



GAPETA Borneo



## APP and APRIL violate zero-deforestation policies with wood purchases from Djarum Group concessions in East Kalimantan

*August 15, 2018*

### Summary

In recent years, global paper giants Asia Pulp & Paper (APP) and Asia Pacific Resources International Holdings Limited (APRIL) have made heavily publicized commitments to have “zero deforestation” and respect for human rights in their supply chains. Yet official wood utilization reports compiled by the Indonesian government show that in 2017 both companies purchased wood from PT Fajar Surya Swadaya, an East Kalimantan concession-holder, which has cleared nearly 20,000 hectares (ha) of natural forest since 2013. APP also purchased wood from PT Silva Rimba Lestari, another East Kalimantan forestry company which has cleared more than 12,000 ha of natural forest during the same period.

APP and APRIL’s purchases of wood from these companies raise fundamental questions about the integrity of both groups’ zero deforestation commitments and the spirit of reform they have promoted. In recent years, both APP and APRIL have made large capital investments in pulp production and downstream processing, while offering unproven assurances that they have adequate supplies of plantation-grown wood fiber to support their raw material needs. The fact that APP and APRIL are sourcing wood from new suppliers engaged in deforestation indicates that such assurances were not based on rigorous analysis and accurate projections. More broadly, it appears to signal that each group has begun to default on its no deforestation commitment as it seeks new sources of wood.

### APP and APRIL’s zero deforestation commitments

Following decades of forest destruction and associated conflicts with local communities<sup>1</sup>, both APP and APRIL regained a measure of market acceptance and bolstered their reputations by adopting sustainability policies that feature group-wide commitments to eliminating deforestation and respecting human rights.<sup>2</sup>

In February 2013, APP initiated its current “Forest Conservation Policy”, which pledges that “APP and its suppliers will only develop areas that are not forested, as identified through independent HCVF [high conservation-value forest] and HCS [high carbon stock] assessments.”<sup>3</sup>

Under this policy, the company has stated that “APP will only accept wood from suppliers that converted and develop[ed] their pulpwood plantation[s] before February 2013.”<sup>4</sup> APP has promised these commitments will apply to: 1) APP and its suppliers in Indonesia; 2) any Indonesian fiber utilized by APP’s mills elsewhere; and 3) all future expansion.

In June 2015 (and updated in October 2017), APRIL's parent conglomerate, Royal Golden Eagle (RGE), adopted a group-wide "Forestry, Fiber, Pulp & Paper Sustainability Framework," which prominently includes a commitment to "No Deforestation"<sup>5</sup>. This commitment applies to all RGE companies worldwide and to all third-party fiber, wood, and pulp suppliers to RGE companies.

Under this framework, APRIL pledged that "Effective immediately, APRIL and its suppliers will only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments [... and] APRIL will not acquire any new land, or forestry licenses; or receive wood from land licensed to third parties, where after 3 June 2015 the seller has knowingly cleared HCV or HCS forests or forested peatlands."<sup>6</sup>

### **Wood purchases from deforestation-linked suppliers**

Wood utilization reports<sup>7</sup> submitted to Indonesia's Ministry of Environment and Forestry (Rencana Pemenuhan Bahan Baku Industri, or RPBBI) show that in 2017, pulp mills operated by APP and APRIL purchased wood fiber from PT Fajar Surya Swadaya, which manages an industrial pulpwood plantation concession (hutan tanaman industri, or HTI) in East Kalimantan with a total area of 61,470 hectares.<sup>8</sup> In addition, APP purchased wood from PT Silva Rimba Lestari, which manages an industrial pulpwood plantation concession of 88,000 hectares in East Kalimantan.<sup>9</sup>

