

Disclosure of Management Approach

**Preventing and Resolving Conflicts
with Local Communities**

2023



1. Introduction

Conflict between oil palm growers and local communities is widespread in palm oil producing nations and causes considerable suffering and economic damage for both the indigenous and rural communities and the company involved.

Conflicts commonly arise from complaints relating to:

- Lack of consultation and obtaining control of land without community consent
- Land boundary disputes
- Compensation payments
- Pollution and environmental impacts
- Unrealized promises by companies, particularly over plasma.

If issues are not addressed timely or adequately, the concerned indigenous and rural communities may resort to demonstrations, land occupations or blockades, attacks on property, crop thefts, petitioning and support from media. Both the local communities and the company suffer and so finding ways to prevent and resolve such conflicts is vital.

The primary way that the company prevents conflict is by effective community engagement and Free, Prior and Informed Consent (FPIC). Two-way dialogue between the company and local communities is important to learn about the communities (including land tenure information), to share information about proposed company activities, to seek community consent, to encourage community participation, and to build agreements in accordance with RSPO guidance on FPIC.

2. Community Engagement and Participation

Effective community engagement and voluntary participation is at the core of conflict management. Various methods are utilized (Table 1) to facilitate two-way dialogue between the company and local communities.

Community engagement and participation are a crucial part of FPIC and the assessments that must be carried out prior to company development: land tenure study, social impact assessment HCV and HCSA assessments. Each of these assessments must be carried out by credible and experienced assessors/consultants with the requisite local expertise and cultural sensitivity.

Through the processes of community engagement and participation in these assessments, the company is able to gain the information it requires about land tenure and rights issues, potential or actual areas of conflict, community needs, aspirations and practices in relation to livelihoods and conservation. In doing so, the company can avoid conflicts with local communities by adopting land use management practices that fully consider such issues and that are compatible with the interests and rights of the local communities.

Table 1. Methods of Community Engagement and Participation

Focus Group Discussion (FGD)	A qualitative research method and data collection technique in which a selected group of people discusses a given topic or issue in-depth, facilitated by a professional, external moderator.
Participatory Mapping	The collection of spatial social data in a participatory and inclusive manner with affected communities and other local stakeholders to record and represent the perceptions of local stakeholders. It helps to explore and assess the situation prior to development.
Participatory Rural Appraisal (PRA)	Method to study the conditions and rural life of, with, and by the local communities. It allows village people to share their knowledge of village conditions and life, so that the company can analyze, make plans, take action and drive improvements. It is used to assess social impacts in a participatory manner with local communities.
Individual Interviews	May be conducted face-to-face, or by telephone / online when direct access is not possible.
Consultation	Stakeholder consultations are conducted as a means to verify information gathered, collect new information, assess the validity or credibility of claims, seek opportunities to reduce conflicts from management decision making and gather inputs from various stakeholders for management and monitoring. Effective community consultation is a participatory process that enables communities to articulate their own concerns, and identify the appropriate responses and solutions to problems that affect them.

<p>Community Communication Forums</p>	<p>Community communication forums aim to create a healthy relationship between stakeholders through regular dialogue. They are a place where:</p> <ul style="list-style-type: none"> • The company can inform local stakeholders about company development plans, CSR implementation, and any other matter that directly or indirectly concerns the local stakeholders • Local stakeholders can express themselves, share concerns or grievances <p>Feedback received by the local stakeholders can be used for long-term company sustainability and CSR strategies and to resolve any ongoing issue related to Goodhope’s operations.</p>
<p>Community Requests</p>	<p>Verbal and written requests from local communities are recorded in a book of communications and are addressed in a timely manner. In instances where a complaint is made, the case is addressed by the company grievance mechanism.</p>
<p>Negotiation</p>	<p>The process of negotiation includes: 1) setting the stage; 2) providing space for stakeholder statements; 3) finding common ground; 4) expanding options; and 5) assessing options and building consensus. A mediator may be used to help build trust among stakeholders throughout all stages of the process and to prepare people for the negotiations, familiarize the stakeholders with negotiation procedures, help participants to have realistic expectations clarify interests. Agreements are built on common goals and shared interests rather than individual interests. Successful negotiations lead to agreements among the various stakeholders.</p>

3. Group Grievance Approach

Goodhope has a systematic grievance approach that supports the company in handling complaints, grievances and conflict resolution. It enables stakeholders to raise grievances related to Goodhope's operations and to handle those grievances in systematic and transparent manner aiming for fair outcomes.

