Sustainability default

Buyers and banks' ineffective control policies allow paper giant APP to neglect forest conservation commitments.

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Executive summary

In 2013, after years of destroying rainforest and harming local communities, Asia Pulp and Paper (APP) asked for a fresh start. Its credibility in claiming it would change its behaviour was badly damaged after reneging on no-deforestation pledges in 2004, 2007, and 2009. With little rainforest left to cut in its government-issued concession areas in Sumatra by 2013, APP said that this time they were serious about committing to responsible environmental and social standards.

Seven years into the commitment, APP appears to have moved away from wholesale destruction of Indonesia's rainforests within its own concession areas. But this solves only half the problem. Their main source of wood comes from one million hectares of plantations (think three-quarters of a million soccer fields), many of which have been developed on high-carbon peatlands with extreme fire risk. Hundreds of communities claim rights to land within the concession areas of APP and its suppliers, giving rise to social conflicts that exploited communities have little power to resolve. APP has done poorly at addressing the fundamental causes of these social conflicts: refusing to recognise and respect the customary rights of communities to lands within their concession areas and failing to implement effective grievance and conflict resolution mechanisms or deliver meaningful remedies to communities affected by its plantations. APP has also failed to restore and remediate vast areas of forests and peatlands harmed during the establishment of its industrial-scale pulpwood plantations.

It is easy to be fooled into thinking that APP, or the corporate group that it is a part of, the Sinar Mas Group, has indeed addressed these issues if you look at the litany of promotional material that the group produces and distributes to its customers in key markets for its products including across the US, Europe and Japan or to its financiers and investors. In fact, you may be led to think that APP is saving the day by leading other companies in the push for sustainability. This is a mirage. APP's commitments remain largely unfulfilled seven years after their declaration; and improvement on the ground is far out-paced by improvement in creating the perception that its operations are sustainable. To this day APP is unable to demonstrate via credible methods of independent verification that it is operating in compliance with the commitments made in its Forest Conservation Policy.

APP claims to produce low carbon products despite the fact that it produces paper with a high carbon footprint. APP's high carbon footprint is a result of the carbon emissions caused from the establishment and ongoing production of APP's pulp plantations on drained peatlands. Emissions are sky high, particularly when the peatlands burn – which they have been doing with increasing regularity on the back of more intensely dry El Nino cycles. Fires in APP's concessions, and other pulp and paper oil producers, including its sister palm oil company Golden Agri Resources, led to national catastrophes in 2015 and 2019 that emitted carbon-bombs and had long-term health and economic impacts for millions of people in Indonesia and in neighbouring countries. These carbon-bombs and deforestation for the establishment of new plantations are a major reason why Indonesia has become one of the largest emitters[1] of carbon pollution in the world. APP has responded to this crisis with claims to have restored 7000 hectares (ha) of peatlands, about 1% of the estimated 700,000 ha of its concession areas on peatlands. APP has also failed on delivering its commitment to conserve one million hectares of rainforest and other ecosystems.

There is clear evidence that plantations on drained peatlands are harmful to the climate and to public health. Still, APP will not produce a credible plan to phase-out its plantations on drained peatlands – let alone implement meaningful peatland restoration across vast areas that could otherwise become even worse off as unmanaged degraded peatlands. Land conflicts also remain on peatlands that need to be restored. Instead of returning lands to communities and enabling community-based restoration, re-wetting and alternative livelihoods to thrive, APP is focusing its efforts on more research into alternative peatlands species, mapping the location and depth of peatlands, and rolling out PR campaigns on "no-burn" and fire reporting programs in nearby communities. Whilst

[1] WRI, Forests and Landscapes in Indonesia, https://www.wri.org/our-work/project/forests-and-landscapes-indonesia/climate-change-indonesia#project-tabs

some of the actions APP is taking are needed, it has failed the ultimate test of restoring drained peatlands at a scale that is relevant to the vast scope of the problem.

APP has also categorically failed on the issue of addressing its egregious track record of violating human rights and failing to respect customary rights, and its use of intimidation or criminalisation of affected communities. Commitments made to avoid and resolve social conflicts across its supply chain remain unfulfilled, despite APP's claims to have resolved "over half (51% by last tally) of its mapped social conflicts". These claims do not square with the fact that local NGOs supporting affected communities to elevate their grievances to APP only know of a handful of agreements that have been signed. Though repeatedly asked to publish details about the 51% claim, APP will not publish the results of its land conflict mapping, a list of all known and formally recognized social conflicts, or share supporting data to show how many conflicts are in each of its 30 some concessions and their status of being addressed via mutually-agreed conflict resolution procedures.

Rony Muharrman / Greenpeace, Tiger killed in Sumatra

And now, in 2020, we see disturbing signs that APP is loosening the reins on its irresponsible behaviour even more. In February, an APP subsidiary called PT Wirakarya Sakti sprayed the food crops of a local community with herbicide after some of its members blocked the company from expanding its pulpwood plantation on their land. In March, a rare Sumatran tiger was trapped and killed on another APP subsidiary's concession. And in April, a member of a local community was sentenced to a year in prison and sixteen years' worth of average wages because an APP subsidiary reported him for illegal logging to law enforcement after he cut down twenty trees in its plantation area––the villager cut down the trees as they were planted on his customary lands without his consent.

Sinar Mas Group has been the largest beneficiary of bank financing[2] to forest-risk commodities in Southeast Asia, receiving US$ 19 billions of credit over the last five years (2015-2020): US$ 14.3 billion was for its pulp and paper operations, and 4.5 billion for its palm oil operations. The largest financiers have been Indonesia's Bank Rakyat Indonesia (BRI) and Bank Negara Indonesia (BNI), neither of which have public policies that prohibit development on peat or use of fire by clients. Japanese megabanks Mizuho Financial Group and Mitsubishi UFJ Financial Group (MUFG) have also been significant financiers over recent years, despite their adoption of environmental and social policies for financing since 2018.

Yet APP remains a highly controversial supplier of pulp and paper products to the global market. Despite its track record of social and environmental harm and its failure to implement its 2013 commitments across its operations and achieve compliance in the operations of its suppliers or affiliated companies, it remains a supplier, or client, of major buyers of pulp and paper and international banks and investors. The extent to which APP gets serious about meeting its responsibilities to restore and remediate the environmental and social harm it has caused depends on the effectiveness of a marketplace of wholesale buyers and retail customers, financiers and loan facilitators.

[2] RAN, International Brands and Banks Financing Conglomerate with Largest Connection to Indonesia's Annual Fires and Haze Crisis, Analysis Reveals, September 2020, https://www.ran.org/wp-content/uploads/2020/09/Sinar-Mas-Case-Study-Media-Briefer-2020.pdf

This report proves that any company that continues doing business with APP, and the Sinar Mas Group, are complicit in the destruction caused by APP, its suppliers and sister companies. Any new loan approved or shipment of pulp that is accepted at paper mills across the globe is a failure of financiers, investors and paper manufactures to uphold their obligations to end deforestation, human rights violations, or contribute to the change desperately needed in response to the crisis facing our climate, biodiversity and Human Rights Defenders, As a matter of urgency, these market actors must stop sending the signal that APP's PR campaigns, and the false perception they have created, is enough. Their belief in its misleading claims, and failure to demand independent verification of the implementation of its commitments, is preventing real behaviour change from happening where it matters most––on the forest frontlines in Indonesia. APP has made some critical improvements, but it has a long way to go before it can be considered no longer controversial.

APP's failure to deliver on its commitments

- In seven years, APP has made very little progress in restoring forests or peatlands harmed by the establishment of its industrial plantations, or resolving social conflicts.
- In the last two years APP has been found linked to deforestation
- In the last year the policy APP adopted to scrutinise its suppliers and require them to halt deforestation disappeared from the company website. It was replaced with a new policy that lacked strict no-deforestation or no-peatland requirements.
- In March 2015 a local farmer and activist was tortured and brutally murdered by the company's contracted security.[3]
- In 2020, APP's controlled plantation companies started aggressive actions against local communities still claiming their customary land and ongoing violations of human rights, including failure to respect communities' rights to say no to development on their lands and the use of intimidation and criminalisation.

After years of mixing little steps, inaction, postponements and broken promises, APP is now blatantly backsliding against its own commitments and resorting to methods adopted in the 90s, when its methods to manage social conflicts to expand its plantations consisted of intimidating local communities.