Both PT Fajar Surya Swadaya and PT Silva Rimba Lestari are majority owned through holding companies by members of the Hartono family, founders of the Djarum Group, according to official company profiles provided by the Government of Indonesia.<sup>10</sup> The industrial pulpwood concessions are reportedly being developed to supply a pulp mill that PT Agra Bareksa Indonesia, a subsidiary of the Djarum Group, is building in an industrial zone near Balikpapan in East Kalimantan.<sup>11,12</sup> Construction of the pulp mill broke ground in 2017 and was reported to be 80% complete in February 2018.<sup>13</sup>

In 2017, APP and APRIL's wood purchases from the two Djarum-affiliated forestry companies included sales to:

- APP's flagship mill in Riau, PT Indah Kiat Pulp & Paper, which reported receiving 24,863 cubic meters (m<sup>3</sup>) of plantation wood (approximately 800 truckloads<sup>14</sup>) from PT Fajar Surya Swadaya.<sup>15</sup>
- An APP-affiliated wood chip mill<sup>16</sup> in East Kalimantan, PT Sarana Bina Semesta Alam, which reported receiving 14,726 m<sup>3</sup> of plantation wood (approximately 500 truckloads) from PT Fajar Surya Swadaya and 1,151 m<sup>3</sup> of natural forest wood obtained through land-clearing<sup>17</sup> from PT Silva Rimba Lestari.<sup>18</sup>
- APRIL's flagship mill in Riau, PT Riau Andalan Pulp & Paper (RAPP), which reported receiving 141,183 m<sup>3</sup> of plantation wood (approximately 5,000 truckloads) from PT Fajar Surya Swadaya.<sup>19</sup>

Analysis of PT Fajar Surya Swadaya's concession using satellite imagery indicates that 19,221 ha of natural forest – or nearly one-third of the total concession area -- was cleared between 2013-2017 (see Table 1 and Graphics 1, 2, and 3). Similarly, analysis of PT Silva Rimba Lestari's concession using satellite imagery indicates that 12,780 ha of natural forest were cleared during 2013-2017 (see Table 1 and Graphic 4). The satellite imagery indicates that at the end of 2017, PT Fajar Surya Swadaya had 19,493 ha of remaining natural forest (32% of concession area) and PT Silva Rimba Lestari had 35,500 ha of remaining natural forest (40% of concession area).<sup>20</sup>

