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**WWF Advisory to Buyers and Investors of  
Sinar Mas Group / Asia Pulp & Paper (SMG/APP)**

**WWF-Indonesia  
19 October 2015**

Sinar Mas Group's Asia Pulp & Paper (SMG/APP) and its pulpwood suppliers have a 30-years history of deforestation, peat drainage and conflict with local communities related to acquisition of land for plantation development in Sumatra and Kalimantan. In February 2013, APP pledged to halt deforestation under its Forest Conservation Policy (FCP). Since then APP has announced a new policy to dissociate from suppliers that violate the FCP and a new commitment to restore and support conservation of one million hectares of natural forest and other ecosystems in Sumatra and Borneo<sup>1</sup>.

Many Indonesian NGOs including WWF-Indonesia have been part of "Solutions Working Group" and other task forces established by APP in relation to implementation of these policy commitments and also conducting independent monitoring of APP's performance on the ground<sup>2</sup>. On 6 October 2015, 12 NGOs including WWF-Indonesia sent a joint open letter to APP<sup>3</sup> to acknowledge some progress in APP's implementation of its commitments including: formation of a peat expert team, continuing work on a number of processes including High Carbon Stock and High Conservation Value assessments and development of Integrated Sustainable Forest Management Plans (ISFMP) and commissioning of an evaluation by Rainforest Alliance of its progress.

However, the joint NGO letter expressed concern over lack of adequate progress on the ground on many key elements of the FCP as well as its additional commitments, especially the 1 million hectare restoration and conservation commitment. Many of the concerns are in line with the findings by the Rainforest Alliance detailed in its February report<sup>4</sup>. Key concerns over APP's performance include:

- APP's commitment to stop clearing natural forest for pulp production is holding. However there is a continuing loss and illegal logging of natural forest in the concessions of SMG/APP suppliers<sup>5</sup>.
- Serious social conflicts remain unresolved, compounded by the violent murder of a community activist by a security firm hired by an SMG concession in February<sup>6</sup>.
- Emissions from drained peat continue. The serious regional haze in 2015 generated by fires in SMG/APP suppliers' concessions in South Sumatra is a best reminder that SMG/APP needs to take serious urgent measures<sup>7</sup>. SMG/APP seems unable to prevent the inherent risks of developing plantations on peat soils including annual fires. WWF thinks the only way to no longer have recurrent fire on peat is to restore them. APP needs to restore much more than the 7,000 ha of peatlands for which it had recently pledged to explore restoration<sup>8</sup>. Given that APP suppliers currently operate approximately 1.4 million hectare of concessions on peat in Sumatra and Kalimantan, this means retirement of a mere 0.5% of the total<sup>9</sup>.
- The company's 1 million ha restoration commitment is still at an early planning stage. The master plan produced by APP's consultant is incomplete and provides scant detail of proposed conservations and restoration measures. Meanwhile the Indonesian Government publicly stated that mandatory conservation areas in concessions cannot be claimed as part of this area covered by commitment<sup>10</sup>.
- APP's announcement included an explicit commitment to protect the Bukit Tigapuluh area where WWF has been working actively for years<sup>11</sup>. The area continues to be plagued with illegal deforestation that started with the opening of a legally questionable logging corridor by APP. APP has yet to confirm



- that it will restore enough area to support the populations of critically endangered Sumatran elephant and tiger who lost their habitat due to APP-linked deforestation in the past.
- It remains unclear whether APP will allow independent third party evaluation that is jointly managed, funded and supervised by APP and NGOs as proposed in the European Paper Network Milestones for APP<sup>12</sup>.
  - Questions remain about how APP will be able to meet its dramatically increased wood demand after the completion of its new mega pulp mill<sup>13</sup> without violating its FCP and other commitments.

Given the seriousness and urgency of these issues, the NGO open letter recommends fundamental reforms to APP's management structures so that its policies and management plans can be rapidly and effectively implemented in all wood supply concessions.

WWF recommends that buyers wait and see until there is a regular truly independent 3rd party verification that the group has made significant progress to address the critical problems raised in the joint NGO open letter to APP and the Rainforest Alliance evaluation before making the decision to source from or invest in APP and its associated business entities. WWF is especially interested to see progress on restoration and conservation on the ground at the scale required to meet APP's 1 million hectare restoration and conservation commitment.

WWF, as a stakeholder in some of APP's priority restoration landscapes, will continue to engage with APP in the hope that its one million hectare commitment will generate real conservation benefits. WWF, together with local NGOs in the Eyes on the Forest coalitions in Sumatra and Kalimantan, will continue monitoring the company's operations.