The Grievance Approach is aligned with the UN Guiding Principles on Business & Human Rights for the development and implementation of effective grievance procedures (Table 2). The Accountability Framework Initiative (AFi) also embraces these principles (Guideline 9.1).

Table 2. Criteria of company grievance approach

Criteria	Description
Legitimate	Enabling trust from the stakeholder groups for whose use they are intended and being accountable for the fair conduct of grievance processes.
Accessible	Being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access.
Predictable	Providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation
Equitable	Seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms.
Transparent	Keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanisms performance to build confidence in its effectiveness and meet any public interest at stake.
Rights-compatible	Ensuring that outcomes and remedies accord with international recognized human rights.
A source of continuous learning	Drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.
Based on engagement and dialogue	Consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

Complaints from local communities can be received through the following channels:

- Formal complaint systems: via phone call, email, letter or RSPO complaints system
- Direct engagement with stakeholders
- International or national media and publicly available reports

All complaints will be addressed fairly within an appropriate time frame according to our standardized Grievance Approach (Figure 1). We aim to ensure fairness and transparency throughout the grievance handling process and pledge to:

- Ensure that the stakeholders can adequately access the sources of information, advice and expertise necessary to engage in a grievance process to be in a fair, fully informed and mutually respectful position.
- Investigate each complaint independently and involve stakeholders in decision-making processes.
- Ensure the anonymity of the grievance raiser where requested.
- Invite candidates to serve as independent actors for any grievance-related investigations when necessary and appoint independent third parties as recommended according to stakeholder decisions.
- Follow agreed resolution processes and maintain adequate documentary evidence of the settlement process and decisions.
- Ensure that requests for information, company responses, stakeholder engagement activities, negotiation and resolution processes are all effectively monitored and recorded.
- Provide adequate information about the progress of complaint resolution, investigations and findings.
- Inform relevant stakeholders if time schedule adjustments are required, this will be communicated to the relevant stakeholders.
- Allow grievance raisers to lodge an appeal by providing information about problems they deem not adequately addressed.

