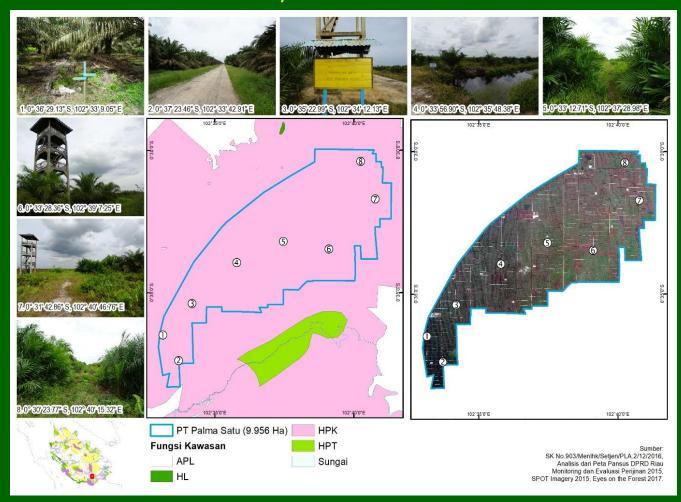


Palm oil plantations operating in the Riau forest estate without permits and linked to allegedly law violations

An analysis of cultivating Forest Estate by 10 palm oil companies referring to Minister's Decree Number 903 year 2016 on Forest Estate in Riau



Investigative Report by Eyes on the Forest Published in April 2018

Eyes on the Forest (EoF) was founded in 2004 by three NGOs in Riau, Sumatra:

Walhi Riau, Jikalahari "Riau Forest Rescue Network" and WWF-Indonesia Central Sumatra Program. Its network members include KKI Warsi in Sumatra; and Environmental Law Clinic, Lembaga Gemawan, Jari Indonesia Borneo Barat, Kontak Rakyat Borneo, POINT, Swandiri Institute, Yayasan Titian, Gapeta Borneo and WWF-Indonesia West Kalimantan Program in Kalimantan.

EoF investigates those who clear natural forests and grab land they do not own in Indonesia. The coalition also informs those who buy products made from commodities grown on these lands and those who regulate the use of these lands.

EoF website: http://www.eyesontheforest.or.id
EoF interactive map: http://maps.eyesontheforest.or.id
Email: editor(at)eyesontheforest.or.id

FRONT COVER:

Palm oil plantation of PT Palma Satu in Indragiri Hulu, Riau. Based on the Decree of Minister Environment and Forestry Number 903/Menlhk/Setjen/PLA.2/12/2016 about Forest Area in Riau Province, the estate belonged to PT Palma Satu of Darmex Group does not have the release permit (IPK) upon the area from the ministry and cultivation rights (HGU). Photos by Eyes on the Forest, ©EoF 2017.

EXECUTIVE SUMMARY

Forest crime in Riau Province is still ongoing until now. One by one Riau forest area continues to be crushed. Special committee on Monitoring Licensing of Estate Crops at Riau Legislative Council (DPRD Riau) previously found there are tens of thousands of hectares of forest illegally cultivated in forest areas by 33 palm oil plantation companies. In addition, there are also companies that open the area of plantations outside the limits of cultivation rights (Hak Guna Usaha, HGU).

Overlay analysis of land cover by WWF-Indonesia in 2016 with Forest Area of Riau Province based on Decree of the Minister of Environment and Forestry No. 903/Menlhk/SETJEN/PLA.2/12/2016, December 07, 2016, indicates that there are approximately 1.4 million hectares of forest area in Riau has been planted with oil palm trees. This figure shows more than 27% of the total forest area in Riau turns into palm oil plantation. The development of palm oil in forest areas may be undertaken by palm oil plantation companies, investors, cooperatives and smallholders.

Eyes on the Forest coalition also conducted direct monitoring on the ground to prove whether forest areas in Riau have been controlled by palm oil plantation companies or not. It's true. From the results of an investigation conducted by Eyes on the Forest in November 2017, found 10 companies indicated to plant palm oil trees in the forest area. Six out of ten companies turned out to be a company that joined the Darmex group (PT Duta Palma). This palm oil business group is linked to a corruption case that imprisoned Annas Maamun (then Governor of Riau) for accepting gratuities to allocate palm oil plantations from forest areas.

It is estimated that the area of 10 companies identified about 73,047 hectares and only has about 40,005 hectares of holding HGU (cultivation rights), meaning there is a plantation beyond the size of the cultivation rights given. Ironically, the HGU permit exists in the forest area. Of the 73,047 hectares of oil palm plantations identified by Decree of the Minister of Environment and Forestry No. 903/Menlhk/Setjen/PLA.2/12/2016, at least 38,169 hectares are located in forest areas, including 33,437 hectares in HPK (convertible production forest), 4,060 hectares in HP (production forest) and 672 hectares in the HPT (limited production forest).

Eyes on the Forest asked the Ministry of Environment and Forestry to conduct an investigation, probe and prosecution of oil palm companies that have developed oil palm plantations in forest areas as monitored by EoF in 10 companies, of which 6 are Darmex group companies and related to corruption cases that imprison (former) Riau governor and palm oil businessmen.

PRELIMINARY

In Article 1 Sub-Article 3 of Law Number 41 Year 1999 concerning Forestry, it is mentioned that Kawasan Hutan is a certain area appointed and or determined by the government to be maintained as a permanent forest. Elaboration of forest areas in Riau Province that listed in several policies issued by Ministry about Forest Estate, among others:

1. Decree of the Minister of Forestry Number 173/Kpts-II/1986, June 6, 1986, concerning to Designation of Forest Estate in Riau Province

The designation of forest area in Riau Province was first based on the Decree of the Minister of Forestry No. 173/Kpts-II/1986 dated June 6, 1986 on appointment of Forest Estate in Riau Province. The Minister of Forestry's Decree has considered the agreement between various agencies related to spatial management, so that later the Minister of Forestry Decree is known as the Forest Use Agreement (TGHK).

Based on the decision by the Minister of Forestry No. 173 / Kpts-II / 1986, almost the entire province of Riau and Riau Islands are included in the category of Forest Estate. The total area of Riau Province and Riau Islands is 9,056,160 hectares, covering 397,150 ha of protected forest, KSA / KPA of 451,240 ha, 1,971,553 ha of HPT (limited forest production), HP (production forest) of 1,866,132 ha and HPK (convertible production forest of 4,770,085 ha. Then after the issuance of Riau Islands Province, the total area of Riau Province reached **8,984,823, 67 hectares.**

2. Decree of the Minister of Forestry Number 7651 / Menhut-VII / 2011, December 30, 2011, on Forest Estate in Riau Province

The Decree of the Minister of Forestry No. 7651 / Menhut-VII / 2011, December 30, 2011, concerning to Forest Estate in Riau Province was issued based on the consideration of the formation of Riau Islands Province which was a part of Riau Province in 2004, before which Riau Islands was one of regencies in Riau Province. Other considerations that need to be updated by accommodating changes in forest area and partial forest function change.

The detailed Decree of the Minister of Forestry has detailed the area based on the function of the forest area, among others: 213,113 ha of protected forest, 617,209 ha of KSA / KPA, 1,541,288 ha of HPT, HP of 1,893,714 ha, and HPK of 2,856,020 ha. Compared with Decree 173 / Kpts-II / 1996, Decision No. 7651 / Menhut-VII / 2011, the area of non-forest area in Riau Province reached 1,863,479.67 hectares 2011.

