GOODHOPE ASIA HOLDINGS LTD

GROUP: CARSON CUMBERBATCH PLC
HQ: SINGAPORE / SRI LANKA
RSPO MEMBER: YES

Goodhope is a palm oil producer with fifteen concessions in Indonesia and four in Malaysia. Its Sustainability Director, Edi Suhardi, is the Vice President of the Roundtable on Sustainable Palm Oil (RSPO), representing Indonesian growers.

Goodhope is set to announce a No Deforestation, No Peat, No Exploitation (NDPE) policy. It has recently published New Planting Procedure documents as part of the RSPO certification process for one of its Papua concessions.

Good news? Don't buy it. Greenpeace warns traders and buyers against doing business with Goodhope without independent verification that the company has come into compliance with their sustainability standards. This bulletin explains why.

WHAT’S WRONG WITH GOODHOPE’S PALM OIL?

Illegality: Development without proper permits, including a government-approved environmental impact assessment (AMDAL)
Deforestation: Forest clearance, including areas mapped as primary forest
Peatland development: Development of areas mapped as peat
Exploitation: Development without Free, Prior and Informed Consent (FPIC) of affected communities, and the use of state security forces as company guards

MARKET LINKS

According to companies’ responses to Greenpeace, Apical, Cargill, GAR, IOI, KLK, Musim Mas and Wilmar have sourced palm oil directly or indirectly from Goodhope within the last year.

AAK refused to confirm or deny any trade relations with Goodhope. Astra Agro Lestari failed to confirm or deny any trade relations with Goodhope.

Olam informed Greenpeace that it did not source from Goodhope. It directed Greenpeace to a list of its direct suppliers, which — although it did not include Goodhope — did include Wilmar, GAR and IOI, all known to have sourced from Goodhope. Therefore, it is unclear whether Olam has conducted enough due diligence to know whether it has been supplied oil indirectly from Goodhope via these traders.

In February, IOI requested its trading partners to suspend business with Goodhope. IOI issued time-bound conditions for the resumption of trading relations with Goodhope.

In March, GAR informed Greenpeace that it no longer had a commercial relationship with Goodhope. Cargill confirmed to Greenpeace by email that it does not source directly from Goodhope and that the last indirect purchase was through Wilmar in 2016 Q1.
SHOULD YOU BUY GOODHOPE’S SUSTAINABILITY COMMITMENTS?

Goodhope has cleared significant areas of forest in two concessions in Papua: PT Nabire Baru (PT NB) and PT Sariwana Adi Perkasa (PT SAP), including areas mapped as primary forest and peatland. There is an unresolved complaint of social conflict filed against PT NB recognised by the RSPO.

The credibility of any new policy commitment by the company will be shown by its willingness to acknowledge its legacy of illegality and gross non-compliance with RSPO and NDPE policies in these operations, and to restore or otherwise compensate for environmental and social damage. This must be confirmed through credible, independent verification.

This is not the first time Goodhope has pledged to No Deforestation and No Peat development. In late 2016, Edi Suhardi – Goodhope’s Sustainability Director as well as Vice President of the RSPO – shared with Greenpeace a ‘Conservation and New Development Policy’ from May 2013 ‘effective for implementation from this date’. The policy committed Goodhope to not developing ‘High Conservation Value areas and High Carbon Stock areas’ including ‘forest areas with high carbon stock and peat areas’; it also committed the company to compliance with the RSPO New Planting Procedures and FPIC. Edi Suhardi later claimed to Greenpeace that Goodhope did not have a No Deforestation policy and that the document he provided to Greenpeace only stipulated ‘no development on primary forest’. There is no reference to ‘primary forest’ in the policy provided to Greenpeace. For these and other reasons, we say that Goodhope cannot be taken at its word.

ILLEGALITY AND OPERATING WITHOUT PROPER PERMITS

Under Indonesian law, the Indonesian government must approve a company’s environmental impact report (AMDAL) before plantation development may commence.

