

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

WWF-Indonesia

1 July 2013

WWF welcomes APP's recent clarifications in June 2013 of its "forest conservation policy (FCP)" that it is committed to "an absolute deadline of 31 August 2013 for all natural forest wood felled prior to 1 February 2013, to have reached its pulp mills. After this date, no natural forest fiber will be able to enter APP log yards."^{1, 2}

However, WWF recommends that companies not buy products from Sinar Mas's APP group and avoid investing in their infrastructure expansion projects, until there is independent verification by NGOs that APP's "forest conservation policy" and this new commitment results in true avoidance of deforestation and that NGOs and APP agree on paths towards restoration and protection of priority ecosystems and HCV areas.

The Reason

WWF was cautiously optimistic at the launch of APP's new forest conservation policy (FCP) in February 2013^{3, 4}. The policy is a step in the right direction to change course and move away from the company's history of deforestation.

WWF has participated in many of the FCP focus group discussions organized by APP since it rolled out the policy. These focus group discussions, as well as other meetings with APP since February and analysis by NGOs, justify the concerns about the policy's lack of conservation benefit for Sumatra^{5, 6} and the lack of commitment for restoration of the environmental and social damages that the company has caused⁷.

Regarding the new commitment, WWF remains concerned that there are loopholes in this commitment that fail to ensure that "no natural forest fiber will be able to enter APP log yards" after 31 August 2013 will mean the same thing as "no deforestation". The key reasons are:

- Natural forest zoned as scrubland: APP's policy and its implementation protocols published⁸ do not provide clear thresholds, such as canopy closure level and above ground biomass carbon stock or mixed tropical hardwood per hectare that would distinguish "natural forest" that their suppliers would protect from "old scrub", "regenerating forest" and "young scrub" that they could clear after 31 August. The accuracy of land cover classification (high carbon stock assessment) also remains to be seen. The latest incident of forest clearance moratorium violation in Riau⁹ warrants our precautionary position questioning APP's achievement of "zero deforestation": APP's "FCP implementation team" categorized a relatively intact forest as "young and old scrub" and allowed a supplier to clear it to supply MTH to APP's pulp mill^{10, 11} (see photos below).
- Inability of APP's monitoring system to identify moratorium violations before NGOs found them^{12, 13, 14}, combined with the continued mixed tropical hardwood (MTH) supply to the mills after 31 August keep us concerned that MTH deriving from deforestation could continue unchecked.
- WWF doubts that APP would have sufficient plantation fiber after 31 August 2013 for all its pulp and paper mills globally, especially with the to-be-built South Sumatra mega mill. Thus we assume that their mills would need to continue relying on MTH, potentially from deforestation.

The Solution

WWF wants APP to succeed in becoming a global leader as a deforestation-free company. WWF therefore recommends that APP amend its policy with these clearly worded statements:

- As of 31 August 2013, APP will rely exclusively on plantation fiber and not pulp any further mixed tropical hardwood, no matter of what origin, in any of its mills worldwide. This would simplify the wood sourcing system, prevent mistakes and streamline verification audits to ensure APP's core commitment to achieve "no deforestation".
- APP will commit to a process starting in 1 July 2013 with Indonesian NGOs to identify, restore and protect priority ecosystems and HCV areas.



Photos taken on 29 May, during the joint verification audit by Eyes on the Forest, APP and The Forest Trust¹⁵. This area was defined as "scrub" by APP and The Forest Trust rather than "natural forest," and therefore was considered exempt from the moratorium. The joint fly-over confirmed the dense natural forest clear cut or in the process of being cleared. This area has peat soil deeper than 4 meters¹⁶ and habitat for critically endangered Sumatran tiger¹⁷.

¹ Asia Pulp & Paper (4 June 2013a) Asia Pulp and Paper's No Deforestation policy continues as it issues its third Sustainability Roadmap 'Vision 2020' update.

<http://www.asiapulppaper.com/news-media/press-releases/asia-pulp-and-papers-no-deforestation-policy-continues-it-issues-its-third>

² Asia Pulp & Paper (4 June 2013b) Sustainability Roadmap Vision 2020 update.

http://www.asiapulppaper.com/system/files/SRV2020_Report_june2013_Final.pdf

³ Asia Pulp & Paper (1 February 2013) APP's Forest Conservation Policy.

<http://www.asiapulppaper.com/system/files/APP%20Forest%20Conservation%20Policy-ENGLISH.pdf>

⁴ Asia Pulp & Paper (5 February 2013) Asia Pulp & Paper Group (APP) Commits to an Immediate Halt to All Natural Forest Clearance.