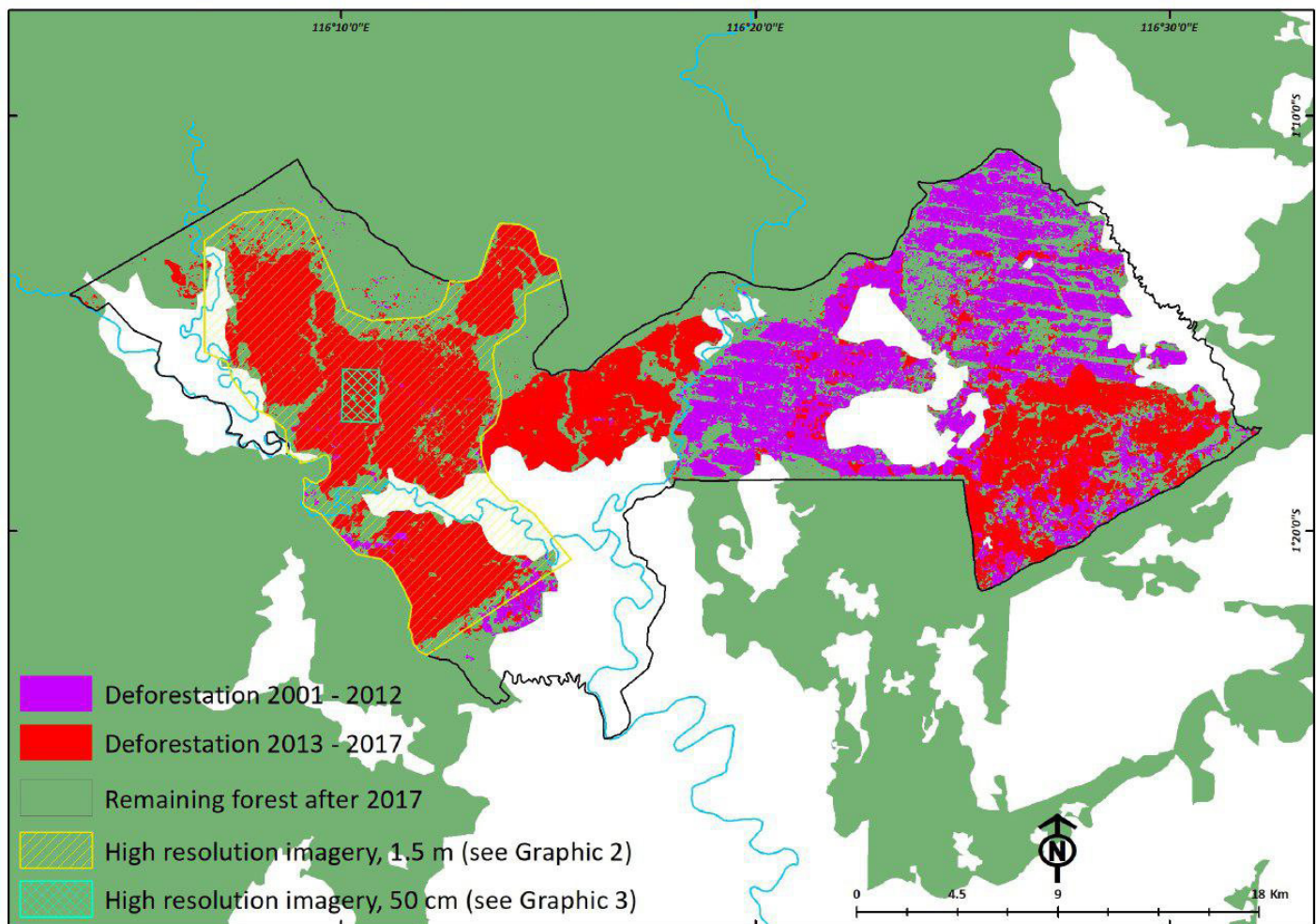
**Table 1. Annual deforestation (in hectares) in HTI concessions managed by PT Fajar Surya Swadaya and PT Silva Rimba Lestari, 2013-2017.**

Company	Total Concession Area (in hectares)	Annual Deforestation (in hectares)					
		2013	2014	2015	2016	2017	Total
PT Fajar Surya Swadaya	61,470	1,807.71	6,000.09	6,861.19	3,683.72	868.75	19,221.45
PT Silva Rimba Lestari	88,000	2,785.58	3,618.11	1,441.75	3,284.00	1,651.36	12,780.81

Sources:

1. Forest cover from Indonesia's Ministry of Environment and Forestry land cover map from 2000, available at <http://webgis.menlhk.go.id:8080/pl/pl.htm>;
2. Tree cover loss from Hansen et al. 2013. "High-Resolution Global Maps of 21st-Century Forest Cover Change." Science 342 (15 November): 850-53; with updates through 2017, available at [https://earthenginepartners.appspot.com/science-2013-global-forest/download\\_v1.5.html](https://earthenginepartners.appspot.com/science-2013-global-forest/download_v1.5.html);

**Graphic 1. Satellite imagery analysis of PT Fajar Surya Swadaya's concession in East Kalimantan indicating deforestation during 2001-2017 and remaining natural forest cover.**



Sources:

1. Forest cover from Indonesia's Ministry of Environment and Forestry land cover maps from 2000 and 2015, available at <http://webgis.menlhk.go.id:8080/pl/pl.htm>;
2. Tree cover loss from Hansen et al. 2013. "High-Resolution Global Maps of 21st-Century Forest Cover Change." Science 342 (15 November): 850-53; with updates through 2017, available at [https://earthenginepartners.appspot.com/science-2013-global-forest/download\\_v1.5.html](https://earthenginepartners.appspot.com/science-2013-global-forest/download_v1.5.html).