Greenomics Indonesia / APP linked concession in South Sumatra

[3] The Guardian, Death of an Indonesian farmer: are companies doing enough to protect local communities? April 2015, https://www.theguardian.com/sustainable-business/2015/apr/01/indonesia-farmer-death-aisa-pulp-paper

Some Key Facts To Know About Asia Pulp and Paper

Broken promises: APP has a long history of broken promises.[i] In 2002, APP promised[ii] to respect the environment and resolve social conflicts, but then the promise was broken.[iii] In 2006, again, the company cleared forest that it had promised to protect.[iv]

In the 1990s, APP's Indah Kiat mill stated that plantations would supply "substantially all" of the mill's wood requirements by 2004.[v] Then, when this date was approaching, APP conveniently postponed it to 2007.[vi] After defaulting yet again in 2007, APP further postponed its commitment to 2009.[vii] Meanwhile, APP's deforestation remained its main wood sourcing method.

Only from 2011 company deforestation started to slow down, for the reason that very little natural forest was left to cut[viii] outside the conservation areas, as APP had already cleared[ix] most of the rainforest on concessions covered by its announcement. In Riau province, the most affected by pulpwood plantations, APP refrained to clear 22,000 ha, after having clear-cut 713,383 ha of rainforest (a further 103,000 ha are designated for protection by law).

The commitment: in February 2013, after two decades of severe environmental conflicts, and many high profile companies and brands breaking their commercial ties with APP,[x] APP announced a new Forest Conservation Policy.[xi] Among other commitments, the policy extended an immediate moratorium on logging in natural forests and peatlands to all its suppliers. The company also committed to protect High Conservation Value Areas and High Carbon Stock forests and recognized that indigenous and local communities may have customary rights to land, overlapping with its pulp plantations.

Subsequently, APP has also committed to restore and support the conservation of one million ha of rainforest, to remedy the past deforestation, and to apply close scrutiny to its suppliers towards its policy violation.
While APP's new policy managed to contain rampant deforestation, despite some cases of policy violations in Borneo[xii] and Sumatra[xiii] in the first months after the commitment, there is continuing deforestation by third parties in protected areas[xiv] and huge loss of forests due to forest and peat fires.[xv]

[i] Eyes on the Forests, The truth behind APP's greenwash, December 2011, https://eyesontheforest.or.id/uploads/default/report/Eyes-on-the-Forest-Investigative-Report-The-truth-behind-APPs-greenwash.pdf
[ii] WWF, WWF responds to ambitious APP plan for restoration and conservation of one million hectares, April 2014, http://assets.wwfid.panda.org/downloads/letter_of_intent_final.pdf
[iii] WWF, Time is running out, http://assets.wwfid.panda.org/downloads/time_is_running_out_4_app.pdf
[iv] WWF, APP hides destruction behind false advertisements, December 2006, https://wwf.panda.org/wwf_news/?83960/APP-hides-destruction-behind-false-advertisements
[v] Chirstopher Barr, WWF, Profits on Paper: Political-economy of Fiber, Finance, and Debt in Indonesia's Pulp and Paper Industries, https://books.google.de/books/about/Profits_on_Paper.html?id=yOcsAQAAMAAJ&redir_esc=y
[vi] EPN and others, Open Letter to Financial Institutions, November 2012, https://www.banktrack.org/download/0_31/bank_letter_on_pulp_investment_nov_6.pdf
[vii] APP, Sustainability Report 2005-2006https://asiapulppaper.com/documents/20123/0/APP+Sustainability+Report+2005-2006.PDF/fbf9ffc1-8f70-6706-8f9e-84a438c1f6b5?t=1575880297932
[viii] Eyes on the Forests, SMG/APP's new forest policy kicks in only after company has completed its planned deforestation in Riau, Sumatra , April 2013, https://www.eyesontheforest.or.id/uploads/default/report/Eyes-on-the-Forest-Investigative-Report-Where-are-the-trees.pdf
[ix] WWF, Latest APP promise more greenwash than protection, May 2012, https://wwf.panda.org/wwf_news/?204893/Latest-APP-promise-more-greenwash-than-protection
[x] RISI Info, https://www.risiinfo.com/about-risi/resources/ppi-magazine/
[xi] APP, Forest Conservation Policy, February 2013, https://asiapulppaper.com/documents/20123/0/app_forest_conservation_policy_final_english_0.pdf/
[xii] Eyes on the Forest, Kalimantan forest monitoring consortium: APP supplier continues forest clearance after moratorium, December w013, https://www.eyesontheforest.or.id/news/kalimantan-forest-monitoring-consortium-app-supplier-continues-forest-clearance-after-moratorium
[xiii] Eyes on the Forest, APP's supplier breaches moratorium clearance, report says, May 2013, https://www.eyesontheforest.or.id/news/apps-supplier-breaches-moratorium-clearance-report-says
[xiv] Rainforest Alliance, An Evaluation of Asia Pulp & Paper's Progress to Meet its Forest Conservation Policy (2013) and Additional Public Statements, February 2015, https://www.rainforest-alliance.org/sites/default/files/uploads/4/150205-Rainforest-Alliance-APP-Evaluation-Report-en.pdf
[xv] Eyes on the Forest, These maps, tables show you why Sinar Mas/APP companies linked to forest fires, haze, October 2015, https://www.eyesontheforest.or.id/news/these-maps-tables-show-you-why-sinar-masapp-companies-linked-to-forest-fires-haze

APP brief company profile

Asia Pulp & Paper (APP) is one of the world's largest paper companies, with an annual combined pulp, paper, packaging product and converting capacity of over 19 million tons per annum.[4] As one of Indonesia's largest forestry companies, its name has been long associated with extensive deforestation, human rights abuses, harassment of local communities and massive emissions of greenhouse gasses.

APP is in reality a nebula of companies, linked by a complicated and opaque corporate structure.[5] Some of these companies are included in the Sinar Mas Group conglomerate. Meanwhile, others are formally independent, but still controlled by the Widjaya family, and operating within a single commercial strategy. Actually, Asia Pulp & Paper is a market brand, there is no paper company registered with this name. Some of the corporate associations with these companies are purposely kept hidden, possibly for commercial or fiscal reasons, but also to deny links with deforestation[6] or to keep using the Forest Stewardship Council certification after having been banned[7] by that standard. This nontransparent structure has also been exploited to avoid the payment of US$13.9 billion of debt when it defaulted[8] in 2001.

On May 30, 2018, Auriga, an environmental organization, reported that PT Bumi Mekar Hijau and PT Sebangun Bumi Andalas Wood Industries, which APP claimed are "independently owned and operated", have close links with the Sinar Mas Group,[9] APP's parent conglomerate on their corporate registry documents. The case was further investigated by the forest portal Mongabay, bringing more evidence[10] indicating this link. APP is considered as the pulp and paper subsidiary of the Sinar Mas Group, one of the largest conglomerates in Indonesia, dealing in palm oil and pulp and paper as well as real estate, financial services, agribusiness, telecommunications and mining.

APP's products include bleached hardwood pulp, stationary, printing and graphics papers, tissue, paper towels, shopping bags, packaging and converted products. Its products are sold globally under a variety of brands like Enova, Fiora, Pursoft and Riviera.

Other subsidiaries, affiliates or brand names include Solaris Paper, Nippecraft, Collins Debden, Eagle Ridge Paper, Arco Paper & Print, PAK 2000, Mercury Paper, Livi, Imperia and PaperMax.

Through Paper Excellence, a paper conglomerate outside Sinar Mas, but owned by the Widjaya family, APP also controls a number of paper companies such as Tembec Saint-Gaudens and Tarascon (France), Eldorado (Brazil), Mackenzie pulp mill, Howe Sound, Prince Albert mill, (ex Domtar), Northern Pulp Nova Scotia, Northern Timber and Catalyst Paper (Canada). APP-China's pulp and paper mills now include Ningbo, Goldeast Paper, Ningbo Asia, Gold Huasheng, Gold Hongye, Global Paper Solutions, Hainan Jinhai Pulp and Paper, and Guangxi Jingui Pulp & Paper, Jinmei Industrial and Universal Sovereign Trading. *A more comprehensive list of brands and related companies is available at TPN website.*[11]

APP has historically been responsible for more than 2 million hectares of deforestation[12], including the habitat of tigers, elephants and orang-utan[13]. Sinar Mas Group suppliers caused the loss of 1.4 million acres of tiger habitat