Most of the change of forest estate designation to non-forest one from the change of Production Forest can be converted (HPK) around 1,298,260 ha. In addition to changes in the designation of forest estate there is also a change in the function of forest areas, where in Decision 7651 / Menhut-VII / 2011 there is the addition of Production Forest about **556,807 ha.**

3. Decree of the Minister of Forestry Number 878 / Menhut-II / 2014, September 29, 2014, on Forest Estate in Riau Province

Considering the demands of development dynamics and optimizing the function of forest estate after the issuance of SK 673 / Menhut-II / 2014 and in the framework of forest area, SK 878/2014 is issued. Viewed from the width of each forest estate function in accordance with SK 878/2014 almost entirely accommodate SK 673/2014, such as Protection Forest (HP) covering area of 2334,015 ha, KSA (nature reserve zone) / KPA (nature conservation zone) of 633,420 ha, HPT of 1,031,600 ha, HP area of 2,331,891 had an HPK covering an area of 1,268,767 ha.

Compared to the Decree of 7651 / Menhut-VII / 2011, Riau Province has changed into non-forest estate reaches 3,485,130.67 hectares until 2011. Most of the change of forest estate designation become non-forest area from the change of Convertible Production Forest (HPK) about 1,298,260 ha. In addition to changes in the designation of forest estate there are also changes in the function of forest estate, where in SK 878/2014 there is the addition of Production Forest (HP) about 438,177 ha.

4. Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, December 07, 2016, on Forest Estate in Riau Province

Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, December 07, 2016, on Forest Estate in Riau Province considering the letter of Director General of Forestry and Environmental Planning Number S.1204 / PKTL / KUH / PLA .2 / 11/2016 dated November 11, 2016 for the review of the attachment map SK 878/2014, where there is a reduction of Forest Estate of 92,701 hectares of 5,499,693 total forest estate in Riau Province. Such reductions are:

- a. Deduction of 65,125 hectares due to changes in the designation of forest estate to non-forest area in accordance with Minister of Environment and Forestry's Decree Number 314/ MenLHK / Setjen / PLA.2/4/2016 dated April 20, 2016, as amended by Decree of the Minister of Environment and Forestry number 393 / MenLHK / Setjen / PLA.2 / 2016 dated May 23, 2016. b. Reduced area of 25,731 hectares as has been released by the Minister of Forestry number 878/2014.
- c. Reduction of 13,735 hectares due to administrative boundaries between Riau and Jambi provinces. 3,761 hectares reduction due to administrative border users between Riau Province and West Sumatra.
- d. Addition of 15,665 hectares due to the use of Topographic Map of Indonesia 1:50 in 2016 with the adjustment of beach base, river and lake on the Forest Estate of Riau Province map.

Table 1. Chronology of Riau Province Forest Estate (regulation period 1986-2016)

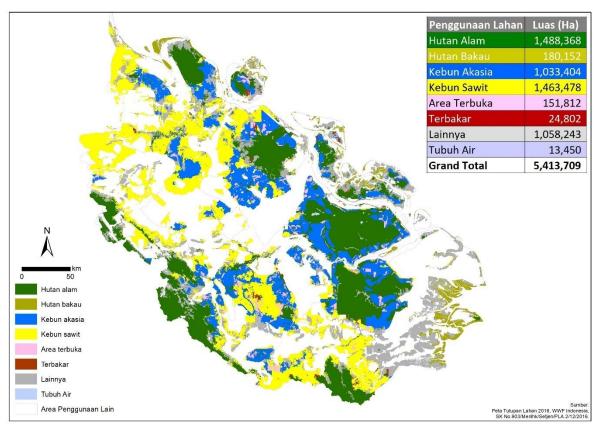
| Fungsi Kawasan Hutan | TGHK-173/Kpts- II/1986, "termasuk Provinsi Kepulauan Riau" | TGHK-173/Kpts- II/1986, "setelah di keluarkan Provinsi Kepulauan Riau" | 7651/Menhut- VII/2011 | 878/Menhut- II/2014 | 903/Menlhk/20 16 | % |
|--|--|--|--------------------------|------------------------|---------------------|---------|
| | (ha) | (ha) | (ha) | (ha) | (ha) | (ha) |
| Hutan Lindung | 397,150 | 271,841.00 | 213,113.00 | 234,015.00 | 233,910.00 | 2.60% |
| KSA/KPA | 451,240 | 438,835.00 | 617,209.00 | 633,420.00 | 630,753.00 | 7.02% |
| Hutan Produksi Terbatas (HPT) | 1,971,553 | 2,663,960.00 | 1,541,288.00 | 1,031,600.00 | 1,017,318.00 | 11.32% |
| Hutan Produksi Tetap (HP) | 1,866,132 | 1,336,907.00 | 1,893,714.00 | 2,331,891.00 | 2,339,578.00 | 26.04% |
| Hutan Produksi yang dapat di Konversi | 4,770,085 | 4,154,280.00 | 2,856,020.00 | 1,268,767.00 | 1,185,433.00 | 13.19% |
| Kawasan hutan Propinsi Riau | 9,456,160 | 8,865,823.00 | 7,121,344.00 | 5,499,693.00 | 5,406,992.00 | 60.18% |
| Perairan | | 119,000.67 | | | | |
| Bukan Kawasan Hutan di Propinsi Riau | - | 119,000.67 | 1,863,479.67 | 3,485,130.67 | 3,577,831.67 | 39.82% |
| Luas Wilayah Propinsi Riau | 9,456,160 | 8,984,823.67 | 8,984,823.67 | 8,984,823.67 | 8,984,823.67 | 100.00% |
| Luas (ha) berdasarkan dokument SK 173/ | | | | | | |

The function of forest estate in Riau province based on spatial plan regulations issued by the Government. From table 1, it shows that 60% of the area of Riau Province was a forest estate. However, the possibility of forest area in Riau province would decrease because forest encroachment in Riau has still been going on until now. Special Committee in Monitoring Licensing of Plantation Estate in DPRD Riau previously found there were tens of thousands of hectares of forest illegally cultivated in forest areas by 33 palm oil plantation companies. In addition, there were also companies that open the area of plantations outside the limits of Hak Guna Usaha (HGU, cultivation rights). The Riau People's Coalition in 2017 had reported 33 oil palm plantations to the Riau Regional Police on charges of unauthorized use of forests and land. The company was suspected of developing oil palm plantations in forest areas that cost the state Rp 2.5 trillion. (https://nasional.tempo.co/read/836501/exploitation-high-sound-33-company-sawit-reported)

The Eyes on the Forest coalition conducted field monitoring in 10 of 33 oil palm plantations to prove whether forest areas in Riau have been controlled by oil companies by ignoring regulations prohibiting forest areas for plantations. A number of reports related to the use of area for palm oil plantations in Riau can be downloaded at www.eyesontheforest.or.id.

Findings of Investigation Results

Overlay analysis of land cover by WWF Indonesia in 2016 with Forest Estate of Riau Province based on Decree of the Minister of Environment and Forestry No. 903 / MENLHK / SETJEN / PLA.2 / 12/2016, December 07, 2016, indicates that there were approximately 1.4 million hectares of forest areas in Riau had been planted with oil palm. The mentioned number meant over 27% of total forest area in Riau has converted into palm oil plantation. The development of palm oil in forest areas was indicated undertaken by palm oil plantation companies, investors, cooperatives and smallholders.



Land cover Map 2016, WWF-Indonesia. From a land cover analysis by WWF-Indonesia 2016, there are 1.4 million hectares of palm oil plantations within the forest area, of which the largest concession area of Convertible Production Forest (HPK) is around 538,915 hectares, Limited Production Forest (HPT) of 378.876 hectares, Production Forest (HP) of 373.178 ha, while 100.259 hectares of protected forest and KSA (nature reserve zone) / KPA (nature conservation area) approximately 72,250 hectares.