**Graphic 2. High resolution imagery (1.5 m) of select area inside PT Fajar Surya Swadaya's concession from 2014, 2016, and 2017 showing progression from natural forest to land clearing to pulpwood plantation.**



October-December 2014



January 2016



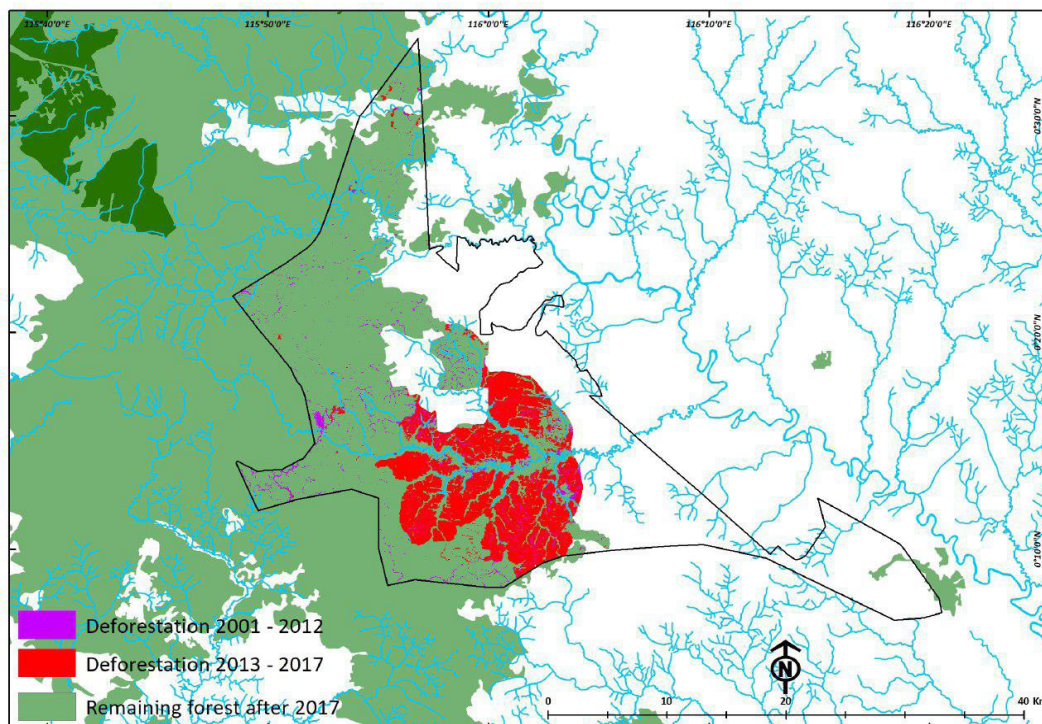
June 2017

**Graphic 3. High resolution imagery (50 cm) of select area inside PT Fajar Surya Swadaya's concession from 2017 showing pulpwood plantation.**



Image © 2018 Digital Globe, Inc.

**Graphic 4. Satellite imagery analysis of PT Silva Rimba Lestari's concession in East Kalimantan indicating deforestation during 2001-2017 and remaining natural forest cover.**



Sources:

1. Forest cover from Indonesia's Ministry of Environment and Forestry land cover maps from 2000 and 2015, available at <http://webgis.menlhk.go.id:8080/pl/pl.htm>;
2. Tree cover loss from Hansen et al. 2013. "High-Resolution Global Maps of 21st-Century Forest Cover Change." Science 342 (15 November): 850-53; with updates through 2017, available at [https://earthenginepartners.appspot.com/science-2013-global-forest/download\\_v1.5.html](https://earthenginepartners.appspot.com/science-2013-global-forest/download_v1.5.html).