[4] APP, About Us, https://asiapulppaper.com/about-us
[5] Coalition Against Forest Mafia, Removing the Corporate Mask, May 2018, http://auriga.or.id/wp-content/uploads/2018/05/Removing-the-corporate-mask.pdf
[6] Greenpeace, Greenpeace slams APP/Sinar Mas over links to deforestation, ends all engagement with company, May 2018, https://www.greenpeace.org/international/press-release/16535/greenpeace-slams-app-sinar-mas-over-links-to-deforestation-ends-all-engagement-with-company/
[7] The Standard, Greenpeace accuses wood certification group of being tool for timber industry, March 2018, https://www.thestandard.com.hk/breaking-news/section/1/104925/Greenpeace-accuses-wood-certification-group-of-being-tool-for-timber-industry
[8] WWF, APP's double default on creditors, March 2012, https://wwf.panda.org/?203975/APPs-double-default-on-creditors
[9] Coalition Against Forest Mafia, Removing the Corporate Mask, see footnote 5
[10] Mongabay, Paper giant denies secretly owning 'independent' suppliers, June 2018, https://news.mongabay.com/2018/06/paper-giant-denies-secretly-owning-independent-suppliers/
[11] EPN, Forest products database, http://ind-forestproducts.environmentalpaper.org
[12] Eyes on the Forest, The truth behind APP's greenwash, see footnote 12
[13] Eyes on the Forest, Asia Pulp & Paper/Sinar Mas Group Threatens Senepis Forest, Sumatran Tiger Habitat, and Global Climate, October 2008, https://assets.panda.org/downloads/appsenepisreport_oct08_final.pdf

between 1995 and 2008/09 in one study area alone. APP expansion and land-grabbing from local communities created hundreds of social conflicts,[14] a few of them managed with brutal violence.[15] The company has been even involved in child labour.[16] Because of deforestation and peat draining, APP's greenhouse gas emissions have been estimated to be as much as 165 countries around the world (86 million tonnes), because of natural forest clearance in peatland areas.[17]

APP has also allegedly been involved in the award of illegal concessions through corruption. Even though the companies involved have not been convicted, the ex-Riau Governor was sentenced to 14 years for corruption[18]: the former Governor, as well as five officials of the province, including two former district heads, received convictions related to approvals of pulpwood concessions companies (Mitra Tani Nusa Sejati, Rimba Mutiara Permai, Selaras Abadi Utama, Bhakti Praja Mulia, Putri Lindung Bulan, Mitra Hutani Jaya, Satria Perkasa Agung and Seraya Sumber Lestari). These concessions were linked to APP and APRIL (Asia Pacific Resources International Limited), APP's competitor.

Over the past two decades, this corruption, ecological devastation, and social conflict with communities led to local and international NGO campaigns seeking reforms and led to the cancellation of more than 100 business contracts over these concerns. Companies that have discontinued or avoided sourcing from APP[19] since 2000 include Adidas, Disney, Fuji, Gucci, Hasbro, Kraft, Lego, Levis, Marks & Spencer, Mattel, Office Depot, Scholastic, Tesco, Tiffany & Co., United Stationers, Unilever, Volkswagen, Wal-Mart, Woolworths and Xerox. In addition, the Forest Stewardship Council (FSC) dissociated from APP for its destructive forestry practices and lack of transparency.[20]

These contract cancellations brought APP to its formal commitment in 2013 to a new Forest Conservation Policy and other promises.

[14] Rainforest Alliance, An Evaluation of Asia Pulp & Paper's Progress to Meet its Forest Conservation Policy (2013) and Additional Public Statements, February 2015, https://www.rainforest-alliance.org/sites/default/files/uploads/4/150205-Rainforest-Alliance-APP-Evaluation-Report-en.pdf

[15] Amnesty International, INDONESIA: INVESTIGATE FORCIBLE DESTRUCTION OF HOMES BY THE POLICE IN RIAU, December 2008, https://www.amnesty.org/en/press-releases/2008/12/indonesia-investigate-forcible-destruction-homes-police-riau-20081223/

[16] Eyes on the Forest, Child labour in APP's main supplier revealed, June 2013, https://www.eyesontheforest.or.id/news/child-labour-in-apps-main-supplier-revealed

[17] RAN, Asia Pulp and Paper Caught Clearing Rainforest: Credibility of APP Deforestation Moratorium in Doubt, June 2013, https://www.ran.org/the-understory/asia_pulp_and_paper_caught_clearing_rainforest_credibility_of_app_deforestation_moratorium_in_doubt/

[18] Eyes on the Forest, Ex-Riau Governor sentenced to 14 years for corruption, March 2014, https://www.eyesontheforest.or.id/news/exriau-governor-sentenced-to-14-years-for-corruption

[19] RISI Info, Greenpeace supports Asia Pulp & Paper's commitment to end deforestation in Indonesia, February 2013, https://technology.risiinfo.com/environment/asia-pacific/greenpeace-supports-asia-pulp-papers-commitment-end-deforestation-indonesia

[20] FSC, Update on the disassociation of the Forest Stewardship Council from Asia Pulp and Paper (APP), June 2009, https://fsc.org/sites/fsc.org/files/2019-06/FSC_Update%20%231%20-%20Status%20of%20disassociation%20from%20APP_2013-10-29_5.pdf

How APP has failed, reneged and slid backwards on its commitments

Below are some key commitments that APP has substantially failed to implement, simply ignored, grossly violated or silently removed from its own website.

Deforestation

> "From 1st February 2013 all natural forest clearance has been suspended whilst HCV and HCS assessments are completed. No further clearance of areas identified as forest will take place."
>
> Forest Conservation Policy[21]

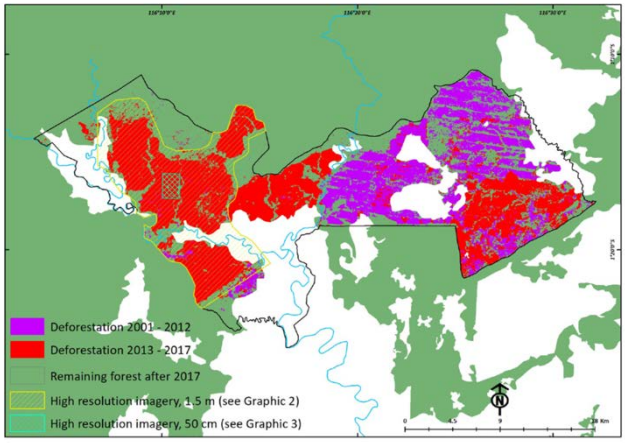
When in February 2013 APP committed to stop deforestation, some critical voices noted that the company had finally done so because it had already converted all its forest into pulp plantations that it needed to feed its mills. [22]

Despite this, before launching its commitment to stop deforestation in February 2013, APP increased deforestation to a rate that was unsustainable for its own mills: stacks of logs amassed along forestry roads were left to rot.

At the same time, while committing to end deforestation, APP was increasing its pulp capacity by 50%, by building a new huge mill in South Sumatra. How compatible would that mill be with APP's new commitment? As NGOs noted in a detailed analysis, [23] this capacity increase would necessarily bring APP to need more wood-fibre, eventually going back to source from deforestation or land-grabbing. And according to local NGOs, APP is still trying to "expand" plantations or commodities[24] by hijacking local community plantation schemes.

NGO concerns have been proven to be well founded by an investigation by the Associated Press[25] into the company's destruction of forests, in May 2018.

Satellite imagery analysis of PT Fajar Surya Swadaya's concession in East Kalimantan indicating deforestation during 2001–2017 and remaining natural forest cover.



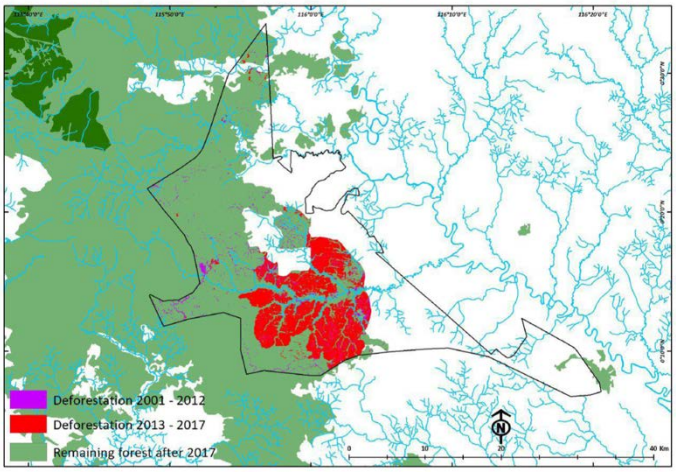
Source: Koalisi Anti Mafia Hutan et al. 2018. APP and APRIL violate zero-deforestation policies with wood purchases from Djarum Group concessions in East Kalimantan. August 15. https://wwf.panda.org/?333258/APP-and-APRIL-violate-zero-deforestation-policies-with-wood-purchases-from-Djarum-Group-concessions-in-East-Kalimantan.

