

Earthworm Foundation First Phase Report of Wilmar's Operations Linked to Pasaman Barat Community, West Sumatra January - June 2019

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In September 2018, Wilmar commissioned Earthworm Foundation¹ (EF) to undertake an investigation on criminalisation of a customary leader at Primatama Mulia Jaya (PMJ). As a follow-up, EF conducted a thorough evaluation of chronology of grievances raised as well as Wilmar's internal systems regarding social grievance and resolution at three of Wilmar's subsidiaries in Pasaman Barat, namely PT AMP Plantation, PT Gersindo Minang Perkasa (GMP) and PT PMJ.

The field evaluation was undertaken between 5 – 22 February 2019 in Pasaman Barat, West Sumatra. Over the three-week period, EF engaged in field discussions with approximately 100 stakeholders including, *inter alia*:

1. Local communities (farmers and farmers' groups);
2. Pucuk Adat² of affected communities ;
3. Ninik Mamak³ of affected communities;
4. Head of Jorong⁴ of affected communities;
5. Wali Nagari⁵;
6. Representatives of Cooperatives (or known as KUD/*Koperasi Unit Desa*);
7. Representatives of local NGOs;
8. Management units at PT AMP Plantation, PT GMP, PT PMJ (represented by Unit Manager, Bina Mitra Operational Unit and Bina Mitra Regional of Pasaman and Agam);
9. Wilmar's Bina Mitra Provinces (West Sumatra, North Sumatra and Riau);
10. Wilmar's General Manager of West Sumatra.

The discussions focused on: (i) current policies, procedures and practices related to grievance management in and around each company subsidiary's operational areas; (ii) existing and past grievance cases raised by local communities; (iii) past and current relations between Wilmar's subsidiaries and local communities; (iv) original and historical land acquisition processes during the 1990s linked to existing grievances, and; (v) original establishment of local partnership schemes through land acquisition between the aforementioned companies and local communities linked to the management of plasma. In addition to the consultation process, the EF team also reviewed documentation provided by local communities and Wilmar subsidiaries operational unit management team.

¹ Earthworm Foundation is formerly known as The Forest Trust (TFT).

² Pucuk Adat is head of community in Minang culture.

³ Ninik Mamak is head of clan in Minang culture.

⁴ Jorong is sub-village (*dusun*) in Minang governmental structure.

⁵ Nagari is village (*desa*) in Minang governmental structure. Hence, Wali Nagari is Head of Village.

Based on EF's evaluation, in relation to Wilmar's subsidiaries in Pasaman Barat, three main findings are summarised as follows:

A. Company Operational Management

- There is inadequate external engagement with external stakeholders at local level
- There is a lack of publicly available information on company policies and procedures
- There is a lack of clear accountability over grievance management by senior operational estate management
- There are multiple grievance cases raised by local communities to the local plantation subsidiaries, specifically the "*Bina Mitra*" department (the Local Community Engagement and Land Acquisition team) and the community cooperatives ("*Koperasi Unit Desa/KUD*")
- There is high levels of frustration amongst local communities, associated with the increasing numbers of grievances against the companies and the general lack of coordinated follow-up.

B. Historical Land Acquisition Process and Management

The land development process during the 1990s involved these subsidiaries to some degree; commencing from the hand-over process of customary lands by Ninik Mamak through to plasma management by the cooperative. The management of the land development process is the principle source of major grievances raised by the local communities to the local subsidiaries, primarily due to the lack of clarity between:

- Subsidiary and the government
- Subsidiary and the community cooperatives
- Cooperative and its members
- Subsidiary and contesting customary authorities (e.g. Ninik Mamaks).

C. Community Cooperative Contract Management

In general, governance of many community cooperatives is weak. There is often lack of transparency or accountability by the community cooperative leaders to farmer groups (comprising the cooperative's members), which is a basic capacity constraint facing the good management of contracts and agreements between the community cooperatives and companies. This governance gap is also not addressed in company-community cooperative legal agreements, especially from the historical land acquisition period. This exacerbates the issue, as poor governance of cooperatives is a key source of local grievances.

Based on these findings, EF developed five recommendations to address and close gaps identified. Some of these recommendations are in-progress, while Wilmar continues cooperating with EF to resolving existing conflicts in Pasaman Barat.

No.	Recommendations	Status	Update as of end October 2019
1.	Revise company structures and increase information sharing to enable company-community communication to improve, and to enable Wilmar group level senior management to gain purview and control over grievance management	In progress	Bina Mitra has been restructured while also establishing a dedicated team to resolve the issues in Pasaman Barat. Coaching and training session for the newly dedicated team will take place in the upcoming 18 months, facilitated by EF.
2.	Prepare and operationalise a new and appropriate grievance mechanism with local subsidiaries and suppliers including community cooperatives	In progress	<p>Currently, Wilmar is undergoing a consultation process, led by CORE, to fine tune their grievance mechanism on social aspects. EF is actively involved in drafting and finalisation of the document related within this consultation process.</p> <p>The result of this exercise will be adopted and adjusted for Wilmar's subsidiaries.</p>
3.	Cross-reference all current subsidiaries' plantations and plasma areas to past and existing agreements with communities and community cooperatives	In progress	Wilmar continues to collaborate with EF to identify existing areas and agreements, as well as resolve priority grievances, particularly at PT PMJ, PT GMP, and PT AMP.
4.	Focus efforts on resolving priority grievances around PT PMJ, PT GMP, PT AMP, based upon participatory development principles (which could include developing community programmes), and use the lessons thus learned to inform wider, systemic structural improvements		A similar exercise is also taking place at PT PHP 2, where Wilmar proactively employs social and sustainability approaches to resolve conflict with Maligi communities.
5.	Review and revise as necessary existing and new agreements with community cooperatives in order to bring them in line with the company good governance principles, including conditionality on compliance with company NDPE policies for suppliers	Not yet started	This activity will commence once the activities no. 2-4 completed.

EF will continue to work together with Wilmar to find appropriate solutions with the local communities in Pasaman Barat in line with No Deforestation, No Peat, No Exploitation (NDPE) commitments and international human rights standards and Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria (P&C), while assist Wilmar to operationalise the new grievance mechanism at the operational unit level.