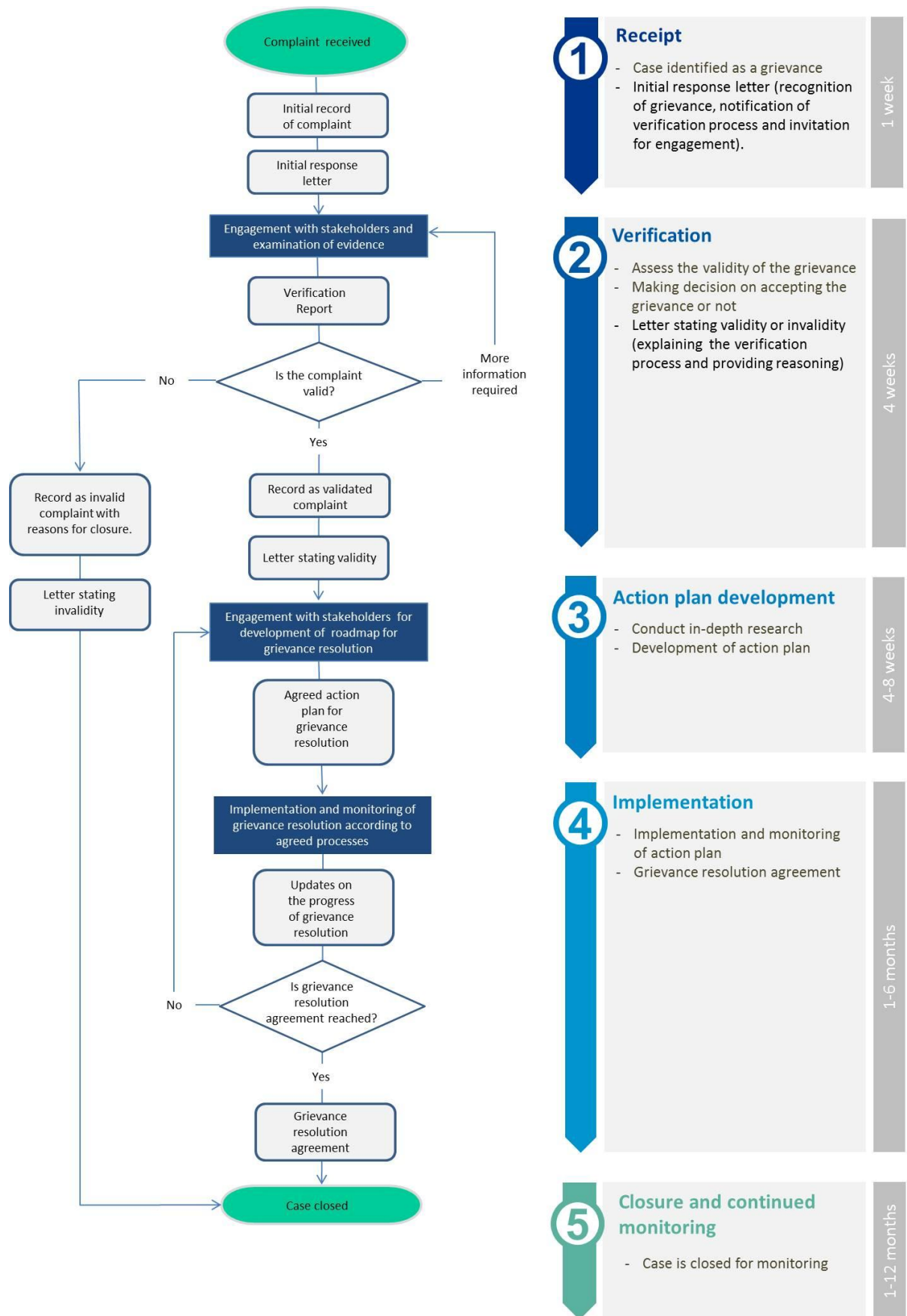


Figure 1. Key Steps of the grievance procedure

4. Channels of Conflict Resolution

There are four main routes for resolving any conflicts that arise between local communities and plantation companies:

1. Direct negotiation
2. RSPO Complaints System
3. Mediation by local government
4. Court process

Ideally, any conflict can be resolved by negotiation between the company and community, resulting in a win-win solution by open communication, maintaining positive relationships with communities.

As conflict escalates, it becomes more difficult to secure a win-win solution by direct negotiation, and resolution approaches involving third parties are sought. Third parties include mediators or the RSPO, with the last resort being litigation. Besides increased cost, any other conflict resolution stage beyond negotiation also consumes time, increases risks and results in hostility.

5. Case Description: Resolution of conflict between Yerisiam Gua Indigenous community and PT Nabire Baru / PT Sariwana Adi Perkasa

5.1 Conflict resolution concerning social and environmental impacts related to corporate land development for oil palm

In April 2016, the indigenous Yerisiam community lodged a formal complaint against the operations of PT NB. They did so through the NGO Yayasan Pusaka as facilitator. Yayasan Pusaka reported issues to the RSPO including: development without a collective decision-making process or consent given by local communities; destruction of Sago groves; and deforestation implicated with flooding.

Continued efforts have been made to address environmental concerns, establish mutual understandings and repair relations between the company and local communities.

