



# Bumitama's diary of destruction

Broken promises, land grabs and illegal palm oil in Indonesia

FACTSHEET | MARCH 2014



**Friends of the Earth Europe**

**mobilize, resist, transform**

**Bumitama Agri Ltd is a palm oil producer in Indonesia. It supplies palm oil to one of the largest global traders in palm oil, Wilmar International, and receives financial support from well-known European banks including HSBC, Deutsche Bank and Rabobank. Palm oil is one of the main crops used in biofuels, food and cosmetics in Europe – fuelling Europe's cars, but also hunger and environmental destruction beyond Europe's borders.**

Despite numerous promises to clean up its act, Bumitama continues to produce illegal palm oil. Satellite imagery and discussions with the company show that Bumitama continues to clear land despite promises to stop doing this within concession areas and manages a plantation without permits in place – bringing illegal palm oil into the supply chain with devastating environmental and social impacts.<sup>1</sup>

The following timeline represents a diary of Bumitama's environmental crimes, focusing on two plantations: the Ladang Sawit Mas (LSM) Plantation and Golden Youth (GY) Plantation in Ketapang district, West Kalimantan. Bumitama is also implicated in three unresolved complaints from the Roundtable on Sustainable Palm Oil (RSPO) in 2012 and 2013.<sup>2</sup>

European financiers like HSBC, Deutsche Bank and Amundi, and US financiers including MassMutual Financial Group, BlackRock, State Street Corporation, Fidelity Investments, and TIAA-CREF are fully aware of the situation in Indonesia, yet do not act, or are ineffectual if they do. Rabobank has engaged with the company, but with no tangible results on the ground.<sup>3</sup>

***Friends of the Earth calls on financiers to cancel their loans, withhold other financial services, and publicly commit to a moratorium on loans and the purchasing of shares in Bumitama, or any company associated with it.***

***Wilmar International, the largest buyer of Bumitama's palm oil and a significant shareholder, should break current contracts with the company and sell its shares.***

In December 2013, Wilmar implemented a 'no deforestation, no peat, no exploitation policy',<sup>4</sup> extending to third-party suppliers as well as its own operations. If this is anything more than an empty gesture, then Wilmar's first step should be to stop sourcing palm oil from Bumitama. The IOI palm oil company, which holds 30% of the shares in Bumitama, should also divest.

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**Key**

- **GY:** Golden Youth Plantation in Ketapang district, West Kalimantan.
- **LSM:** Ladang Sawit Mas Plantation, Ketapang district, West Kalimantan.

## Timeline 1. Diary of Bumitama's environmental crimes

**November 2011**

**GY:** Bumitama takes over management of GY plantation without all of the necessary permits,<sup>5</sup> thus bringing illegal palm oil into the supply chain.



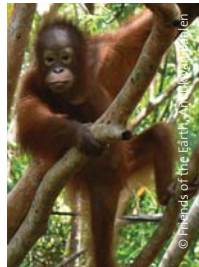
Palm oil nursery in illegal GY plantation.

**April 2012**

**GY:** Bumitama makes its Initial Public Offering on the Singapore Stock Exchange and mentions in the prospectus that for GY plantation not all permits are in place but it still produces palm fruits from the plantation.<sup>6</sup>

**March 2013**

**LSM:** Four orangutans are rescued by International Animal Rescue (IAR) from the LSM plantation and relocated. Endangering orangutans is illegal under Indonesia law.



Orangutan in the rehabilitation centre of International Animal Rescue (IAR).

**April 2013**

**LSM:** A complaint is filed at the Roundtable on Sustainable Palm Oil (RSPO) by International Animal Rescue.<sup>7</sup>

*Bumitama's board of directors commits to stop all land clearing until proper impact assessments and High Conservation Value (HCV) area assessments are completed.<sup>8</sup>*

**May 2013**

**LSM:** RSPO requests Bumitama to stop all activities until complaint is resolved.<sup>9</sup>



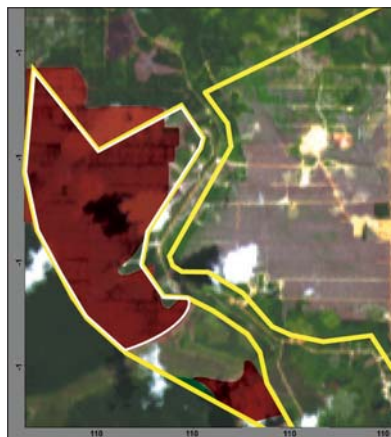
Satiman, villager working in his rice paddy.