Government reports of timber forestry revenue payments, available on the Ministry of Environment and Forestry's publicly accessible SI-PNBP website<sup>21</sup>, indicate that in 2016 and 2017, PT Fajar Surya Swadaya and PT Silva Rimba Lestari harvested both small-diameter pulplogs and large-diameter timber from natural forests. The forestry revenue payments indicate that in both 2016 and 2017, PT Fajar Surya Swadaya harvested more than 50,000 m<sup>3</sup> of commercial wood from natural forests.<sup>22</sup> This included the harvesting of *Eusideroxylon zwageri*, or Borneo Ironwood, which is listed as "vulnerable" on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species and is banned for export from Indonesia.<sup>23</sup> The forestry revenue payments indicate that PT Silva Rimba Lestari harvested more than 145,000 m<sup>3</sup> of natural forest timber in 2017 and more than 35,000 m<sup>3</sup> in 2016.<sup>24</sup>

The NGOs releasing this brief have seen references to High Conservation Value (HCV) studies that have been reportedly conducted for PT Fajar Surya Swadaya.<sup>25</sup> APRIL has indicated that PT Fajar Surya Swadaya engaged Tropenbos International to conduct an HCV assessment in its concession in April 2015 and the development of concessions was carried out on non-HCV areas.<sup>26</sup> However to the best of our knowledge, these studies are not publicly available for civil society review, and we have seen no evidence that they have gone through the HCV Resource Network peer review process.<sup>27</sup> We are not aware of HCV studies being conducted for PT Silva Rimba Lestari. Similarly, the NGOs releasing this brief have seen no evidence that peer reviewed assessments of High Carbon Stock (HCS) have been conducted in accordance with the guidelines of the HCS approach for either PT Fajar Surya Swadaya or PT Silva Rimba Lestari.<sup>28</sup>

Lack of clarity concerning HCV and HCS assessments raises questions as to whether potential social impacts of these concessions have been adequately evaluated or communicated with affected communities. In both APP and APRIL's sustainability commitments, the companies have committed to respecting the right of affected communities to give or withhold their free, prior and informed consent (FPIC) to industrial pulpwood plantation establishment. We have found little evidence to suggest APP or APRIL conducted sufficient due diligence to determine whether or not the FPIC of communities was respected in the concessions from which their wood supplies were sourced.<sup>29</sup>

### **APP's fiber supply crunch**

The emerging evidence of APP's links to forestry companies engaged in wide-scale deforestation are not limited to the Djarum-affiliated concessions in East Kalimantan. Recently, it was also revealed that PT Muara Sungai Landak (MSL), a forestry concession-holder in West Kalimantan linked to APP's parent conglomerate, the Sinar Mas Group, has also cleared large areas of natural forest since APP made its zero-deforestation commitment.<sup>30</sup> APP has denied it has any business relationship with MSL.<sup>31</sup> However, a report from Mongabay has shown that both PT Muara Sungai Landak and the industry to which it has supplied wood have ownership and/or management links to Sinar Mas Forestry and SMART, a Sinar Mas palm oil company.<sup>32</sup>

A recent case profiled by the Associated Press<sup>33</sup> is that of PT Bangun Rimba Sejahtera (BRS), which controls a 66,460 ha HTI plantation concession in Bangka Belitung Province.<sup>34</sup> BRS was established by individuals linked to APP and the Sinar Mas Group<sup>35</sup> and is one of the first HTI concessions in which APP has proposed plantation expansion to feed its giant OKI mill (see below). According to analysis by local NGOs, many affected communities have not yet given their free, prior and informed consent (FPIC) either for BRS's concession license or for the planned pulpwood plantation.<sup>36</sup> In refusing to heed community and local government opposition to the BRS concession, APP has failed to meet agreed-upon procedures for resolving community claims and has violated the spirit of its own sustainability commitments.