[21] APP, APP's Forest Conservation Policy, February 2013, https://asiapulppaper.com/documents/20123/0/app_forest_conservation_policy_final_english_0.pdf/
[22] EPN, Indonesian NGO doubting on zero-deforestation commitment, January 2014, https://environmentalpaper.org/2014/01/indonesian-ngo-doubting-on-zero-deforestation-commitment/
[23] Wetlands International, Will Asia Pulp & Paper default on its "zero deforestation" commitment?, April 2016, https://www.wetlands.org/publications/will-asia-pulp-paper-default-on-its-zero-deforestation-commitment/
[24] Eyes on the Forest, NGOs leave APP-backed conflict resolution forum, December 2019, https://www.eyesontheforest.or.id/news/ngos-leave-appbacked-conflict-resolution-forum
[25] Associated Press, Greenpeace: Paper giant cut forests during conservation pact, May 2018, https://apnews.com/article/cb89a14d6dd547108f33b0f04d16a3d8

Following an investigation by Greenpeace, [26] further research by Associated Press[27] and Straits Times[28] in 2017 found that PT. Muara Sungai Landak in West Kalimantan, which continued to clear natural forest and develop peat lands in West Kalimantan between 2014 and 2017, is linked to APP through Sinar Mas Forestry.

A further field investigation by NGOs[29] revealed that two APP suppliers in East Kalimantan, PT. Fajar Surya Swadaya (FSS) and PT. Silva Rimba Lestari of Djarum Group, cleared nearly 32,000 hectares of natural forest between 2013 and 2017.

Satellite imagery analysis of PT Silva Rimba Lestari's concession in East Kalimantan indicating deforestation during 2001-2017 and remaining natural forest cover.



Despite its claim to Zero Human-Animal Conflict, [30] the recent case of a tiger found dead[31] into an APP concession in June 2020, seems to repeat a similar case nine years ago at a concession of the same company.[32] This is alarming, as 10% of total Sumatran tiger population is in APP suppliers concessions. Tiger habitat has kept declining due to large scale conversion of natural forest and peatlands to plantations, worsened by the subsequent forest fires, leading the Sumatran tiger towards extinction[33] and to increasing human-tiger conflict. [34]

Social conflicts

> "APP will respect the rights of indigenous peoples and local communities, including recognition of customary land rights"
> Forest Conservation Policy

APP's Forest Conservation Policy also commits the company towards "Responsible resolution of conflicts", "Free, Prior and Informed Consent of indigenous people and local communities" and "respecting human rights", amongst other social commitments. Since 2013, there has been little change for communities embroiled in land disputes with the company. Hundreds of land conflicts remain and APP has failed to involve affected communities[35] and other key stakeholders in the identification, analysis and resolution of these conflicts.

On the Indonesian Climate Change Forum - Webinar workshop organized by Indonesia's Ministry of Environment and Forestry on June 5, 2020, APP's Chief Sustainability Officer Ms. Elim Sribata claimed that APP has resolved

[26] Greenpeace, This company promised to stop deforestation. But we caught them out, May 2018, https://www.greenpeace.org/international/story/16597/this-company-promised-to-stop-deforestation-but-we-caught-them-out/
[27] Associated Press, Pulp giant tied to companies accused of fires, December 2017, https://apnews.com/article/fd4280b11595441f81515daef0a951c3
[28] The Straits Times, Rebutting media reports, pulp giant APP claims links to suppliers do not weaken its sustainability efforts, December 2017, https://www.straitstimes.com/asia/se-asia/rebutting-media-reports-pulp-giant-app-claims-links-to-suppliers-do-not-weaken-its
[29] Walhi and others, APP and APRIL violate zero-deforestation policies with wood purchases from Djarum Group concessions in East Kalimantan, August 2018, https://auriga.or.id/wp-content/uploads/2018/08/APP-and-APRIL-violate-zero-deforestation-policies-August-15-2018.pdf
[30] APP, Sustainability Report 2018, https://asiapulppaper.com/documents/20123/0/app_sustainability_report_2018_4.pdf/61b398db-f38a-70e7-aa8b-718e99be24b5?t=1575879997939
[31] Greenpeace, Critically endangered Sumatran tiger tragically killed in a trap, June 2018, https://www.greenpeace.org/malaysia/story/3388/critically-endangered-sumatran-tiger-tragically-killed-in-a-trap/
[32] Mongabay, Video: Tiger trapped in Asia Pulp and Paper logging concession dies a gruesome death, July 2011, https://news.mongabay.com/2011/07/video-tiger-trapped-in-asia-pulp-and-paper-logging-concession-dies-a-gruesome-death/
[33] IUCN, Sumatran Tiger, https://www.iucnredlist.org/species/15966/5334836
[34] WWF, APP's forest clearing linked to 12 years of human and tiger deaths in Sumatra, March 2009, https://wwf.panda.org/wwf_news/?159162/APPs-forest-clearing-linked-to-12-years-of-human-and-tiger-deaths-in-Sumatra
[35] RAN, App's Performance in Meeting its Social Responsibility Commitments, January 2015, https://www.ran.org/wp-content/uploads/rainforestactionnetwork/pages/2987/attachments/original/1421344565/RAN_APP_ExecSumm_FINAL_20150114SK.pdf

49% of conflicts in its entire concessions.[36] Other claims have been made that 51% of mapped conflicts have been resolved. Unfortunately, as usual it is never revealed to the public in what way the conflict has been resolved and where they are.

The report Conflict Plantations Chapter I, an extensive mapping of social conflicts around pulp-wood plantations in Indonesia, reveals that in just five provinces of Indonesia, at least 107 villages or communities are in active conflict with APP affiliates or its suppliers, and 544 villages were identified as sites of potential conflict, covering an area of more than 2.5 million hectares.[37] This is equivalent to a financial risk assessed between US$ 5.7 and 7.7 billion in social compensation risk.[38]

Walhi Jambi, APP drone

In March 2015 a local farmer and activist was tortured and brutally murdered by the company's contracted security in an APP's controlled concession in the Jambi province.[39] APP called it an accident but, in the same concession in 2020, the company used drones to kill the crops and thus remove evidence of the local community gardens traditionally using the land, in order to claim it.[40] It also intimidated the villages by bringing army officers into their gardens who shot in the air,[41] and used criminalisation and lawsuits (known as SLAPP[42]) to silence members of the local community. The same tactics were used in 2020 by another APP controlled company in Riau province, leading to a one-year prison conviction and a fine of 10 years' minimum wage was given to a member of the Sakay indigenous community, Mr. Bongku, for planting sweet potatoes in his customary land.[43]

APP also committed to "develop further measures to implement FPIC" and "consult with NGOs and other stakeholders to ensure that its protocols and procedures for FPIC and conflict resolution are in accordance with international best practice" in its 2013 commitment. It has failed to adopt company-wide, or Sinar Mas Group corporate group wide, human rights policies aligned with relevant international human rights norms. Also, APP currently has no publicly available Standard Operating Procedures that detail how it respects the rights of communities and customary rights holders to withhold their Free, Prior and Informed Consent (FPIC) to new and

[36] Elim Sribata, Chief Sustainability Officer of APP, APP at Indonesia Climate Change and Environment Webinar Forum, June 2020, https://www.youtube.com/watch?v=W9-rGb3fsv4
[37] EPN, Conflict Plantations – Chapter 1: Revealing Asia Pulp & Paper's trail of disputes across Indonesia, October 2019, https://environmentalpaper.org/2019/10/new-study-reveals-asia-pulp-paper-app-involved-in-hundreds-of-conflicts-with-local-communities-as-haze-crisis-in-indonesia-intensifies/
[38] EPN, Defaulting on Social Conflict Resolution, May 2020, https://environmentalpaper.org/wp-content/uploads/2020/04/20200504-Indonesian-Pulp-Paper-Industry-Exposed.pdf
[39] The Guardian, Death of an Indonesian farmer: are companies doing enough to protect local communities? See footnote 3
[40] Mongabay, Conflict between Indonesian villagers, pulpwood firm flares up over crop-killing drone, April 2020, https://news.mongabay.com/2020/04/conflict-between-indonesian-villagers-pulpwood-firm-flares-up-over-crop-killing-drone/
[41] Walhi Jambi, 90 NGO Indonesia dan internasional menyurati investor dan pembeli app terkait tindakan peracunan kebun masyarakat desa Lubuk Mandrsah, Jambi, May 2020, https://www.walhi-jambi.com/2020/05/90-ngo-indonesia-dan-internasional.html
[42] Resource Centre on Media Freedom in Europe: SLAPPs: Strategic Lawsuits Against Public Participation , December 2019, https://www.rcmediafreedom.eu/Dossiers/SLAPPs-Strategic-Lawsuits-Against-Public-Participation
[43] Mongabay, Indonesian court jails indigenous farmer in conflict with paper giant APP, June 2020, https://news.mongabay.com/2020/06/bongku-indigenous-people-riau-sumatra-indonesia-app-pulp-paper-arara-abadi-prison-sentence-conflict/

existing development on their lands. APP had developed and published Standard Operating Procedures for FPIC in new planting areas in April 2014, but they have silently disappeared from APP's website.