PT Nabire Baru commenced operations in 2010–11 using a licence issued in 2008. A location permit from the district head of Nabire was issued eighteen months later and the company commenced land clearing, still without an AMDAL.

PT Nabire Baru’s AMDAL was finally approved by the provincial governor on 26 August 2014, by which time Goodhope had cleared considerable areas of forest, including primary forest.

In a letter to RSPO from 2 December 2016, Goodhope admitted that ‘[the] government agencies of Nabire and Papua province are mutually in agreement that commencement of limited oil palm plantation development [in PT Nabire Baru] prior to AMDAL approval was not in line with the legal requirements in Indonesia’; however, in a letter to Greenpeace, Goodhope claimed ‘this irregular issue has legally been clarified’ because it received an environmental permit after the fact.
DEFORESTATION AND PEATLAND DEVELOPMENT

Official land cover maps published by Indonesia’s Ministry of Forestry show that in 2011 PT NB and PT SAP were predominantly forested, including extensive areas of primary forest.

By 2013, Ministry of Environment and Forestry (MoEF) maps show that in PT NB, several thousand hectares of mostly primary forest, including peat forest, had been cleared. MoEF maps show extensive clearance continued in PT NB, including clearance of peat forest, between 2013 and 2015. The maps also show important clearance in PT SAP in that period.

In a letter from Goodhope that has been seen by Greenpeace, Goodhope claimed it had stopped all large scale clearing in July 2015 and that as a result, its bulldozers sat rusting in the field.

Satellite imagery of Goodhope’s Papuan concessions shows clearance and infrastructure development was still taking place between October 2016 and February 2017.

SOCIAL CONFLICT

There has been sustained opposition to PT NB and neighbouring Goodhope concession PT SAP’s operations by the local indigenous Yerisiam people. Indigenous activists maintain that PT Nabire Baru did not obtain the community’s FPIC, having only received permission for selective logging, which would have much less impact on local people.

In their complaint to the RSPO, community members allege that the company cleared the Jarae and Manawari sago groves. These are recognised sacred sites for the Yerisiam Gua people as well as being a critical staple food source for this community. Fully armed security force guards were reportedly present when the sago groves were cut down. In a letter to RSPO on 2 December 2016, Goodhope acknowledged that there were security forces stationed in a barracks within its concessions, and stated that it had asked the company and government to relocate the barracks.

NEW PLANTING PROCEDURE DOCUMENTS ARE NO GUARANTEE OF COMPLIANCE

On 9 March, Goodhope published via the RSPO website documents for consultation, as required under the New Planting Procedures (NPP). No documentation has yet been published for its PT SAP concession, despite clearance including recent road building.

Publication of the NPP documents for PT NB should not be taken as a sign that the company is now coming into compliance either with the RSPO Principles and Criteria (P&C) or with NDPE policy within this concession or at group level.

The RSPO confirmed it had commissioned an independent review and the assessors recommended that the HCV Assessment be redone. The RSPO refused to publish the review or to share it with Greenpeace, as ‘[t]his is only for internal RSPO Secretariat use and decision-making process’.

The RSPO confirmed it had communicated the results of the review to Goodhope and ‘suggested’ the company redo the HCV Assessment. However, Goodhope had ‘requested for the initial NPP documents to be published on RSPO’s website for public notification’.

The RSPO said it ‘strongly recommends Greenpeace to submit comments through the NPP public consultation process’ and that it would ‘follow up accordingly’. Despite acknowledging that Goodhope’s NPP submission is based on inadequate environmental data, it is unclear what actions the RSPO Secretariat intends to take if it does not receive any formal complaints from stakeholders.
Greenpeace’s preliminary review finds major issues with the NPP submission and the accompanying documents. These issues throw into question the technical compliance and factual reliability of the submission; they also raise major concerns in terms of future compliance with NDPE policies and reparation for previous illegal and non-compliant development.