**July 2013**

**LSM:** Bumitama commits to do a Land Use Change assessment within 6 months to plan compensation for the lost lands. RSPO requests Bumitama once more to cease development.<sup>10</sup>

**LSM:** Bumitama shares map with stakeholders showing a large HCV area in the west of the concession area.<sup>11</sup>

**Figure 1. Deforestation of High Conservation Value Area (LSM plantation)**



Left image: Landsat image 30 May 2013. Right image: Landsat image 19 September 2013. © satellite analysis AidEnvironment, illustration Milieudefensie/Olga Timmer

September  
2013

**LSM:** International Animal Rescue (IAR) rescues two more orangutans from LSM and relocates them to the adjacent Gunung Tarak forest,<sup>12</sup> revealing continued threat to endangered orangutans.



Orangutan in captivity for the rest of her life. Rescued by International Animal Rescue.

October  
2013

Friends of the Earth makes financiers aware of the problems with Bumitama. Satellite images showing almost 500 hectares of land cleared between April and August 2013 in LSM (including in the marked HCV area, see fig 1), substantiating claims that Bumitama continues to ignore its commitment of April 2013 to stop all activities in LSM, and continues to ignore the requests made by RSPO from May and July 2013. Further evidence of the illegal GY plantation managed by Bumitama is also presented.

**LSM:** Bumitama commits again to stop all land clearing in LSM.<sup>13</sup>

November  
2013

Friends of the Earth publishes the report *Commodity Crimes* showing ongoing land clearing since April in LSM plantation, and new evidence of palm oil production on GY Plantation under Bumitama's management without legal permits, thus producing illegal palm oil.<sup>14</sup>



Oil palm nursery in illegal GY plantation.

January  
2014

**GY:** Bumitama writes in a letter to Friends of the Earth: "The current owner has the experiences ..... to continue with the procedural application to reinstate its permits and licenses," thereby admitting again that the legally required permits are not in place, and that therefore illegally produced palm oil is being brought to the market.

February  
2014

**GY:** Bumitama admits in a call with Friends of the Earth that the GY Plantation does not have the required permits, but refuse to release GY Plantation from their holdings or cease production within the concession.

**LSM:** Satellite images from November 2013 and February 2014 show that Bumitama's LSM plantation continues to clear land, in breach of its latest commitment to RSPO from October 2013.<sup>15</sup> The imagery is shared by AidEnvironment with RSPO and shows land clearing inside and north of a water conservation area in LSM (fig 2).<sup>16</sup>

March  
2014

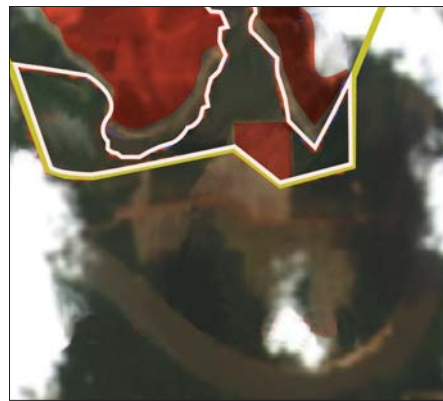
**LSM:** Bumitama shares its HCV Assessment of LSM plantation with Friends of the Earth. The assessment does not include an HCV area noted in previous maps, revealing that HCV forest was cleared between April and August, 2013.<sup>17</sup>



Fresh palm oil fruit.




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**Figure 2. Land clearing after October 2013 (LSM plantation)**



Left image: Landsat image 22 November 2013.  
Right image: Landsat image 10 February 2014.  
© satellite analysis AidEnvironment, illustration Milieudefensie/Olga Timmer

**Legend**

-  Boundary user permit LSM
-  Boundary conservation area
-  Land clearing



Peatland development by Bumitama in LSM concession.