Table 2. Analysis of land cover 2016 in Riau Province

| Class of forest cover | Size (ha) | % of total | KSA/KPA | % of Forest Cover class | HL protected forest | % of Land class | НРТ | % of Land class | НР | % of Land class | нрк | % of Land class |
|-----------------------|-----------|---------------|---------|-------------------------------|---------------------------|--------------------|-----------|-----------------------|-----------|--------------------|-----------|-----------------------|
| Burnt | 24,802 | 0.5% | 4,786 | | 573 | 2.3% | 6,941 | 28.0% | 7,052 | 28.4% | 5,450 | 22.0% |
| Open land | 151,812 | 2.8% | 10,564 | 7.0% | 1,210 | 0.8% | 12,657 | 8.3% | 117,873 | 77.6% | 9,508 | 6.3% |
| Mangroves | 180,152 | 3.3% | 7,442 | 4.1% | 14,922 | 8,3% | 134,776 | 74.8% | 716 | 0.4% | 22,296 | 12.4% |
| Oil palm | 1,463,478 | 27.0% | 72,250 | 4.9% | 100,259 | 6.9% | 378,876 | 25.9% | 373,178 | 25.5% | 538,915 | 36.8% |
| Forest | 1,488,368 | 27.5% | 465,646 | 31.3% | 80,664 | 5.4% | 189,231 | 12.7% | 698,693 | 46.9% | 54,134 | 3.6% |
| Others | 1,058,243 | 19.5% | 54,241 | 5.1% | 35,943 | 3.4% | 206,086 | 19.5% | 220,411 | 20.8% | 541,562 | 51.2% |
| Acasia | 1,033,404 | 19.1% | 12,763 | 1.2% | 90 | 0.0% | 85,069 | 8.2% | 922,722 | 89.3% | 12,760 | 1.2% |
| Water body | 13,450 | 0.2% | 3,860 | 28.7% | 884 | 6.6% | 3,820 | 28.4% | 1,968 | 14.6% | 2,918 | 21.7% |
| Total | 5,413,748 | | 631,552 | | 234,545 | | 1,017,495 | 0 : | 2,342,613 | | 1,187,543 | 0 |

An investigation conducted by Eyes on the Forest in November 2017 found 10 companies indicated to operate in forest areas where 6 of them were companies affiliated to the Darmex group (Duta Palma affiliates and its group). It was estimated that the 10 companies were identified planting oil palm trees about 73,047 hectare which has only about 40,005 hectares of HGU cultivation rights. Ironically, the HGU cultivation right **is allocated inside the forest area**. Of the 73,047 hectares of oil palm plantations identified by Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, so 38,169 hectares are located in forest areas, with details: 33,437 hectares in HPK, 4,060 hectares in HP and 672 hectares on the HPT.

Table 3. Findings of EoF monitoring on oil palm plantation companies in forest estate

| No | Nama Perusahaan | Group | Luas berdasarkan analisis citra 2015 dan pengamatan lapangan | Luas HGU | Luas Kel | 0 | | | |
|----|--------------------------|--------------------|---|-----------|-----------|----------|--------|------|-----------|
| | | | | | НРК | HP | HPT | HL | APL |
| 1 | PT Banyu Bening Utama | DARMEX | 7.653,00 | 6.420,00 | 7.582,00 | | | | 71,00 |
| 2 | PT Gandaerah Hendana | Gandaerah Grup | 14.798,00 | 13.870,00 | 663,00 | | | | 14.135,00 |
| 3 | PT Kencana Amal Tani | DARMEX | 9.554,00 | 9.217,00 | 5.300,00 | | | | 4.254,00 |
| 4 | PT Kharisma Riau Sentosa | | 1.519,00 | | 1.519,00 | | | | . + |
| 5 | PT Palma Satu | DARMEX | 9.956,00 | | 9.956,00 | | | | |
| 6 | PT Panca Agro Lestari | DARMEX | 3.719,00 | | 3.350,00 | | 367,00 | | 369,00 |
| 7 | PT Peputra Supra Jaya | Peputra Masterindo | 10.670,00 | | | 4.060,00 | 173,00 | | 10.670,00 |
| 8 | PT Seko Indah | DARMEX | 1.014,00 | | 936,00 | | | | 78,00 |
| 9 | PT Eluan Mahkota | DARMEX | 5.880,00 | 5.951,00 | 1.483,00 | | | | 4.397,00 |
| 10 | PT Hutahean | Hutahaean Grup | 8.284,00 | 4.547,00 | 2.648,00 | | 132,00 | | 5.636,00 |
| | Total | 300 | 73.047,00 | 40.005,00 | 33.437,00 | 4.060,00 | 672,00 | 3.50 | 39.610,00 |

The table shows the area covering by EoF field investigation and by landsat satellite image 2015. The findings indicate that development of oil palm plantations by 10 companies within the forest area is very clear that it violates Indonesian regulations that do not allow the expansion of oil palm plantations within the forest area as regulated in:

• Law no. 18/2013 "Prevention and Eradication of Forest Destruction"

Article 17, (2) Everyone is prohibited: b. conduct plantation activities without the Minister's permission within the forest area;

• Law No. 41/1999 "Forestry"

Article 50, (3) Everyone is prohibited: a. do and / or illegally use and / or occupy the forest area; which means working on forest areas is to cultivate land in forest areas without obtaining permission from authorized officials, such as for cultivation, for agriculture, or for other enterprises.

All activities of palm oil cultivation in Indonesia must be implemented in accordance with the provisions of applicable legislation. **The regulations in Indonesia related to palm oil plantations are**:

- Law No. 39 of Article 42 of 2014 concerning Plantation, Plantation Cultivation Business and / or Plantation Product Processing business as referred to in Article 41 paragraph (1) can only be done by Plantation Company if it has obtained the right to land and / or Business License Plantation.
- Regulation of the Minister of Agriculture of the Republic of Indonesia Number 98 / Permentan
 / OT.140 / 9/2013 About Plantation Business License Agreement Article 8, Plantation
 Cultivation Enterprises with an area of 25 (twenty five) hectares or more shall have IUP-B.
- Regulation of the Minister of Agriculture Number: 26 / Permentan / Ot.140 / 2/2007
 Concerning Guidelines on Licensing of Plantation Enterprises, Article 6 (1) Cultivation of plantation crops as referred to in Article 3 paragraph (1) with land area 25 (twenty five) hectares or more shall have a license.
- Decree of the Minister of Agriculture No. 357 / Kpts / HK.350 / 5/2002 Regarding Plantation Business Licensing Guidelines, Article 4 (1) Plantation Cultivation with a land area of 25 ha or more shall have IUP.
- Law no. 5 of 1960, Regarding the Basic Regulations on Agrarian Principles, Article 28 Right to use is the right to cultivate land directly controlled by the State, within the period referred to in article 29, for agricultural, fishery or livestock enterprises.

The following is a detailed explanation of 10 companies and oil palm growers whose area is within the forest area based on 903 / MENLHK / SETJEN / PLA.2 / 12/2016, December 07, 2016, on Forest Areas in Riau Province.

1. PT Banyu Bening Utama:

HGU in forest area; does not have area release permit

PT Banyu Bening Utama (PT BBU) was an affiliate to the DARMEX group, which owns a palm plantation in Payarumbai Village, Seberida Sub-district; and Kuala Mulia Village, Kuala Cenaku Sub-district, Indragiri Hulu District. Some of the coordinates of the area of PT BBU were identified by EoF, among others; 0 ° 35'49.02 "S 102 ° 32'5.66" E, 0 ° 37'5.69 "S 102 ° 32'6.76" E, 0 ° 32'30.24 "S 102 ° 34'6.88" E, 0 ° 33'46.87 "S 102 ° 34'8.38" E, 0 ° 31'5.45 "S 102 ° 36'56.13" E, 0 ° 28'41.06 "S 102 ° 38'36.39" E, 0 ° 29'34.93 "S 102 ° 40 '47 .59 "E.