APP's Conflict Resolution Procedure is also inadequate and falls short of the best practices outlined in the United Nations Guiding Principles on Business and Human Rights (UNGP) principles for non-judicial grievance mechanisms.

Forest and peat fires

> "In 2016, the company rolled out its new comprehensive new Integrated Fire Management (IFM) strategy."
> APP press release

While land clearing decreased after APP's commitment, peat destruction due to forest and peat fires increased. APP's suppliers and sister companies have been involved in massive forest and peat fires in Indonesia in 2015[44] (despite APP denials), [45] 2018, [46] and 2019[47] and 2020. [48] In 2015, the total area burned inside of APP concessions in South Sumatra was 293,065 ha,[49] which included about 174,080 ha of peatland. In 2019, APP concessions in South Sumatra were also on fire with a total area burned of more than 60,000 ha.

The fact is that plantations on drained peat become an extensive stock of fuel, and when a forest and peat fire starts there it is unstoppable. This is why dried peat must be immediately re-wetted.

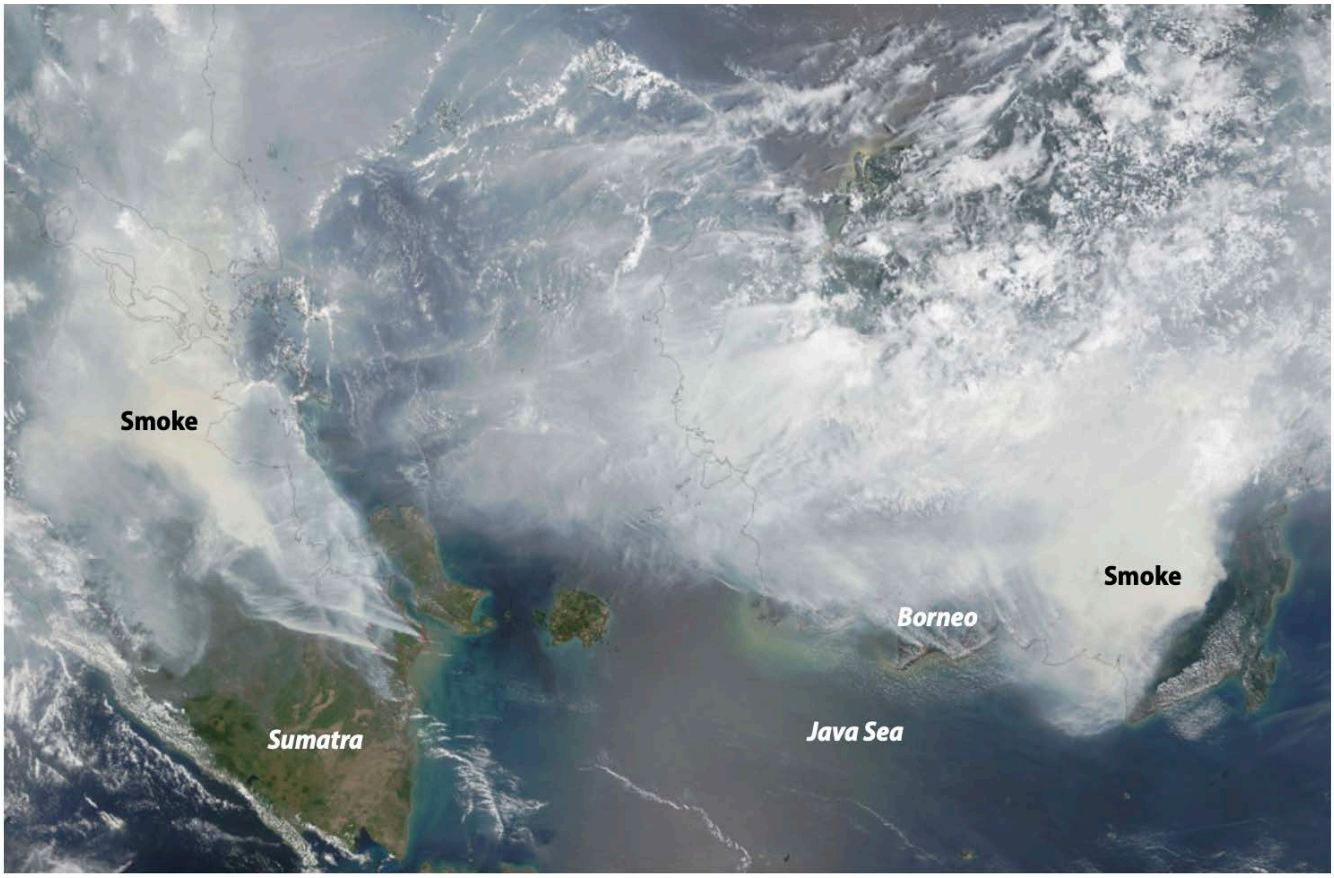
The impacts of these fires have been disastrous. In October-November 2015 APP was identified as one of the top companies responsible for the fires that occurred in Indonesia, in total burning 2.6 million hectares of plantations, forests and peatlands throughout Sumatra, Kalimantan and Papua. An estimated 1.75 billion tonnes of carbon dioxide equivalent were released in just a few months, more than Germany or Japan's total annual emissions. Daily emissions during the peak weeks of the fires exceeded the daily fossil fuel emissions of the entire USA economy. [50]
The fires created a smoke and haze crisis affecting all of South East Asia, triggering national emergencies across Indonesia and into Singapore, Malaysia and other countries, resulting in diplomatic tensions between Indonesia and its neighbouring countries. [51]

The human cost was terrible: 19 people died and an estimated 500,000 cases of respiratory tract infections were reported at the time of the fires. [52] It is estimated that the fires led to more than 100,000 premature deaths in the

[44] Eyes on the Forest, These maps, tables show you why Sinar Mas/APP companies linked to forest fires, haze, October 2015, https://www.eyesontheforest.or.id/news/these-maps-tables-show-you-why-sinar-masapp-companies-linked-to-forest-fires-haze
[45] Eyes on the Forest, Sinar Mas/APP's denial misleading, they source of haze since ten years ago, October 2015, https://www.eyesontheforest.or.id/news/eof-sinar-masapps-denial-misleading-they-source-of-haze-since-ten-years-ago
[46] Eyes on the Forest, Riau struggles to mitigate forest, land fires, March 2018, https://www.eyesontheforest.or.id/news/riau-struggles-to-mitigate-forest-land-fires
[47] Eyes on the Forest, APP's suppliers burned again in South Sumatra this year, November 2018, https://www.eyesontheforest.or.id/news/apps-suppliers-burned-again-in-south-sumatra-this-year
[48] Jikalahari, Dugaan Tindak Pidana Lingkungan Hidup dan Kehutanan: PT Arara Abadi Sengaja Membakar Lahan Seluas 83 hektar Untuk Ditanami Akasia, Juli 2020, https://jikalahari.or.id/kabar/rilis/dugaan-tindak-pidana-lingkungan-hidup-dan-kehutanan-pt-arara-abadi-sengaja-membakar-lahan-seluas-83-hektar-untuk-ditanami-akasia/
[49] Hutan Kita Institute, 2015 Fires Burned 26% of APP's Plantations in South Sumatra, February 2016, https://hutaninstitute.or.id/pers-release-2015-fires-burned-26-of-apps-plantations-in-south-sumatra/
[50] GFED, 2015 Fire Season - Indonesian fire season progression, http://www.globalfiredata.org/updates.html#2015_indonesia
[51] The Diplomat, October 2015, The Trouble with Indonesia-Singapore Relations, October 2015, http://thediplomat.com/2015/10/the-trouble-with-indonesia-singapore-relations/
[52] The Guardian, Indonesia forest fires: Widodo visit stricken regions death toll mounts, October 2015, https://www.theguardian.com/world/2015/oct/28/indonesia-forest-fires-widodo-visit-stricken-regions-death-toll-mounts

region.[53] A public health study estimated that 91,600 people in Indonesia, 6,500 in Malaysia and 2,200 in Singapore may have died prematurely in 2015 because of exposure to fine particle pollution.

Observation by NASA's Terra satellite of smoke from land fires over Sumatra and Borneo in September and October 2015.