The process of conflict resolution included:

- i. **Initial evaluation of allegations** (May – October 2016), including field visit to PT Nabire Baru by Yayasan Psaka with RSPO as observer.
- ii. **Review of Free Prior and Informed Consent (FPIC)**. Goodhope appointed a third party consultant, LINKS to review the implementation of FPIC processes. The integrated assessment considered compliance against both RSPO FPIC Guidelines (2008) and IFC's Performance Standards related to FPIC. The analysis included field visit and comprised document review, in-depth interviews, and participatory focus group discussions to assess compliance with FPIC processes and to develop recommendations for improvement. The review found that both PT NB and PT SAP had been implementing processes in line with the FPIC Guidelines 2008 applicable at the time. A number of recommendations were provided to improve the implementation and documentation of FPIC.
- iii. **Grievance resolution steps set by the RSPO Dispute Settlement Facility (DSF)**. The RSPO Dispute Settlement Facility (DSF) was used to help resolve matters through mutually agreed terms. Parties to the complaint mutually agreed on an independent mediator from the Conflict Resolution Unit (CRU) to facilitate negotiations. As part of the process, a stakeholder-selected assessor team completed a ground assessment with the aim to understand the nature of the conflicts and to identify opportunities for dispute resolution. The assessor team initiated ground assessment in October 2017, gathering information from stakeholder interviews, field observations and Focus Group Discussions. The results of assessments were presented by the CRU assessment team in Nabire on 20th November 2017 feedback was sought from the community regarding approaches for dispute resolution.
- iv. **Abiding with a moratorium on new development**. Goodhope halted all land development in November 2016 and Stop Work Order was subsequently issued upon the lodging of a complaint by the RSPO Secretariat in April 2017. The complaint was made in response to poor quality HCV assessment and the decision to adopt a precautionary approach was taken to prevent further social and environmental impacts due to land development. PT NB and PT

SAP committed to no new development for oil palm until new assessments had been carried out and new planting plan approved by RSPO in compliance with RSPO New Planting Procedures (NPP 2015).

- v. **Implementing a strong 'No Deforestation, No Peatland Development, No Exploitation' (NDPE) Policy.** NDPE Policy was adopted in May 2017.
- vi. **Remediation to address the loss of Sago groves.** Through a consultation process, PT NB and PT SAP established an agreement with the Sima community to remedy for the loss of 7 ha mixed forest and sago area that was cleared within the plasma area of (sub) suku Akaba. 10 ha of land in the PT NB concession has been designated for sago planting for use by the community. Sago planting commenced on 8th December 2016. Should the sago plantation growth be unsatisfactory, Goodhope has committed to replace it with an alternative agricultural program.
- vii. **Negotiation of the Dispute Settlement Agreement** with the indigenous communities, addressing the concerns that were raised. In July 2018, the Yerisiam Community leaders organized a community meeting to discuss among themselves the possible approaches for the amicable settlements of complaints and the terms of agreement. They agreed at the meeting to directly negotiate with PT NB and had the following requests in reaching a mutual agreement: maintaining openness and transparency and seeking community consent prior to any new development; the delivery of compensation; and obligations to form a mutual agreement for the delivery of CSR programs and community participation in the operation of the company oil palm plantations. The settlement agreement was signed by the Yerisam Gua Community and PT NB at a stakeholder meeting on 7th August 2018 and has been notarized by a public Notary on 9th August 2018.
- viii. **Memorandum of Understanding (MoU) on community engagement and empowerment.** Negotiations resulted in the development of a MoU that focused on community engagement and empowerment. The MoU was signed by representatives from company and community on 17th January 2019.

The complaint raised by the Yerisiam Gua Community was settled (including related compensation) via the Dispute Resolution Agreement mentioned above. RSPO Complaints Panel noted that the allegations were settled in its letter confirming the closure of the case: [Decision letter – PT Nabire Baru \(31st January 2019\)](#). Full details of the complaint can be accessed through [this link](#).

PT NB continues to conduct its activities in compliance with the terms of the Dispute Settlement Agreement. The delivery of CSR programs, community participation and remediation of sago groves are being addressed as part of the company's RSPO remediation and compensation obligations. The Remediation and Compensation Plan was approved by the RSPO in November 2021.



Figure 2. Signing of the Dispute Resolution Agreement.