Report of Special Committee of Riau Parliament in 2015 on Monitoring and Evaluation of Permit of Palm Oil Plantation stated that PT BBU had a permit location of 6,420 hectares according to Decree No. 82 of 2004 dated 23 April 2004 and had an IUP of 6,420 hectares according to SK Number No.71 of 2004 dated 04 June 2004 In accordance with Decree No. 59 / HGU-BPNRI-07 dated November 20, 2007, PT BBU owned a HGU of 5,000 hectares. However, based on data of BPN 2016 received by EoF, PT BBU has a HGU cultivation rights of 6,420 hectares. Yet, from the data, it was revealed that BBU did not have permit to release the area from the Minister of Forestry.

Based on image analysis in 2015, PT BBU was indicated to have an area of approximately 7,653 hectares. The results of the EoF investigation in the field in November 2017 found that the area of PT BBU had been planted with oil palm estimated to be around 10-20 years old. EoF notes PT BBU also belonged to one company owned by Duta Palma or DARMEX group who committed acts of corruption involving convicted Annas Maamun (former Governor of Riau), Gulat Manurung and Edison Marudut in 2015 ago. Duta Palma bribed Annas Maamun for Rp 3 billion out of the 8 billion promised. Bribery was given to Annas Maamun who was willing to arrange for land belonging to Duta Palma group to be removed from forest area status, one of them was PT Banyu Bening Utama. Read:

(http://rct.or.id/index.php/korupsi/kasus-gulat-manurung), (http://rct.or.id/index.php/korupsi/kasus-marudut)

Overlapping areas of oil palm plantation of PT BBU - based on analysis of image and field observation with forest area based on Decree of Minister of Environment and Forestry Number 903 / Menlhk / Setjen / PLA.2 / 12 / 2016—so that BBU plantation area, or about 7,582 hectares, were within the Convertible Production Forest (HPK) area and only 71 hectares were located in Other Use Areas (APL). This raised the question, why PT BBU could get HGU in forest area? The EoF team had not obtained sufficient data to analyze the HGU of PT BBU issued by the National Land Agency (BPN). Referring to existing regulations in Indonesia, HGUs could be not granted to Forest Estate nor to Other Areas of Use.

From the field study and observation by EoF, it was concluded that PT BBU indication:

- Had no permit to release forest area from the Minister of Forestry
- Had HGU cultivation rights in forest area
- Extent of planting exceeded the extent of HGU
- Based on Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, almost the entire plantation area of PT BBU or about 7,582 hectares was within the Convertible Production Forest (HPK) area.



Map 2. Photo 1: Entrance gate of PT. BBU; Photo 2: Plats mounted on oil palm shows the area of the block and the year of planting in 2002, meaning that it was estimated that PT BBU's palm oil plant was approximately 15 years old; Photo 3 and 4: Replanting in PT BBU plantation land; Photo 5-7: PT BBU palm oil plantation within the Convertible Production Forest (HPK).

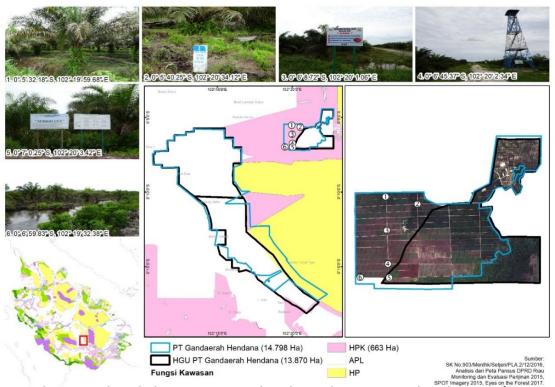
2. PT Gandaerah Hendana Planting exceeds HGU; planting in a forest area,

PT Gandaerah Hendana is an affiliate to Gandaerah Group in Riau Province. Administratively, the oil palm plantation of PT Gandaerah Hendana is located in Pelalawan District, precisely in Ukui II Village Ukui District, Kerumutan Village, and Indragiri Hulu District (Redang Seko Village and Banjar Balam Village, Lirik Subdistrict). EoF monitored the location of the plantations of PT Gandaerah Hendana in Ukui II Village (Ukui Plantation), and Kuala Kampar Sub-Village Kerumutan Village, all in Pelalawan District. Some of the coordinate points of PT Gandaerah Hendana were; 0°5'32.18 "S 102"

° 19'59.68" E, 0 ° 5'40.25 "S 102 ° 20'34.12" E, 0 ° 6'72.77 "S 102 ° 20'1.06" E, 0 ° 6'45.37 "S 102 ° 20'2.34" E, 0 ° 7'0.25 "S 102 ° 20'3.42" E and 0 ° 6'59.83 "S 102 ° 19'32.38" E.

Based on the Riau DPRD Special Committee Report of 2015 on Monitoring and Evaluation of Permit of Palm Oil Plantation, PT Gandaerah Hendana had permit of the release of an area of 14,000 hectares according to Decree No. 806 / Kpts-II / 1993 dated 30 November 1993, then had a permit location of 7,160 hectares according SK number Kpts04 / KP / IV941 dated on April 15, 1994. In addition, it had an IUP of 15,000 hectares in accordance with Decree No. HK.350 / E4.495 / 06.91 dated June 29, 1991 and had HGU license of 13,884 hectares in accordance with SK Number 05/08/1997 dated on June 6, 1997.

The 2015 image analysis indicated that PT Gandaerah Hendana developed palm oil not only in forested areas but also outside the given HGU. The result of monitoring by Eyes on the Forest team in November 2017 proved that PT Gandaerah Hendana developed approximately 663 hectares of forest in the forest area, which was estimated to be aged between 8-12 years old. Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / General Secretary / PLA.2 / 12/2016, the plantation development area of PT Gandaerah Hendana outside HGU of approximately 663 hectares was within the Convertible Production Forest (HPK).



Map 3: Photo 1: Palm oil plantation PT.Gandaerah Hendana estimated at the age of 10-12 years old; Photo 2: Pattern of the plantation show the plantation block, the number of plants, and the planting year, which is inside the Convertible Production f (HPK) .Photo 3: The slogan of the Spirit of PT. Gandaerah and Inecda. Photo 4: Tower of fire monitoring of PT Gandaerah Hendana . Photo 5 and 6: Board that shows the area of Ukui Plantation and the watershed.

From the field study and observation by EoF, it was concluded that indication of PT Gendahera Hendana:

- Planting oil palm trees exceeding the extent of HGU
- Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, more than 663 hectares were found within the Convertible Production Forest area.

