

Swadaya Mukti Prakarsa and Link-AR Borneo

Swadaya Mukti Prakarsa (SMP) is a subsidiary of First Resources Limited (FR) that was acquired in February 2013. SMP's primary activity is in oil palm plantation management and it holds concessions in the Ketapang district in the West Kalimantan province of Indonesia.

In May 2015, Link-AR Borneo (Link-AR), a non-governmental organisation, lodged a complaint to the RSPO on SMP.

The issues raised in the complaint were:

1. Land clearance outside permit area
2. Land clearance by burning
3. Unresolved plasma claims
4. Unresolved land dispute and claims by the communities of Batu Daya

Since the complaint was lodged, FR has been in active engagement with Link-AR. This included clarifications as well as the development of a joint work plan to address the concerns raised.

Below is a summary of issues raised by the complainants, our clarification, as well as the follow-up actions that we have taken to address these issues or concerns.

Issue 1	SMP has been clearing land illegally outside its permit area.
Clarification	SMP has not cleared land outside its permit area.
Action taken / Status	FR has requested from Link-AR the position of the alleged illegal land clearing. After verifications, we have confirmed that (i) the alleged area lies within SMP's permit area and (ii) has not yet been land cleared by SMP.

Issue 2	SMP has been clearing land with fires.
Clarification	FR has a zero-burning policy for land clearance. There have been occasional fire incidents in SMP's concession. These were successfully extinguished by SMP's fire-fighting team and were also reported to the relevant authorities. These fires were not intentionally started by SMP for land clearing purposes (as evident by the mechanically cleared wood stacks present at the sites of the fire incident).
Action taken / Status	FR shared its fire handling SOP with Link-AR, for their review and comments, with the objective of improving its SOP. Comments provided by Link-AR have been incorporated into FR's revised SOP. FR has improved its internal fire monitoring process to better detect fires that may be ignited accidentally or deliberately by other parties. SMP has also improved its fire management and monitoring capabilities through additional training of its fire-fighting team and purchase of more fire-fighting equipment.

Issue 3	SMP has not delivered its plasma commitments to the local Batu Daya community.
Clarification	<p>FR acquired SMP in February 2013.</p> <p>Prior to the acquisition, the previous management of SMP had agreed to develop and deliver plasma plantations for the local community. It faced delays in delivering its plasma commitment and has negotiated with the community to extend the plasma deadline to end 2016, in return for a monthly compensation to affected families.</p> <p>Post FR's acquisition of SMP, SMP has continued to compensate the affected families monthly for the plasma deadline extension. Discussions with the affected families are ongoing to finalise the plasma plans.</p>
Action taken / Status	SMP has shared with Link-AR the preliminary details of its discussions and plans of its plasma programme with the affected families.

Issue 4	SMP has not compensated the Batu Daya community for 1,088 ha of customary land that has been used for oil palm planting (in 1996/1997).
Clarification	<p>Planted areas in SMP have already been given HGU status, which indicates that the land has already been compensated for.</p> <p>However, FR is aware of this conflicting claim by the community (which has existed long before FR acquired SMP) and is committed to address the conflict if there are merits to the land claims.</p>
Action taken / Status	<p>As the claims were not adequately substantiated, FR and Link-AR are unable to further investigate and address the matter.</p> <p>Link-AR has advised SMP to invest in more community development projects to develop stronger ties with the community. Link-AR will help to engage the community and provide suggestions on potential projects for SMP's consideration.</p>

Issue 5	SMP has cleared HCV areas (this was not raised in Link-AR's initial complaint to RSPO)
Clarification	SMP has conducted HCV assessment in accordance with RSPO's NPP. Identified HCV areas have not been cleared.
Action taken / Status	FR has shared SMP's HCV report, HCV maps and HCV management and monitoring plan with Link-AR. FR has also facilitated a site visit to SMP's HCV areas in October 2015. Comments provided by Link-AR post the site visit has been incorporated into SMP's HCV management and monitoring plan. The HCV plans are being carried out as planned.

Case Closure

Link-AR is satisfied with the clarifications provided and the follow-up actions implemented by SMP. As such, it has withdrawn its complaint from the RSPO Complaints Mechanism on 13 June 2016. The RSPO formally closed the complaint on 20 July 2016.

SMP will continue to bilaterally update Link-AR on its plasma development programme for the community.