**LEGALITY:** The published NPP does confirm that Goodhope developed significant areas in violation of Indonesian law and in breach of RSPO’s P&C. Notably, the timeline provided in the NPP shows that Goodhope only secured an AMDAL (a legal requirement for development permits) four years after it had commenced its operations.

**PRIMARY FOREST:** Goodhope’s NPP asserts that the company’s 2014 HCV assessment ‘showed that there is no primary forest ... in the location permit of PT Nabire Baru’. Official government land cover maps show that about one-third of PT NB was primary forest in 2011, before significant clearance began. This is supported by preliminary assessment of landsat images from 2006 through to 2013, which show dense, closed canopy.

**BIODIVERSITY/ HCV:** Goodhope’s HCV assessment was conducted in 2011, some six years ago, and was ‘reverified’ in 2014. The survey appears limited to areas that the company was legally required to set aside (eg riparian zones).

**PEAT:** The NPP document asserts that the company’s 2014 HCV assessment ‘showed that there is no ... peat soil in the location permit of PT Nabire Baru’. Official government maps produced both by the Ministry of Agriculture and the Ministry of Environment and Forestry show this is peat. Preliminary field investigations show wetland development. In direct communication with Greenpeace, Goodhope admitted that it had not yet done a detailed soil survey prior to publication of the NPP and that the results were not expected until the end of March 2017.

When Goodhope became a member of the RSPO in December 2014, it was required, as part of the terms of membership, to submit and have approved NPPs prior to new development of its concessions. It has disregarded that requirement for more than two years in the case of PT NB, and the quality, factual reliability and compliance of the current submission is open to question. No NPP has yet been published for PT SAP, despite evidence of important clearance.

On the basis of its actions in Papua, Goodhope appears unable or unwilling to comply with the RSPO’s P&C. In any normal circumstance, this would raise serious questions about its membership of the RSPO. However, given that Goodhope’s Sustainability Director is Vice President of the RSPO, it calls into question the credibility of the organisation itself.
COMPANY REPLY

Greenpeace put these assertions to Goodhope prior to publication.

In an email to Greenpeace on 24 March 2017, Sustainability Director Edi Suhardi notified Greenpeace of the group’s imminent intention to publish an NDPE policy, and to commission a new High Carbon Stock Assessment.

The publication of a new policy does not exonerate the company from liability for illegal, environmentally destructive, and socially divisive development. To be credible, Goodhope’s policy must recognise its legacy and include a time-bound plan to restore or otherwise compensate for destruction. It must also include a commitment to publish credible, independent auditing to demonstrate it is compliant with the new policy.

ILLEGALITY

Goodhope confirmed that the development ‘has compromised the legal procedure’ in an email to Greenpeace on 24 March 2017, but claimed that this did not ‘violate the law’.

PRIMARY FOREST CLEARANCE

Goodhope claimed that the concession area had non-forest (APL) status, and that local stakeholders admitted it was not primary forest. However, ‘in response to the land cover analysis of satellite images’, the company claimed it would be commissioning a new High Carbon Stock (HCS) assessment in April which would be ‘much more reliable than our own satellite imagery interpretations’.

It is unclear why the company published its NPP documents when it planned to revise the assessments they are based on.

SUBSTANDARD BIODIVERSITY AND HCV ASSESSMENT

Goodhope pointed to the lead assessor’s accreditation as a sign of the quality of the work, but added that ‘it is noted that in order to ensure credibility of our operations’ the company would be commissioning a thorough HCS assessment in April.

Again, it is unclear why the company published its NPP documents when it planned to revise the assessments they are based on.

Of note, the lead HCV and HCS assessor, Nyoto Santoso, is associated with other assessments – such as those for Noble – where the quality has been questioned, including by Norway’s Council for Ethics.

PEATLAND DEVELOPMENT

Goodhope claimed that the Ministry of Environment and Forestry’s moratorium map was evidence that there is no peatland in its concession. However, it also said it had commissioned a soil survey in March, with an interim report expected by the end of the month.