3. PT Kencana Amal Tani

Has HGU in Forest Estate; some area do not have permission to release the forest area;

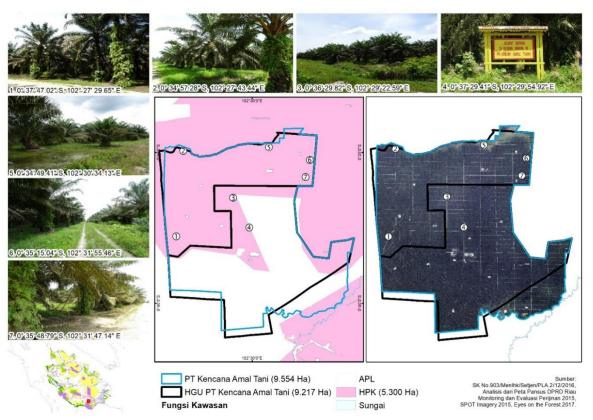
PT Kencana Amal Tani (PT KAT) is an affiliate to Darmex Group, which owns oil palm in Pangkalan Kasai and Seberida villages, Seberida Sub-district, Indragiri Hulu District, Riau. Based on the 2015 Spatial Forest Database Book, PT KAT has a forest release of approximately 5,375 hectares based on Decree No. 675 / KS-II / 1995 dated December 19, 1995. In addition, PT KAT has an area permit of 4,500 hectares according to Decree No. 33 A year 1996 dated on May 29, 1996, and had an IUP of 16,884 hectares in accordance with Decree No. HK.350E4.229 / 04.93 dated April 10, 1993 and HK 350 / E5.37 / 01.97.946 dated 08 June 2000. Then from BPN data received by EoF in 2016, PT KAT had a HGU of 9,217 hectares.

The results of image interpretation in 2015 by Eyes on the Forest concluded, PT KAT was indicated to control the land by planting oil palm in accordance with the area of HGU, which was 9,217 hectares. This image analysis was then followed up by direct observation in the field by EoF in November 2017, especially areas that were still in forest areas.

Overlaying areas of PT KAT's palm oil plantations based on analysis of the image and field findings with forest areas - based on Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 --- showing part of PT KAT plantation area or approximately 5,300 hectares were in the Convertible Production Forest (HPK) area. It was estimated that the age of the oil palm was between 10 and 20 years or the plantation began in 1998. Some coordinates of PT KAT were: 0 ° 37'47.02 "S 102 ° 27'29.65" E, 0 ° 34'57.28 "S 102 ° 27'43.44" E, 0 ° 36'29.82 "S 102 ° 29'22.59" E, 0 ° 37'29.41 "S 102 ° 29'54.92" E, 0 ° 34'49.41 "S 102 ° 30'34.13" E, 0 ° 35'15.04 "S 102 ° 31'55.46" E and 0 ° 35'48.79 "S 102 ° 31 '47 .14 "E

In addition, in August 2014, Darmex Group (Duta Palma company) had involved in a corruption or bribery for land conversion. At that time, Surya Darmadi as the chairman of PT Duta Palma submitted a letter requesting that Annas Maamun (former Governor of Riau convicted of corruption) to accommodate the location of PT Palma One plantation, PT Panca Agro Lestari, PT Banyu Bening Utama, PT Seberida Subur, PT Duta Palma in Indragiri Hulu, into the proposed revision of Riau's spatial plan. Surya Darmadi promised a sum of money to Annas Maamun given through Manulung Gulat, another convicted person. Read:

(http://rct.or.id/index.php/korupsi/kasus-gulat-manurung), (http://rct.or.id/index.php/korupsi/kasus-manurung), (http://rct.or.id/index.php/korupsi/kasus-manurung), (http://rct.or.id/index.php/korupsi/kasus-manurung), (http://rct.or.id/index.php/korupsi/kasus-manurung), (http://rct.or.id/index.php/korupsi/kasus-manurung), (http://rct.or.id/index.php/korupsi/kasus-manurung))



Map 4: Photos 1-7: PT KAT palm plantations are in forest area and estimated to be around 10-20 years old. Photo 4: of Seberida III plantation area owned by PT Kencana Amal Tani (PT KAT).

From the field study and observation, EoF concluded the indication of PT KAT that:

- Some of the plantation area do not have any forest area release from the Minister of Forestry
- Has HGU in forest area
- Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, a portion of the plantation area of PT KAT or approximately 5,300 hectares is within the Convertible Production Forest.

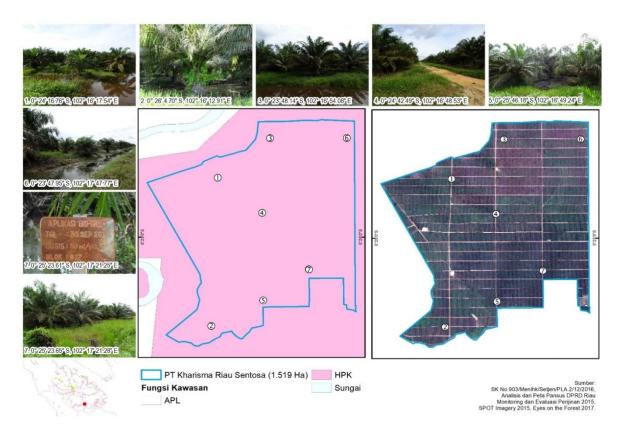
4. PT Kharisma Riau Sentosa

Having no HGU; no license to release the area; all plantations within HPK:

PT Kharisma Riau Sentosa (PT KRS) was administratively located in Indragiri Hulu District, precisely in Sei Lala Sub-district, Kuala Lala Village. Some coordinate points of investigation in PT KRS were: 0 $^{\circ}$ 24'16.76 "S 102 $^{\circ}$ 16'17.54" E, 0 $^{\circ}$ 28'4.70 "S 102 $^{\circ}$ 16'12.91" E, 0 $^{\circ}$ 23'48.14 "S102 $^{\circ}$ 16'54.08" E, 0 $^{\circ}$ 24'42.49 " S 102 $^{\circ}$ 16'48.53 "E, 0 $^{\circ}$ 25'46.24" E, 0 $^{\circ}$ 23'47.95 "S 102 $^{\circ}$ 17'47.77" E, 0 $^{\circ}$ 25'23.61 "S 102 $^{\circ}$ 17' 21.25 "E and 0 $^{\circ}$ 25'23.65" S 102 $^{\circ}$ 17'21.28 "E

Based on the Forest Spatial Data Book of 2013, 2015 and 2016, PT KRS did not have any permit to release forest area. Similarly, data from BPN Riau in 2016, PT KRS did not have

HGU cultivation rights. This means that PT KRS allegedly did not have entirely the permission of developing oil palm plantation. The same was also mentioned in the results of the Special Committee of Riau Legislative Council (DPRD) in 2015 on monitoring and evaluation of oil palm plantation licensing that PT KRS had no release of forest area and HGU. PT KRS has an area of 1,519 hectares which, based on field monitoring results by EoF in November 2017, the whole area has been planted with palm oil aged between 5-10 years. Overlapping areas of oil palm plantations of PT KRS and forest estate based on Ministry of Forestry Decree No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, concludes: the entire plantation area of PT KRS or approximately 1,519 hectares was in a forest estate that functions as HPK.



Map 5: Photo 1-8: show that the palm oil plantation area was controlled by PT Kharisma Riau Sentosa. Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 on Forest Estate in Riau Province, the entire area of PT KRS was in forest estate.

From the field study and observation by EoF, it was concluded the indication of PT KRS that:

- Does not have the permit of release from forest area from the Minister of Forestry
- Does not have HGU cultivation rights
- Based on Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, the entire plantation of PT KRS or approximately 1,519 hectares was within the Convertible Production Forest (HPK).