- 1 *Commodity Crimes: Illicit land grabs, illegal palm oil, and endangered orangutans, Friends of the Earth, November 2013:* <http://www.foeeurope.org/commodity-crimes-211113>
- 2 [http://www.rspo.org/en/status\\_of\\_complaint&cpid=40](http://www.rspo.org/en/status_of_complaint&cpid=40)
- 3 [http://www.rspo.org/en/status\\_of\\_complaint&cpid=23](http://www.rspo.org/en/status_of_complaint&cpid=23)
- 4 For details on the financial engagements with the company see the report chapters 2 & 3: *Commodity Crimes: Illicit land grabs, illegal palm oil, and endangered orangutans, Friends of the Earth, November 2013:* <http://www.foeeurope.org/commodity-crimes-211113>
- 5 <http://www.FoEi.org/en/what-we-do/land-grabbing/latest-news/bowing-to-civil-society-pressure-palm-oil-giant-promises-to-end-its-forest-destruction>
- 6 VS. Industry. Annual Report 2012. p.104. [http://vsi.investor.net.my/wp-content/uploads/2012/11/VS\\_AR12.pdf](http://vsi.investor.net.my/wp-content/uploads/2012/11/VS_AR12.pdf)
- 7 Bumitama Prospectus p.134: "As GY has yet to secure some of the licenses required for the operation and management of its plantations, KMS and Westbrook have borne the risk of such non-compliance by acquiring GY from unrelated third parties and entering into the GY Cooperation Agreement with our Group" Bumitama Agri, 2012. Prospectus. [http://files.shareholder.com/downloads/AMDA-WWON6/0x0x663207/8E4A2D0B-7CB0-4B7EBD70-43C682510F24/Bumitama\\_Agri\\_Ltd\\_Prospectus.pdf](http://files.shareholder.com/downloads/AMDA-WWON6/0x0x663207/8E4A2D0B-7CB0-4B7EBD70-43C682510F24/Bumitama_Agri_Ltd_Prospectus.pdf)
- 8 [http://www.rspo.org/en/status\\_of\\_complaint&cpid=31](http://www.rspo.org/en/status_of_complaint&cpid=31)
- 9 [http://www.rspo.org/file/18Apr2013\\_Bumitama-COP-180413.pdf](http://www.rspo.org/file/18Apr2013_Bumitama-COP-180413.pdf)
- 10 <http://www.rspo.org/file/CPFonLSM-NKU-BGA7May2013.pdf>
- 11 [http://www.rspo.org/file/LSM\\_Final\\_Decision\\_CP1July2013.pdf](http://www.rspo.org/file/LSM_Final_Decision_CP1July2013.pdf)
- 12 AidEnvironment – Response to BAL's rebuttal p.6 <https://www.milieudefensie.nl/publicaties/rapporten/aidenvironment-response-and-valuation-of-bumitama-land-clearing-commitments/view>
- 13 Communication with International Animal Rescue.
- 14 [http://www.rspo.org/file/Letter%20to%20BAL\\_221113.pdf](http://www.rspo.org/file/Letter%20to%20BAL_221113.pdf)
- 15 *Commodity Crimes: Illicit land grabs, illegal palm oil, and endangered orangutans, Friends of the Earth, November 2013:* <http://www.foeeurope.org/commodity-crimes-211113>
- 16 [http://www.rspo.org/file/Casecomplaint/RSPO\\_-\\_Valuation\\_of\\_Bumitama\\_Agris\\_commitments\\_to\\_stakeholders\\_and\\_RSPO\\_12\\_Feb\\_2014.pdf](http://www.rspo.org/file/Casecomplaint/RSPO_-_Valuation_of_Bumitama_Agris_commitments_to_stakeholders_and_RSPO_12_Feb_2014.pdf)
- 17 AidEnvironment – Response to BAL's rebuttal p.8&9 <https://www.milieudefensie.nl/publicaties/rapporten/aidenvironment-response-and-valuation-of-bumitama-land-clearing-commitments/view>
- 18 AidEnvironment – Response to BAL's rebuttal p.5&6 <https://www.milieudefensie.nl/publicaties/rapporten/aidenvironment-response-and-valuation-of-bumitama-land-clearing-commitments/view>



**Friends of the Earth Europe** campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.



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