<http://www.asiapulppaper.com/news-media/press-releases/asia-pulp-paper-group-app-commits-immediate-halt-all-natural-forest>

⁵ Greenomics (18 March 2013) APP's artful deception. After pulping its remaining forests, APP positions itself as a conservation leader with new policy. [http://www.greenomics.org/docs/APP%27s artful deception with new policy 201303.pdf](http://www.greenomics.org/docs/APP%27s%20artful%20deception%20with%20new%20policy%20201303.pdf)

⁶ Eyes on the Forest (3 April 2013) Where are the trees? SMG/APP's new forest policy kicks in only after company has completed its planned deforestation in Riau, Sumatra.

<http://www.eyesontheforest.or.id/attach/EoF%20%2803Apr13%29%20Where%20are%20the%20trees%20EN%20FINAL.pdf>

⁷ On 24 April, 11 civil society groups (Burung Indonesia, Huma, Jikalahari, JPIK Focal Point Kalimantan Barat, Link-AR Borneo, Sampan, Scale Up, Titian, Wahana Bumi Hijau, Warsi and WWF Indonesia) sent a joint letter to APP to clarify their concerns and recommendations: http://www.eyesontheforest.or.id/attach/Joint%20NGO%20letter%20to%20APP%20Final%20English%20%28sent%20on%2024Apr13%29rev_20130503160535.pdf

⁸ "Protocol for the Moratorium on Natural Forest Clearance" and "Protocol for New Planting at the Concession of Forest Plantation After 31 January 2013" – both checked online on 17 June 2013 posted at <https://tfttest.chainfood.com/>

⁹ Eyes on the Forest (16 May 2013a) Deforestation continues in SMG/APP supplier concession in Sumatra.

<http://www.eyesontheforest.or.id/attach/EoF%20%2816May13%29%20Deforestation%20continues%20in%20SMGAPP%20supplier%20concession%20FINAL.pdf> Eyes on the Forest (16 May 2013b) Press Release: SMG/APP's broken promise unchecked in Riau, Sumatra. <http://www.eyesontheforest.or.id/?page=news&action=view&id=635>

¹⁰ Verification audit report signed by EoF, APP, RIA, TFT, etc. was posted online at:

http://www.eyesontheforest.or.id/attach/Laporan%20Verifikasi%20TK%20oleh%20EoF_TFT_SMF_RIA_Scan_20130607100607.pdf
(English translation available upon request)

¹¹ The Forest Trust (26 June 2013) Result of Verification Related to EoF Allegation of Violation of APP's Natural Forest Moratorium in the Concession Area of PT. Riau Indo Agropalma (RIA). http://clients.squareeye.net/uploads/tft/TFT_verification_report_-_RIA.pdf

¹² Kalimantan Forest Monitoring NGOs (25 March 2013) APP suppliers' continued natural forest clearance and peat canal development shed doubt on APP's forest conservation commitment.
http://www.eyesontheforest.or.id/attach/Joint%20Press%20Release_APP%20FCP%20Violation%20in%20West%20Kalimantan_260313_English_20130326090349.pdf

¹³ Kalimantan Forest Monitoring NGOs (9 April 2013) Borneo's RPHK Consortium Rebuts APP and The Forest Trust's Verification Report: APP's Forest Conservation Policy Should Embrace More Relevant Stakeholders and Truly Protect Forest, Peat Lands.
<http://www.wwf.or.id/en/?27920/Borneos-RPHK-consortium-rebuts-APP-and-The-Forest-Trusts-Verification-Report-APPs-Forest-Conservation-Policy-should-embrace-more-relevant-stakeholders-and-truly-protect-forest-peat-lands> Notes to Editors
<https://www.dropbox.com/s/kbfwfi7as75aeop/Notes%20to%20editor-FINAL.pdf>

¹⁴ Eyes on the Forest (16 May 2013a), Eyes on the Forest (16 May 2013b),

¹⁵ Verification audit report signed by EoF, APP, RIA, TFT, etc. was posted online at:
http://www.eyesontheforest.or.id/attach/Laporan%20Verifikasi%20TK%20oleh%20EoF_TFT_SMF_RIA_Scan_20130607100607.pdf
(English translation available upon request)

¹⁶ Wahyunto, S. Ritung dan H. Subagjo (2003). Peta Luas Sebaran Lahan Gambut dan Kandungan Karbon di Pulau Sumatera / Maps of Area of Peatland Distribution and Carbon Content in Sumatera, 1990 – 2002. Wetlands International - Indonesia Programme & Wildlife Habitat Canada (WHC). <http://www.wetlands.or.id/PDF/buku/Atlas%20Sebaran%20Gambut%20Sumatera.pdf>

¹⁷ Wibisono, H.T. & W. Pusparini (2010) Review: Sumatran tiger (*Panthera tigris sumatrae*): A review of conservation status. Integrative Zoology 2010 (5) 313-323. <http://onlinelibrary.wiley.com/doi/10.1111/j.1749-4877.2010.00219.x/pdf>