5. PT Palma Satu

Does not have a permit to release from forest area; does not have HGU;

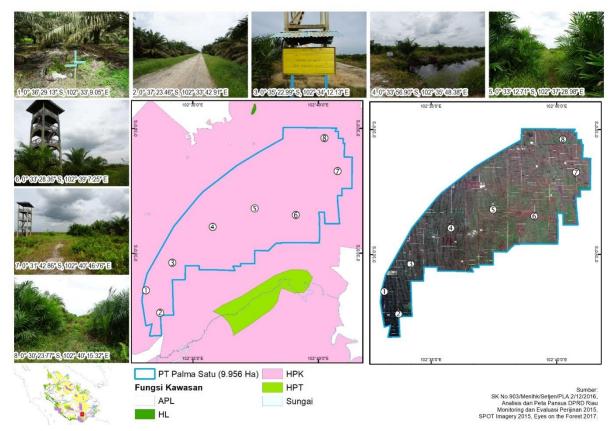
Another company which is also an affiliate to Darmex group is PT Palma Satu. Palm oil plantation owned by PT Palma Satu was located in the administrative area of Batang Gangsal Village, Seberida Sub-district, Indragiri Hulu District, with several coordinate points investigated by EoF, among others; 0 ° 36'29.13 "S 102 ° 33'9.05" E, 0 ° 37'32.46 "S 102 ° 33'42.91" E, 0 ° 35'22.99 "S 102 ° 34'12.13" E, 0 ° 33'56.90 "S 102 ° 35'48.38" E, 0 ° 33'12.71 "S 102 ° 37'28.98" E, 0 ° 33'28.36 "S 102 ° 39'7.25" E, 0 ° 31'42.86 "S 102 ° 40 '46 .76 "E, and 0 ° 30'23.77" S 102 ° 40'15.32 "E.

Findings by the Riau Regional Legislative Council (DPRD) in 2015 on Monitoring and Evaluation of Licensing of Palm Oil Plantation in Riau stated that PT Palma Satu controlled and developed the oil palm plantation without any release permit of forest area from the Minister of Forestry and without HGU cultivation license. This was reinforced from the Forest Spatial Data Book of 2013, 2015 and 2016 that PT Palma Satu did not own any forest land release. Similarly, data from BPN (Land Agency) Riau 2016, it was not found HGU on behalf of PT Palma One. Therefore, it means that PT Palma One allegedly does not have permission to develop palm oil plantations.

From 2015's image analysis and EoF field observation in November 2017, it was estimated that the area of PT Palma Satu was approximately 9956 hectares and the palm trees were 10-20 years old. Some parts of the plantation location were found being replanting; therefore, it indicated PT Palma Satu had controlled the land and tool profits of more than 25 years with no license to release the forest status (for conversion to plantation) and no HGU cultivation rights.

Overlay areas of palm oil plantation of PT Palma One and forest estate based on Minister of Environment and Forestry's Decree No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, the entire plantation area of PT Palma Satu or about 9,956 hectares was within the Convertible Production Forest (HPK). This was allegedly closely related to corruption cases or bribery committed by PT Duta Palma to former Riau Governor Annas Maamun in 2014 and then to influence the process of permitting the conversion of forest into a plantation belonging to the Darmex group, including PT Palma Satu. Read:

(http://rct.or.id/index.php/korupsi/kasus-gulat-manurung), (http://rct.or.id/index.php/korupsi/kasus-annas-maamun) and (http://rct.or.id/index.php/korupsi/kasus-annas-maamun)



Map 6: Photos 1-8 show palm plantations of PT. Palma Satu. Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 on Forestry in Riau Province, PT Palma Satu area was in forest area. Photos 1 and 3 show the boundary of PT. Palma Satu with PT. BBU and plantation board representing PT. Palma Satu plantation.

Field observation and analysis by EoF concluded an indication of PT Palma Satu:

- Has no release permit of forest area (IPK) from the Minister of Forestry
- Has no cultivation rights HGU
- All plantation areas were within the Convertible Production Forest Area (HPK)

6. PT Panca Agro Lestari

Does not have a forest area release permit; does not have HGU, inside HPK and HPT PT Panca Agro Lestari (PT PAL) is affiliated to Darmex group which was administratively located in Batang Gansal Village, Seberida Sub-district, Indragiri Hulu District.

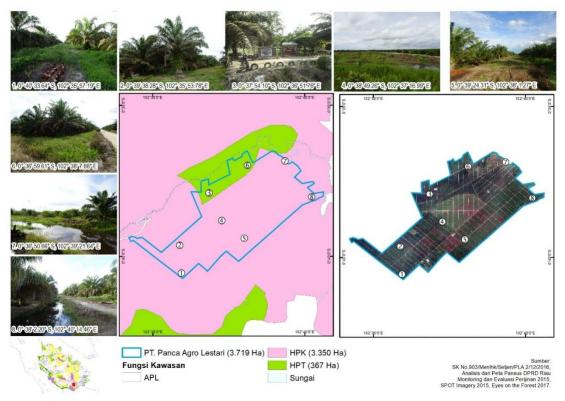
From the results of the DPRD Pansus in 2015 on Monitoring and Evaluation of Permits of Palm Oil Plantations in Riau stated that PT PAL controlled and developed the oil palm about 3,719 hectares without having permit to release the forest area. Similarly, the Spatial Data Book of Forestry in 2013, 2015 and 2016 which proved the absence of release

of PT PAL's forest area. Likewise data from Riau BPN 2016, it was not found the HGU on behalf of PT PAL. This meant PT PAL company was suspected to have none of the permits of oil palm plantations.

The alleged area of PT PAL plantation based on the results of the Riau DPRD Pansus 2015 on monitoring and evaluation of oil palm plantation licensing in Riau was almost the same as the 2015 landsat image analysis and field observation by EoF in November 2017 which was about 3,719 hectares. Of the 3,719 hectares identified, 3,350 hectares of which were in Convertible Production Forest and 367 hectares were in Limited Production Forest (HPT) based on overlapping areas of palm oil plantations of PT PAL and forest areas based on Forestry Ministerial Decree No. 903 / MENIhk / Setjen /PLA.2/12/2016.

The above facts further reinforced the allegation that this had something to do with the corruption cases committed by Darmex group in 2014 by bribing former Governor Annas Maamun to include the land owned by PT Panca Argo Lestari, PT Palma Satu, PT Banyu Bening Utama, and PT Seberida Subur in the revision of the initial change of non-forest area in Riau Province.

In November 2017, the EoF team again investigated and found several palm oil plantations owned by PT PAL 7 to 15 years old at the coordinates of the following areas; 0 ° 40'33.64 "S 102 ° 35'57.19" E, 0 ° 39'28.28 "S 102 ° 35'53.78" E, 0 ° 37'54.10 "S 102 ° 36'51.76" E, 0 ° 38'49.26 "S 102 ° 37'16.99" E, 0 ° 39'24.31 "S 102 ° 38'1.27" E, 0 ° 36'59.61 "S 102 ° 38'7.88" E, 0 ° 36'50.66 "S 102 ° 39 '21 .64 "E, and 0 ° 38'2.20" S 102 ° 40'14.46 "E.



Map 7: Photo 1-8 show the area of oil palm planted and owned by PT PAL. Based on Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 on Forestry in Riau Province, PT PAL area within forest area, Photo 3: Private Primary School Facility.

From the field study and observation, EoF concluded the indication of PT PAL:

- Does not have the release of the forest area from the Minister of Forestry
- Does not have HGU
- Based on Decree of the Minister of Environment and Forestry No. 903 / MENIhk / Setjen / PLA.2 / 12/2016, approximately 3,719 hectares are in forest areas, including 3,350 hectares in Convertible Production Forest (HPK) and 367 hectares in Production Forest Limited (HPT).