Source: Jeff Schmaltz of NASA's LANCE/EOSDIS Rapid Response in Voiland, Adam. 2015. "Seeing through the smoky pall: Observations from a grim Indonesian fire season." NASA Earth Observatory. December 1. https://earthobservatory.nasa.gov/features/IndonesianFires

The economic cost of the fires was calculated at around US$16 billion (IDR 221 trillion), equivalent to 1.9 percent of Indonesia's gross domestic product.[54] In autumn 2019 a new peat-fire and haze crisis, also related to pulpwood plantations on dried peat,[55] led to the closure of thousands of schools across Sumatra, and South Sumatra alone, officials reported 32,000 cases of acute respiratory tract infections,[56] while in Riau more than 300,000 people have been suffering from the same syndrome.[57]

Peatlands and CO2 Emissions

"APP will support the Government of Indonesia's low emission development goal and its target to reduce greenhouse gas emissions."
Forest Conservation Policy

[53] The Guardian, Indonesian forest fires on track to emit more CO2 than UK, October 2015, https://www.theguardian.com/environment/2015/oct/07/indonesian-forest-fires-on-track-to-emit-more-co2-than-uk
[54] The World Bank, The Cost of Fire - an economic analysis of Indonesia's 2015 fire crisis, February 2016, http://pubdocs.worldbank.org/en/643781465442350600/Indonesia-forest-fire-notes.pdf
[55] Coalition Against Forest Mafia, Perpetual Haze, November 2019, https://environmentalpaper.org/wp-content/uploads/2019/11/Perpetual-Haze.pdf
[56] CNN, 5 Pekan Karhutla, 32 Ribu Warga Sumsel Derita ISPA, September 2019 , https://www.cnnindonesia.com/nasional/20190912074138-20-429746/5-pekan-karhutla-32-ribu-warga-sumsel-derita-ispa
[57] Kompas, Penderita ISPA di Riau Capai 300.000 Orang, September 2018, https://kompas.id/baca/utama/2019/09/18/penderita-ispa-di-riau-capai-300-000-orang/

Drained and dried peat is a particularly high source of greenhouse gas (GHG) emissions through its oxidation and increased susceptibility to burning.[58] Even without taking into account the forest fires, APP is responsible for almost 43.8 million tonnes of CO_2 emission every year. To put these figures in perspective, excluding fires and downstream emissions, APP's plantations on peat soil emit 43 million tonnes of CO_2 annually, nearly as much as the emissions of Norway,[59] or as much as 39 countries around the world. A typical coal-fired power station emits 3.5 million tonnes of CO_2 per year,[60] so APP's suppliers plantations emit more than twelve coal-fired power plants.

In August 2015, APP committed to retire 7,000 ha of plantations on peat.[61] This however only represents 1.2% of the 600,000 hectares of peatland held by APP.[62] It would have been a good first step, if followed by a re-wetting of dried peat on a large scale. This did not happen, and peat fires keep periodically ravaging.

Despite the scientific evidence indicating that industrial plantations on drained peatlands carry very considerable risks and are not sustainable even with 'best practice' management,[63] APP continues to depend heavily on peatland plantations, and approximately 50% of APP's pulpwood suppliers' concessions are on peatland.[64]

In July 2020, APP was found to be actively clearing 3,500 ha of Sumatran peatland for pulpwood plantations and digging 53 km of drainage canals[65], in direct breach of its own commitments to preserve and restore carbon-rich ecosystems and reduce emissions.[66]

In July 2020, Riau-based NGO Jikalahari filed a criminal report with the Indonesian police against APP subsidiary PT Arara Abadi.[67] Geolocated drone footage taken on 3 July, a week after the fires burned inside its concession area, show still smouldering areas of peatland prepared for planting. Satellite imagery confirms that the area was forest in January, and was cleared and drained in the months preceding the burning. Hotspot data indicates this took place on 28 June. The burning of areas within Arara Abadi is not only a violation of Indonesian regulations, it is also a violation of APP's public commitments and policies. Arara Abadi is a repeat offender, having had fires in its concessions every year since 2015, resulting in an estimated total burned area of over 12,000 ha.[68]

[58] Susan E. Page et Al, In the line of fire: the peatlands of Southeast Asia, June 2016, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4874413/
[59] EPN, Too Much Hot Air, February 2019, https://environmentalpaper.org/wp-content/uploads/2019/02/20170412-Too-much-hot-air-discussion-paper-draft-1.pdf
[60] Union of Concerned Scientists, Coal and Air Pollution, December 20q7, https://www.ucsusa.org/resources/coal-and-air-pollution#.WOUEWGe1vlU
[61] APP, Asia Pulp & Paper commits for commercial plantations on tropical peatland, August 2015, https://asiapulppaper.com/-/asia-pulp-paper-commits-to-the-first-ever-retirement-of-commercial-plantations-on-tropical-peatland-to-cut-carbon-emissions
[62] Wetlands International, Encouraging first step, but still a long way to go for APP to stop peat destruction, August 2015, https://www.wetlands.org/news/encouraging-first-step-but-still-a-long-way-to-go-for-app-to-stop-peat-destruction/
[63] Lahiru S. Wijedasa, Denial of long-term issues with agriculture on tropical peatlands will have devastating consequences, September 2016, https://onlinelibrary.wiley.com/doi/full/10.1111/gcb.13516
[64] APP, Sustainability Report 2018, see footnote 30
[65] Greenpeace, Greenpeace finds Asia Pulp and Paper guilty of peatland clearance and fuelling forest fires in Indonesia, July 2020, https://www.greenpeace.org/southeastasia/press/43721/greenpeace-finds-asia-pulp-and-paper-guilty-of-peatland-clearance-and-fuelling-forest-fires-in-indonesia/
[66] APP, Committed to tackle deforestation at COP21, November 2015, https://asiapulppaper.com/-/committed-to-tackle-deforestation-at-cop21
[67] Jikalahari, Kapolda Riau Cabut Maklumat, Kapolres Pelalawan Tidak Sungkan Segel PT Arara Abadi, July 2020, https://jikalahari.or.id/kabar/rilis/kapolda-riau-cabut-maklumat-kapolres-pelalawan-tidak-sungkan-segel-pt-arara-abadi/
[68] Coalition Against Forest Mafia, More peatland fire disasters for Indonesia? February 2019, https://environmentalpaper.org/wp-content/uploads/2019/02/Peatlands-report_Feb-2019-FINAL-1.pdf

Restoration & compensation

"Asia Pulp and Paper Group (APP) has today announced a plan to restore and support the conservation of one million hectares of rainforest across Indonesia."
APP release

In April 2014, APP announced a plan to restore and support the conservation of one million hectares of rainforest and other ecosystems in 10 landscapes in Indonesia, to remedy the past significant conversion of natural forest caused by APP's supply chain.[69] The announcement was cautiously welcomed by Greenpeace,[70] WWF[71] and RAN,[72] but it remained on paper and lacked critical details on what would count towards the target, what approaches would be used, and how the progress on the commitment would be implemented and measured. Six years later there is still no clear plan and minimal progress on implementing this restoration commitment. Even the priority actions APP committed to save Bukit Tigapuluh landscape were not implemented.

The only tangible achievements are the retirement of 7,000 ha of productive plantation on peat in three separate concession areas,[73] and the start of restoration work in 5,000 ha of degraded forest, representing only around 1.2% of the 1 million hectares they publicly committed to restoring.[74]

Association Procedure

Any existing or potential supplier to APP is required to meet our Responsible Fibre Procurement and Processing Policy and Forest Conservation Policy. Under this Association Procedure, any activity by a supplier that violates these policies, whether directly or indirectly, is defined as an Unacceptable Activity. (...) In the event that the potential supplier has been involved, directly or indirectly, in conversion of natural forests after the effective date of APP's FCP (1 February 2013)
Association Procedure[75]

In May 2014, in dialogue with stakeholders, APP developed a procedure to evaluate future suppliers. Called the Association Procedure for Implementing a No-Deforestation Commitment in APP's Supply Chains, the policy stated that "under this Association Procedure, any activity by a supplier that violates these policies, whether directly or indirectly, is defined as an Unacceptable Activity". The procedure, which banned suppliers involved in

[69] APP, Protection and restoration of one million hectares of forest in Indonesia, April 2014, https://asiapulppaper.com/-/app-to-support-the-protection-and-restoration-of-one-million-hectares-of-forest-in-indonesia
[70] Greenpeace, APP to "protect and restore" 1 million hectares of forests, April 2014, https://www.greenpeace.org/usa/app-protect-restore-1-million-hectares-forests/
[71] Wwf, WWF responds to ambitious APP plan for restoration and conservation of one million hectares, April 2014, https://wwf.panda.org/?220352/WWF-responds-to-ambitious-APP-plan-for-restoration-and-conservation-of-one-million-hectares
[72] RAN, RAN Welcomes APP's Commitment to Restore One Million Hectares of Rainforest, April 2014, https://www.ran.org/press-releases/ran-welcomes-app_s-commitment-restore-one-million-hectares-rainforest/
[73] APP, APP shares its milestones to provide long term solution to fires, November 2015, https://asiapulppaper.com/-/app-shares-its-peatland-management-milestones-to-provide-long-term-solution-to-fires
[74] APP, Forest Conservation Policy Progress Update – Conservation, March 2019, http://www.fcpmonitoring.com/Pages/OpenPDF.aspx?id=1427
[75] APP, Association Procedure For implementing a No-Deforestation commitment in APP's Supply Chains, May 2014, temporary stored at https://environmentalpaper.org/wp-content/uploads/2020/06/APP-Association-Procedure-ENG.pdf

any deforestation activity after the effective date of APP's Forest Conservation Policy (1 February 2013), included a previous and more generic responsible fibre procurement and processing policy.

