the use of violence by anyone associated with Cargill during their work or while performing any activity on behalf of Cargill. This applies to all employees, suppliers, third parties and contractors. Cargill will not tolerate retaliation against anyone who, in good faith, raises a concern or participates in an investigation or whistleblowing.

3) Issue: Disputes around the KKPA and Plasma schemes

PT HSL has acknowledged the grievances raised by the local communities around disputed land allocation and acquisition and is fully committed to addressing this matter in accordance with the company's Social Impact Assessment. PT HSL continues to work with the relevant

stakeholders to develop resolutions in alignment with our policies and NDPE commitment, while respecting the local communities' rights and expectations.

Background

The KKPA scheme and Plasma scheme, implemented by the Indonesian government, allow local communities to become smallholders of palm oil plantations and share in the profit of plantations in their area—with the assistance of PT HSL. Under existing government regulations, PT HSL is required to allocate 20 per cent of company-owned land to smallholder farmers. The current ratio of KKPA vs Inti in PT HSL has already reached 31 per cent, which significantly exceeds the government's requirement.

In the initial stage, the community in the surrounding villages where PT HSL operated were not interested in partnering with the company for the development of plasma KKPA because they were not familiar with palm oil and did not know if the yield and corresponding revenue for these schemes would be adequate. PT HSL also faced rejection from several local farmers, who viewed the loan to finance this development as burdensome.

There was a shift in mindset several years later, when the local community showed more interest in the scheme after those who had handed over their land in return for 2 hectares of palm oil plantation under the program were getting satisfactory returns. Any land belonging to the local community which was developed under the KKPA and Plasma schemes was not reimbursed, as the land converted to palm plantation is owned by the community.

This has led to the demand for Plasma Scheme raised by Asam Besar Village for about 600 households, which remains a top priority for PT HSL. However, it is challenging to realize this goal due to our NDPE policy and considerations around meeting RSPO NPP requirements for any new land clearing and development.

One key issue is the fact that a significant area of plasma KKPA land has been sold to people outside the Manis Mata Subdistrict region—a fact proven by the discrepancies between the names of the people who have been receiving income from the KKPA scheme and the original land owners who were authorized by the local government. These buying and selling activities conducted by the local communities are outside of the management authority of PT HSL. Such activities also come with potential social issues, where the seller is indigenous to the area but has no more land, thus demands new plasma land plot from the company. This situation is further complicated as there is no more land fit for clearance after Cargill endorsed NDPE commitment in July 2014, as most of the local communities and enclave land area are falling under HCV and or HCS criteria.

Clarification to Dayak Keladi indigenous peoples of Manis Mata subdistrict, Ketapang District

The company believes this issue refers to a RAN allegation written by David Gilbert in October 2009. Cargill's official response and clarification on these allegations by RAN can be found on our website via this link: [Cargill statement in response to the RAN report | Cargill](#)

Please let us know if you have further questions and would like to discuss the report in greater detail.

Thank you.