7. PT Peputra Supra Jaya

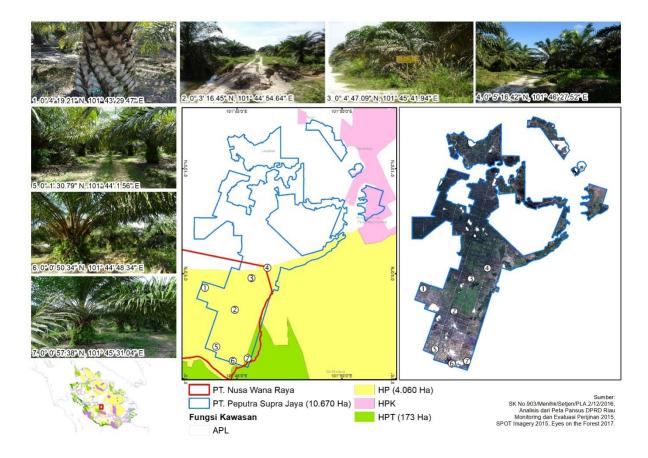
Does not have a forest area release permit; does not have HGU; on the ground in regard to land grabs;

EoF also found a company belonging to the Peputra Masterindo group, PT Peputra Supra Jaya (PT PSJ), which was administratively located in Langgam Village, Segati Village and Pangkalan Gondai Village, Langgam Subdistrict, Pelalawan District. Some coordinate points of PT PSJ were: $0^4'19.21$ 101 43'29.47" E, $0^3'16.45$ 101 44'54.64" E, $0^4'17.09$ 101 45'41.94" E, $0^5'16.42$ 101 46'27.52" E, $0^1'130.79$ 101 44'1.56" E, $0^0'150.34$ 101 44'48.34" E and $0^0'157.38$ 101 45'31.04" E.

PT PSJ, which has an area of about 10,670 hectares of oil palm plantations, in fact does not have the release of forest areas as mentioned in the results of the Riau parliament committee 2015 on monitoring and evaluation of oil palm plantation permits and in the Spatial Data Book of Forestry in 2013, 2015 and 2016. Data from Riau BPN 2016 also mentioned that PT PSJ does not have HGU license. Thus, it was suspected that PT PSJ had none of the permits of oil palm plantations. Yet from the resulted of monitoring EoF team in November 2017, PT PSJ had palm oil plantation aged between 8 to 20 years.

If overlaid, oil palm plantations of PT PSJ and forest areas based on Forestry Ministerial Decree No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, there were approximately 4,060 hectares within Production forest area (HP) and 173 hectares in Limited production forest (HPT). Then if it was overlaid with Industrial Timber Plantation (pulpwood) permits, some PT PSJ were located in the concession area of PT Nusa Wana Raya, pulpwood supplier, where it had a license of approximately 26,880 hectares based on Decree No. 241 / Menhut-II / 2007 dated July 19, 2007. Hence, it can be concluded that PT PSJ controls land in HTI concession areas where the permit is still active or overlapping.

Even when this report was written, PT PSJ was at the green table on the case of the grabs of thousands of hectares of state land, of which 2,000 hectares of land owned by the oil palm plantation company without permission.



Map 8: Photos 1-7: Palm Plantation PT PSJ controlled land in forest area, whereas in that area was IUPHHK-HTI PT. Nusa Wana Raya. Overlapping allegedly deliberately conducted by PT PSJ.

From the field study and observation, EoF concluded that the indication of PT PSJ:

- Has no release permit of the area from the Minister of Forestry
- Does not have HGU
- Based on the Decree of the Minister of Environment and Forestry No. 903 / MENIhk / Setjen / PLA.2 / 12/2016, PT PSJ's plantation area is about 4,060 hectares within Production Forest and 173 hectares in Limited Production Forest Area

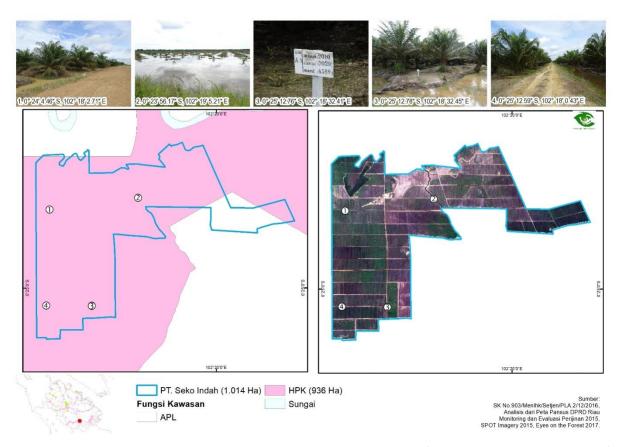
8. PT Seko Indah

Did not have a territorial release permit; did not have HGU;

PT. Seko Indah which also belonged to Darmex group was located in Indragiri Hulu District Sei Lala Subdistrict and Pasir Penyu Subdistrict. Some coordinate points of PT Seko Indah's area were; 0° 24'4.46 "S 102 ° 18'2.71" E, 0° 23'56.17 "S 102 ° 19'5.21" E, 0° 25'12.76 "S 102 ° 18'32.41" E, 0° 25'12.78 "S 102 ° 18'32.45" E dan 0° 25'12.59 "S 102 ° 18'0.43" E.

Eyes on the Forest's finding in November 2017 of PT Seko Indah's palm oil plantation area in the forest area as a whole had been planted with palm oil suspected to be between 5 and 10 years old. Based on 2015 image analysis and field observation, the total area of PT Seko Indah reached 1,014 hectares. In the Riau DPRD Special Committee report in 2015 on monitoring and evaluation of oil palm plantation licensing in Riau, PT Seko Indah controlled approximately 1,014 hectares of land and had no forest clearance and no HGU.

Overlapping areas of palm oil plantation PT. Seko Indah and forest areas based on Forestry Ministerial Decree No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, almost the entire plantation area of PT Seko Indah or about 1,014 hectares was in forest area, of which 936 hectares in Convertible Production Forest (HPK).



Map 9: Photos 1-5 revealed occupation by PT. Seko Indah within the forest area based on Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 on Forest Area in Riau Province. However, the company does not have a palm oil plantation permit.

From the field study and observation, EoF concluded the indication of PT Seko Indah:

- Does not have the release of the forest area from the Minister of Forestry
- Does not have HGU

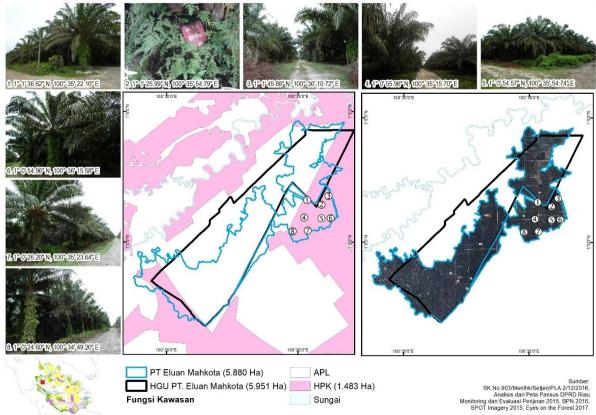
 Based on the Decree of the Minister of Environment and Forestry No. 903 / MENIhk / Setjen / PLA.2 / 12/2016, PT Seko Indah's plantation area of almost the entire plantation area of PT Seko Indah or approximately 1,014 hectares is in forest area, of which 936 hectares were in Convertible Production Forest (HPK).