The association procedure silently disappeared from the APP website after NGOs criticised APP for its violations, [76] and in May 2019 it was replaced by the much weaker "APP responsible fibre procurement & processing policy". [77] APP still says that suppliers should comply with its commitment, but this new policy does not specify prohibition of clearing high carbon stock forests (as per the High Carbon Stocks Approach, HCSA[78]), does not prohibit developments on peatlands, nor include the immediate termination of suppliers found in breach of policy, and the cut-off date of 1 February 2013 for actions that conflict with the standards of APP's High Conservation Values (HCV) and High Carbon Stocks (HCS) policies as been scrapped. For international sources the new policy only requires legal compliance and chain of custody documentation.

The association procedure was mentioned by the Rainforest Alliance in its Evaluation of Asia Pulp & Paper's Progress to Meet its Forest Conservation Policy[79] and in APP's Sustainability Report 2014, [80] and a copy of it have been stored by EPN. [81]

Transparency

> Among our promises was a commitment to complete transparency.
> APP Forest Conservation Policy One Year Summary[82]

Before and after its 2013 FCP announcement, APP misled stakeholders about the company's relationship with 27 wood suppliers, accounting for a majority of its plantation base, claiming them as "independent," by hiding its corporate links with at least 25 of them. An NGO report on May 2018 revealed the hidden corporate structure linking APP to its "independent" fibre suppliers. [83]

During the 2015 fires, APP used its "independent" claim to skirt accountability for massive fires in concession areas near its new mill. [84] In addition to PT. Muara Sungai Landak mentioned above, in December 2017 Associated Press[85] and Straits Times[86] also reported on SMG/APP's hidden relationship with another company, PT Bangun Rimba Sejahtera, [87] which has plans to convert community land to plantations, despite resistance from villagers. [88]

[76] EPN and others, Association with new suppliers in Bangka Belitung, PT. Bangun Rimba Sejahtera (BRS), March 2017, https://environmentalpaper.org/wp-content/uploads/2017/03/20170317-letter-to-APP-on-PT-BRS.pdf
[77] APP, App Responsible Fibre Procurement & Processing Policy, May 2019, https://asiapulppaper.com/documents/20123/0/app_responsible_fibre_procurement_processing_policy_-_srv_2020.pdf/e673cd3f-49d5-bb45-7bc8-5d9cebe1dc64?t=1575879683942
[78] The HCS Approach Toolkit, May 2017, http://highcarbonstock.org/the-hcs-approach-toolkit/
[79] Rainforest Alliance, An Evaluation of Asia Pulp & Paper's Progress, see footnote 14
[80] APP, Sustainability Report 2014 https://sustainability-dashboard.com/documents/20123/0/app_sr_2014_interactive_v2.pdf/ae1efd86-3d8c-4b81-ca31-fa11200483cb?t=1575880200688
[81] APP, Association Procedure, see footnote 75
[82] APP, APP Forest Conservation Policy One Year Summary, 2014, https://it.scribd.com/document/220314953/APP-Forest-Conservation-Policy-One-Year-Summary
[83] Coalition Against Forest Mafia, Removing the Corporate Mask, see footnote 5
[84] The Straits Times, Asia Pulp & Paper: Suspended suppliers independently owned , December 2015, https://www.straitstimes.com/business/companies-markets/asia-pulp-paper-suspended-suppliers-independently-owned
[85] Associated Press, AP Exclusive: Pulp giant tied to companies accused of fires, December 2017, https://apnews.com/article/fd4280b11595441f81515daef0a951c3
[86] The Straits Times, Rebutting media reports, pulp giant APP claims links to suppliers do not weaken its sustainability efforts, December 2017, https://www.straitstimes.com/asia/se-asia/rebutting-media-reports-pulp-giant-app-claims-links-to-suppliers-do-not-weaken-its
[87] Walhi Bangka Belitung and others, Local Communities Reject PT. Bangun Rimba Sejahtera, Potential Supplier to APP's OKI Mill, March 2017, https://www.forestpeoples.org/sites/fpp/files/private/news/2017/03/Investigation%20Report%20-%20Potential%20APP%20Supplier%20PT%20BRS%20Rejected%20by%20Local%20Communities%20Final.pdf
[88] EPN and others, Association with new suppliers in Bangka Belitung, see footnotes 76

Since the FCP announcement, APP has also misled stakeholders about a piece of fundamental information for its policy implementation: OKI mill's true production capacity.[89] It has built a much bigger mill than originally claimed, without providing any proof of sustainable wood supply.

APP claimed in its "FCP Update" in September 2014 that they had completed their FPIC process on PT. OKI Mill Pulp and Paper. However, a Yayasan Wahana Bumi Hijau assessment in 2014 concluded that "Participation in the FPIC process was limited;[90] information provided was inadequate and not given in writing; written consent from a majority of community members or groups potentially affected by the project was not obtained; permits for the Mill and construction of the Mill commenced before consent was given by at least some of the potentially affected communities with a clear right to FPIC (e.g. Sungai Rasau and Bukit Batu)."

APP has declined to share or make public HCS forest area maps, peatland studies and maps, data on participatory mapping of community and traditional land claims, as well as detailed data about its social conflicts mapping. A few of these have been shared but in a very selective way. In October 2019 its commitment towards full transparency was reduced to offering to share information in a "closed room in our office."[91]

Since 2013, APP has not commissioned a truly independent verification of its progress towards its own promised goals using a credible set of indicators to measure its compliance, such as the Criteria and Indicators developed by NGOs.[92] APP has continued to self-declare its progress on implementing various aspects of its policy through communications or marketing campaigns, buyers' trips, its Stakeholder Advisory Forum meetings or through endorsements made by second parties such as Earthworm Foundation, formerly The Forest Trust, which is paid directly by the company for its services. This approach to reporting on progress in implementing its commitments is merely self-reporting, and is insufficient and unreliable.

APP's refusal to be fully transparent has also limited its efforts to gain certification via the Forestry Stewardship Council. In 2017 the FSC, which ten years earlier had dissociated from APP for its destructive forestry practices - initiated a process to develop a roadmap for possibly ending its disassociation with APP.[93] However, in August 2018, FSC was forced to suspend the process due to "[the lack of] further information from APP related to its corporate structure and alleged unacceptable forest management activities by companies thought to be related to APP".[94]

APP has published a grievance list[95] but has refused to include all the grievances raised by affected communities, or local NGOs supporting them, or to provide details of actions taken to resolve grievances and return lands to communities whose customary rights were violated when it established plantations on their lands.

APP has published lists of its suppliers on its sustainability dashboard that it claims have gone through a robust Supplier Evaluation and Risk Assessment but it failed to take into account stakeholders' inputs.

APP has published a new monitoring system in July 2020 but it is limited to maps of its conservation areas and concession boundaries. Production areas are omitted and the maps are low resolution and not downloadable.