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<sup>1</sup> WWF-Indonesia (28 April 2014) WWF Responds to APP's Restoration and Conservation Plan.

[http://www.wwf.or.id/berita\\_fakta/index.cfm?unewsid=33082&ulangid=1](http://www.wwf.or.id/berita_fakta/index.cfm?unewsid=33082&ulangid=1)

<sup>2</sup> See reports by Eyes on the Forest (<http://www.eyesontheforest.or.id>). On social issues, a coalition of Indonesian and foreign NGOs published a joint report (January 2015) on the lack of progress on land conflict resolution:

[http://www.ran.org/new\\_report\\_finds\\_asia\\_pulp\\_and\\_paper\\_app\\_lagging\\_on\\_social\\_responsibility\\_commitments\\_provides\\_recommendations\\_for\\_improvement](http://www.ran.org/new_report_finds_asia_pulp_and_paper_app_lagging_on_social_responsibility_commitments_provides_recommendations_for_improvement)

<sup>3</sup> Joint NGO letter to Asia Pulp & Paper, 6 October 2015. <http://tinyurl.com/letter-to-APP>

<sup>44</sup> Rainforest Alliance (5 February 2015) An Evaluation of Asia Pulp & Paper's Progress to Meet its Forest Conservation Policy (2013) and Additional Public Statements. 18 month Progress Evaluation Report. <http://www.rainforest-alliance.org/sites/default/files/uploads/4/150205-Rainforest-Alliance-APP-Evaluation-Report-en.pdf>

<sup>5</sup> WWF-Indonesia (5 February 2015) WWF: More to conservation than APP's Clearing Halt.

[http://www.wwf.or.id/en/news\\_facts/press\\_release/237502/more-to-conservation-than-apps-clearing-halt](http://www.wwf.or.id/en/news_facts/press_release/237502/more-to-conservation-than-apps-clearing-halt)

<sup>6</sup> Eyes on the Forest (3 March 2015) NGOs condemn APP/SMG for brutal murder by their security of a local farmer.

<http://eyesontheforest.or.id/?page=news&action=view&id=788>

<sup>7</sup> Eyes on the Forest (14 October 2015) These maps, tables show you why Sinar Mas/APP companies linked to forest fires, haze.

<http://www.eyesontheforest.or.id/attach/EoF%20News%20%2814Oct15%29%20NGOs%20call%20on%20APP%20RGE%20to>



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[%20start%20restoring%20peat\\_20151014191001.pdf](#) Eyes on the Forest (18 September 2015) See animation of MODIS: how smoke from APP's supplier blankets Sumatra since August 17. <http://eyesontheforest.or.id/?page=news&action=view&id=842>

<sup>8</sup> Wetlands International (13 August 2015) Encouraging first step, but still a long way to go for APP to stop peat destruction. <http://www.wetlands.org/News/tabid/66/ID/4216/NEWS-Encouraging-first-step-but-still-a-long-way-to-go-for-APP-to-stop-peat-destruction.aspx>

<sup>9</sup> WWF-Indonesia (15 August 2015) WWF Comments on APP Peat Announcement. <http://www.wwf.or.id/en/?40982/wwf-comments-on-app-peat-announcement>

<sup>10</sup> Comment by Hadi Daryanto DG of the Ministry of Environment and Forestry in the public consultation meeting of the APP 1 million hectare Master Plan at Peninsula Hotel 26<sup>th</sup> of August 2015

<sup>11</sup> WWF-Indonesia (12 August 2015) Bold Conservation Project to Save Sumatra's Thirty Hills. [http://www.wwf.or.id/en/news\\_facts/press\\_release/?40902/bold-conservation-project-to-save-sumatras-thirty-hills](http://www.wwf.or.id/en/news_facts/press_release/?40902/bold-conservation-project-to-save-sumatras-thirty-hills)

<sup>12</sup> European Paper Network (20 September 2013) EPN Performance Milestones: The First Test. <http://environmentalpaper.org/milestones/>

<sup>13</sup> Rainforest Alliance (16 July 2015) Public Briefing Paper: Rainforest Alliance Evaluation of The Forest Trust (TFT)/ATA MARIE Growth & Yield – Wood Supply Study Prepared for Asia Pulp and Paper. <http://www.rainforest-alliance.org/sites/default/files/uploads/3/150716-Public-Briefing-Paper-Wood-Supply-Study-Evaluation.pdf>