9. PT Eluan Mahkota

Planting in Convertible Production Forest;

PT Eluan Mahkota (PT EMA) is an affiliate to Darmex Group in Riau Province located in Koto Tengah Village, Kepenuhan Subdistrict, Rokan Hulu District. Some of the coordinates of PT EMA were: 0 $^{\circ}$ 1'36.62 "N 100 $^{\circ}$ 35'22.10" E, 0 $^{\circ}$ 1'25.99 "N 100 $^{\circ}$ 35'54.79" E, 1 $^{\circ}$ 1'45.88 "N 100 $^{\circ}$ 36 ' 10.72 "E, 1 $^{\circ}$ 0'55.96" N 100 $^{\circ}$ 35'15.70 "E, 1 $^{\circ}$ 0'54.57" N 100 $^{\circ}$ 35'54.74 "E, 1 $^{\circ}$ 0'54.96" N 100 $^{\circ}$ 36'15.58 "E, 1 $^{\circ}$ 0'26.29 "N 100 $^{\circ}$ 36'23.64" E and 1 $^{\circ}$ 0'24.60 "N 100 $^{\circ}$ 34'49.20" E. Estimated age of oil palm found by EoF is between 12 to 18 years.

PT EMA had a license to release of forest area of 7,102 hectares and HGU license covering an area of 5,951 hectares as mentioned in the Riau Legislative Council's Special Committee report 2015 on Monitoring and Evaluation of Permit of Palm Oil Plantation in Riau. The results of image analysis 2015, indicated the area of PT EMA around 5,880 hectares. EoF found PT EMA plantation area was still in Convertible Production Forest area.



Map 10. Photographs 1-8: oil palm plantations with 12-to-18-year old planting. Based on Decree No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 of 1,483 ha is within the Convertible Production Forest.

From the field study and observation, EoF concluded the indication of PT EMA:

- Has HGU in forest area
- Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, there was a plantation area of PT BBU or approximately 708 hectares within the Convertible Production.

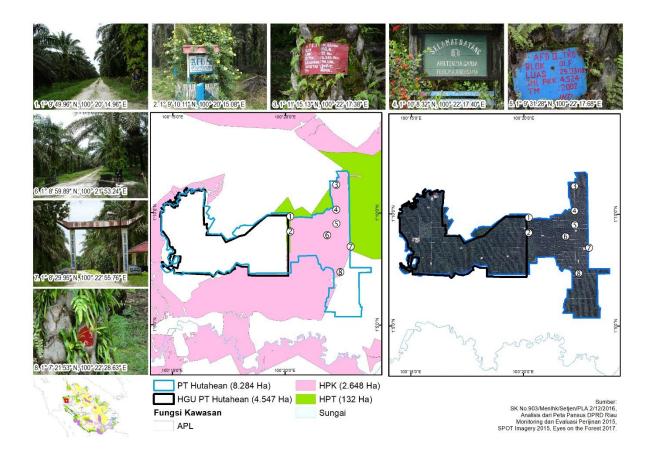
10. PT Hutahaean

Some plantations inside HPK and HPT areas;

PT Hutahaean was a member of Hutahaean Group located in Tambusai, Kunto Darussalam, Rokan Hulu (Rohul), Riau Province. Some points of coordinate of PT Hutahaean area were; 1 $^{\circ}$ 9'49.96 "N 100 $^{\circ}$ 20'14.96" E, 1 $^{\circ}$ 9'10.11 "N 100 $^{\circ}$ 20'15.08" E, 1 $^{\circ}$ 11'15.13 "N 100 $^{\circ}$ 22'17.38" E, 1 $^{\circ}$ 10'8.32 "N100 $^{\circ}$ 22'17.40" E, 1 $^{\circ}$ 9'31.28 "N 100 $^{\circ}$ 22'17.68" E, 1 $^{\circ}$ 8'59.89 "N 100 $^{\circ}$ 21'53.24" E, 1 $^{\circ}$ 8'29.95 "N100 $^{\circ}$ 22'55.76 "E and 1 $^{\circ}$ 7'21.53" N 100 $^{\circ}$ 22'28.63 "E.

In Riau Province DPRD report 2015 on monitoring and evaluation of oil palm plantation licensing in Riau, PT Hutahaean had permission to release an area of 5,065 hectares according to Decree No. 723 / Kpts-II / 1989 dated 25 November 1989, location permit area of 4,800 hectares according to SK Number Kpts.09 / IL.VI / 88 dated June 13, 1988, an IUP of 6,200 in accordance with Decree No. HK.350 / E4.47406.93 dated June 26, 1993 and 4.55 hectares of HGU permit in accordance with Decree No. 17 / HGU / 1993 dated on January 7, 1993.

EoF monitoring November 2017 proved that the indication of PT Hutahaean area of 8,284 hectares (based on image analysis 2015) had been planted with estimated palm oil between the ages of 15 to 26 years. Forest area based on Decree of the Minister of Environment and Forestry Number. 903 / Menlhk / Setjen / PLA.2 / 12/2016 could be overlaid with PT Hutahaean oil palm plantation area, so it indicates that some of PT Hutahaean plantation area or about 2,648 hectares is located in Convertible Production Forest and 132 ha is in Limited Production Forest (HPT). Meanwhile, overlay with licensing of HGU area from BPN in 2016, so PT Hutahaean covers 4,615 ha, approximately 2,780 ha located in Convertible Production Forest (HPK) and Limited Production Forest Area (HPT).



Map 11. Photo 1-8: palm oil plantation that was in range of 15 - 26 years old. Based on Decree No. 903 / Menlhk / Setjen / PLA.2 / 12/2016 it covers 2,648 ha within the Convertible Production Forest area and 132 ha were located in Limited Production Forest area.

From the field study and observation, EoF concluded the indication of PT Hutahaean:

- Developed oil palm plantations outside HGUs granted.
- Based on the Decree of the Minister of Environment and Forestry No. 903 / Menlhk / Setjen / PLA.2 / 12/2016, there was a 2,648 hectares of PT Hutahaean plantation area in Convertible Production Forest.

CONCLUSIONS AND RECOMMENDATIONS Conclusion from Eyes on the Forest

- From the investigation conducted by Eyes on the Forest in November 2017, it is found 10 companies indicated to be in forest areas, of which 6 of them were companies that join the Darmex group (affiliate to PT Duta Palma).
- Estimated area of 10 companies identified by investigation is about 73,047 hectares and only had about 40,005 hectares holding HGU cultivation rights. Ironically, the HGU permit was situated in the forest area.
- Based on the study of the Riau Parliamentary Legislative Assembly monitoring the oil palm plantation, and referred to the official BPN and forestry data, some of the companies monitored by the EoF had no release from the Ministry of Forestry, or did not have HGU, and some of the monitored plantation areas were within Forest. Even if it had a HGU, then the area planted exceeded the given area and develops the palm in the forest area.
- 10 companies belonging to 33 oil palm companies reported by the Riau People's Coalition to Riau Police in 2017 on allegations of unlawful forest and land use that cost the country trillions of rupiah.

Recommendation from Eyes on the Forest

- To urge the Ministry of Environment and Forestry to conduct an investigation, investigation and prosecution of oil palm companies that had developed oil palm plantations in forest areas as monitored by EoF in 10 companies, of which 6 out of 10 were Darmex group companies and related to corruption cases involving (former) Riau Governor.
- To urge BPN (Land Agency) Riau Province to evaluate HGU which had been issued by District Land Office in forest area as their HGUs are in forest area.
- To urge the Corruption Eradication Commission to investigate the State Apparatus and the Corporations on suspicion of corruption in the process of changing forest area to non-forest area in accordance with Minister of Forestry Decree No. 673 / Menhut-II / 2014, on the Change of Allocation of Kawasan Hutan Being Non-Regions Forest area of 1.638.249 hectare and Forestry Ministerial Decree Number 878 / Menhut-II / 2014, 29 September 2014, About Forest Area in Riau Province.
- To urge the Financial Transaction Analysis Reporting Center (PPATK) and the Corruption Eradication Commission (KPK) to investigate 10 companies and suspected perpetrators with suspected development of palm oil plantation in forest areas illegally and lasted long enough to inflict the loss to the State's revenue.

END