The moratorium map is irrelevant as it only maps peatland outside of concession areas. It is unclear why it took the company so many years to commission a soil survey despite this having been identified as a need in 2011. It is unclear why Goodhope published its NPP documents prior to completion of the full soil survey.
SUBSTANDARD AND OUT-OF-DATE SOCIAL ASSESSMENT

Goodhope pointed to the lead assessor’s position as ‘an independent consultant from IPB’. It also claimed that independent review by LINKS found both PT NB and PT SAP had complied with 2008 guidelines on obtaining Free, Prior, Informed consent.

The LINKS review raises as many questions as it answers and has many notes for required improvement, including repeated mentions to the ‘unavailability of documents’.

In terms of the submission being out of date, the company stated that ‘the late submission was due to two factors, firstly the ineligibility of the company to submit the NPP as neither the company nor Goodhope member of RSPO, and secondly long delays due to prolonged review process in RSPO secretariat as we submitted the NPP in 2015 but only uploaded in 2017.’

UNRESOLVED SOCIAL CONFLICT

In an email to Greenpeace on 21 March 2017, Edi Suhardi stated that community had agreed to resolve the conflict through the the RSPO Dispute Settlement Facilities (DSF) mechanism.

However, at the time of publication the RSPO case tracker has not been updated to reflect this agreement. Regardless, the status of the complaint will remain active until settlement is agreed.
WHAT DOES GOODHOPE NEED TO DO TO COMPLY WITH NDPE?

Goodhope must publish a NDPE policy and implement it across its entire operations. This must include restoring or compensating for the areas it developed illegally or without following a valid RSPO NPP process. A first step is an immediate moratorium on any further development. The next step is a credible revision of the HCV and SIA assessments, a credible HCS assessment – following the HCS approach rather than the weak approach currently proposed by the RSPO – and a credible soil survey. In addition to resolving its social conflicts with Papuan communities, the company must put forward for review a time-bound restoration and management plan before proceeding with any new development. It must commit to publish annually independent verification against this policy.

WHAT DO COMPANIES SOURCING FROM GOODHOPE NEED TO DO?

The continued failure of Goodhope to publish an NPP for PT SAP, despite evidence of development, and the questionable quality and compliance of the NPP for PT NB that the RSPO has published should sound alarm bells for consumer companies and traders.

If not triggered already, companies should immediately begin processes to deal with serious non-compliance by producers.

Companies sourcing directly from Goodhope should engage with the company to ensure it publishes a comprehensive NDPE policy and a time-bound plan to implement it, including resolving its social conflicts and restoring areas developed illegally or without following the RSPO’s NPP process.

If Goodhope fails to meet the agreed deadlines or refuses to bring its operations into compliance, then companies should exclude it from their supply chains. Confirmation of compliance should be provided through credible, independent verification.

Companies that indirectly source from Goodhope should insist their trading partners do not supply them with palm oil from Goodhope, and set appropriate, time-bound conditions to determine whether business can resume. This should include credible, independent verification of compliance with NDPE policy including resolving its social conflicts and restoring areas developed illegally or without following the RSPO’s NPP process.

Ultimately, as demonstrated by the case of Goodhope, companies must recognise that the RSPO as it currently stands does not ensure compliance with NDPE policies. Currently, this can only be assured through regular, credible, independent verification. Companies that are members of the RSPO and committed to ensuring that the standard remains meaningful should ensure the the next revision to the P&C is fit for purpose – putting NDPE policy at the heart of sustainability.

More immediately, companies should question the RSPO about why it has published for consultation Goodhope’s non-compliant and factually questionable NPP documents. They should question the influence the company has over the RSPO through its Sustainability Director’s position as Vice President and within working groups. They should question the quality of the assessments delivered by a number of approved assessors and the delays within the RSPO in addressing this.

FURTHER READING

Goodhope’s New Planting Procedures for PT Nabire Baru
RSPO Case Tracker
Letter from Pusaka to RSPO
EIA ‘Who Watches the Watchmen?’
Greenpeace ‘Deadly Trade-off’
Greenpeace ‘Dirty Bankers’

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