[89] The Straits Times, APP mill can produce far more than expected, stoking worries, June 2017, https://www.straitstimes.com/singapore/environment/app-mill-can-produce-far-more-than-expected-stoking-worries

[90] Mongabay, Dua Tahun Komitmen APP, FPIC dan Penyelesaian Konflik Masih Rendah, February 2015, https://www.mongabay.co.id/2015/02/07/dua-tahun-komitmen-app-fpic-dan-penyelesaian-konflik-masih-rendah/

[91] Eco-Business, Asia Pulp & Paper involved in numerous land disputes, shirking demands for more transparency—report, October 2019, https://www.eco-business.com/news/asia-pulp-paper-involved-in-numerous-land-disputes-shirking-demands-for-more-transparency-report/

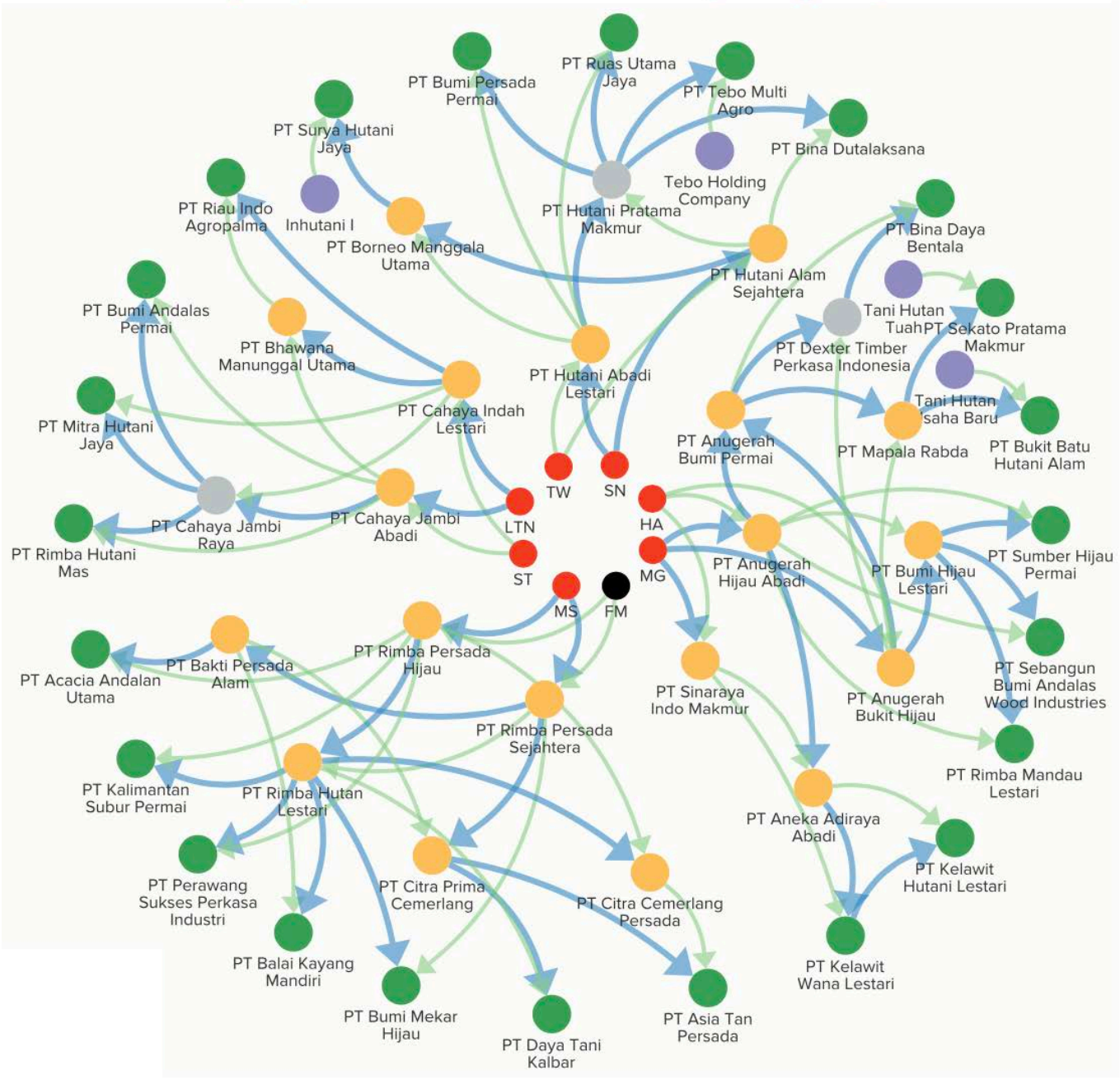
[92] Auriga and others, Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group (SMG) and Royal Golden Eagle (RGE) Companies, November 2017, https://environmentalpaper.org/wp-content/uploads/2017/11/Criteria___Indicators_for_Assessing___Verifying_SMG_and_RGE_Performance_15Nov17_2.pdf

[93] FSC Update on the disassociation, see footnote 20

[94] FSC, APP Roadmap Process, August 2018, https://fsc.org/en/newsfeed/app-roadmap-process

[95] APP, Summary of Grievances, March 2020, https://sustainability-dashboard.com/documents/115225/126817/200306+Grievance+List.pdf/c6c49c6e-1e96-46b2-e620-cb52ebcbf07c?t=1592281470497

Consolidated shareholder map for 24 of APP's "independent" supplier companies through holding companies to individual shareholders, as of April 16, 2018.



- **HTI plantation company**
- **Company at Plaza BII or Wisma Indah Kiat**
- **Majority shareholder**
- **Minority shareholder**
- **Apparent current or former Sinar Mas employee**
- **Corporate shareholder**
- **Cooperative or government-owned entity**

Source: Corporate registry documents, Ditjen AHU, Ministry of Law and Human Rights. From "Removing the Corporate Mask" report.

Recommendations to APP Clients, Financiers and Investors

Indonesian civil society organizations and other members of the Environmental Paper Network strongly urge APP clients, end buyers of its paper or palm oil products, financiers and investors to end and avoid any new business with APP and its brands – including any companies linked to the Sinar Mas and Paper Excellence conglomerates, and their sister companies controlled by APP's owner, the Widjaya family, until its failure to deliver on commitments as outlined in this report and summarized in the points below are fully addressed and the following actions implemented.

APP and its brands and the Sinar Mas and Paper Excellence conglomerates must do the following.

- Publish improved and credible policies on no deforestation, no ecosystem and peat conversion/ degradation, no exploitation, plus environmentally and socially responsible supply chains and investments, to apply across global Corporate Group[96] operations. This must Include explicit commitments to conservation and restoration of natural ecosystems including the financing of this work and remediation of their social and environmental harms.
- Implement the policies across all raw material source areas and all non-production areas under the influence of the corporate group and suppliers in its global supply chains, trading business, and investments.
- Disclose sufficient information on all areas relevant for policy implementation including information on: all raw material source areas and landbanks, traceability data, conservation areas, and affected Indigenous Peoples and local communities under the influence of the corporate group and suppliers in its global supply chains and investments. Publish and provide this information to transparent and collaborative monitoring systems that are accessible to the public and can inform monitoring of policy implementation and credible independent verification.
- Demonstrate compliance with the policies through, at a minimum, annual publication of the results of credible truly independent verification measured against the NGOs' published Criteria and Indicators.[97] This must be undertaken across all operations, raw material source areas and landbanks under the influence of the corporate group, suppliers in its global supply chains and investments, and implemented against clear time-bound targets, actions and tangible outcomes outlined in the policy.
- Establish and ensure accessibility for rights holders and workers to an effective grievance mechanism and conflict resolution procedure.

The following actions must also be set as pre-conditions and independently verified as delivered prior to the resumption of any business:

- Assure zero tolerance for violence, intimidation and criminalisation of affected communities and human rights, land and environmental defenders.
- Fully implement its commitments to avoid or resolve social conflicts through improved conflict resolution procedures that align with international best practice as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGP), principles for non-judicial grievance mechanisms.
- Fully implement its commitment to respect the free, prior and informed consent (FPIC) of communities affected by existing concessions and new developments and publish a FPIC Standard Operation Procedure that is consistent with the HCSA Social Requirements and Implementation Guidance.
- Halt immediately company activity on disputed lands until there is resolution of social conflicts and remedy for harms caused by the company to the mutual satisfaction of the aggrieved community and the

[96] Accountability Framework, Terms and Definitions, June 2019, https://s30882.pcdn.co/wp-content/uploads/2020/09/Definitions-2020-5.pdf
[97] Auriga and others, Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group (SMG) and Royal Golden Eagle, see footnote 92

company, and carry out and publish the results of participatory mapping of community and traditional lands of communities affected by company's operations (regardless the presence of disputes). Participatory mapping should be undertaken as per the High Carbon Stock Approach (HCSA) Social Requirements and Implementation Guidance.

- Fully implement all its commitments, including those to restore and protect one million hectares of rainforest in Indonesia, to stop the use of deforestation fibre, to protect high conservation value areas and high carbon stock forests and to protect peatlands from drainage and development, regardless of depth.
- Complete the full peer review of all its HCSA assessments and implement any recommendations to ensure the assessments comply with the HCSA Toolkit
- To restore the Association Procedure, or require all Indonesian and International suppliers of pulp or fibre to comply with no deforestation, no ecosystem and peat conversion/ degradation requirements from 1 February 2013. Those in the tropics must apply the HCSA for all new developments involving land-use change.
- Adopt and publish an accountable, time-bound plan for phasing-out pulpwood plantations on peatland sites, which includes independent verification mechanisms.
- Publish detailed information about its corporate structure and direct and indirect ties with fibre suppliers, subsidiaries and brands, and share relevant documentation such as verifiable long-term wood supply plan for APP pulp mills, HCV, HCS and peat studies.