APP's violation of its zero-deforestation commitment may be driven, in part, by its mega-scale OKI pulp and tissue mill in South Sumatra, which began operating in late 2016. With a pulp production capacity of 2.8 million tons/year, the OKI mill has increased APP's overall fiber requirement in Indonesia by nearly 75% to reach 31 million m<sup>3</sup> of wood annually.<sup>37</sup> While the OKI mill was being built, APP repeatedly claimed that "independent assessments of the growth and yields of APP suppliers' plantation areas confirms that the company has sufficient plantation resources to meet the long-term forecast demand for its pulp mills."<sup>38</sup> This claim was enthusiastically endorsed by The Forest Trust.<sup>39</sup>

It is now becoming clear that APP's and The Forest Trust's claims of plantation fiber sufficiency were not based on rigorous analysis and accurate projections. In recent months, APP has indicated it is bringing on multiple new suppliers.<sup>40</sup> It is apparently pushing ahead with adding long-term suppliers in Bangka Belitung (PT Bangun Rimba Sejahtera) despite strong civil society protests over social dislocation<sup>41</sup> and in West Kalimantan (PT Buana Megatama Jaya) even though the concession is mostly on peatlands.<sup>42</sup> APP has also indicated that PT Korintiga Hutani in Central Kalimantan and KTS Timber Sdn Bhd in Malaysian Borneo will be added as short-term suppliers.<sup>43</sup> In addition, APP has recently acknowledged it is "conducting trials of imported woodchips from Vietnam and Australia, to supplement local pulp supply".<sup>44</sup> In July 2018, APP announced that it is planning to buy wood from a community forestry log depot in Lampung, Sumatra, a chip mill in Vietnam, and two chip mills in Australia.<sup>45</sup>

And now, alarming evidence has emerged that in OKI's first full year of operation, APP took in wood supplies from PT Fajar Surya Swadaya and PT Silva Rimba Lestari – companies which have deforested large areas in East Kalimantan in recent years.<sup>46</sup> Moreover, APP has apparently done so without adequate due diligence or stakeholder notification, as the company's own sustainability policy requires.<sup>47</sup>

A detailed analysis of the OKI mega-project published by a coalition of NGOs in April 2016, posed the question: "Will Asia Pulp & Paper default on its 'zero deforestation' commitment?" The report projected that APP would face a fiber supply crunch after the South Sumatra mill began production and anticipated that APP would face diminishing incentives to maintain its zero deforestation commitment.<sup>48</sup> With the evidence of deforestation in PT Fajar Surya Swadaya and PT Silva Rimba Lestari's concessions, it is now clear this has been the case.

### **RGE/APRIL's processing capacity expansion**

APRIL's acceptance of wood from PT Fajar Surya Swadaya, a supplier that is destroying rainforest, comes as APRIL's parent conglomerate, the RGE Group, is also making a major expansion in Indonesia. At the Kerinci complex in Riau Province, where APRIL's flagship mill is located, RGE is building a large viscose staple fiber (VSF) mill and converting a kraft pulp production line to produce dissolving pulp (DP).<sup>49</sup> VSF is made from regenerated cellulose that is used in the manufacture of a wide variety of textile products, and for which dissolving pulp is the main raw material. These capacity expansion projects, RGE claims, will not add to the group's overall pulpwood requirement.<sup>50</sup> However, the company has not released enough details about its expansion for independent analysts and civil society organizations to verify this claim.

While RGE's processing capacity in Sumatra is expanding, the Government of Indonesia's peat restoration efforts are expected to cause the group's existing plantation base in Indonesia to decline. A chief priority of President Jokowi's administration is to prevent a recurrence of the disastrous 2015 peat fires<sup>51</sup>; and recent government restrictions for commercial plantations on drained peatlands will likely impact hundreds of thousands of hectares of HTI plantations that

currently supply APRIL and other RGE companies with pulpwood.<sup>52</sup> In October 2017, APRIL's subsidiary, PT Riau Andalan Pulp & Paper, resisted the government's peat restoration efforts in its pulpwood plantations, only relenting after a judicial ruling in favor of the Ministry of Environment and Forestry.<sup>53</sup> Over one-half of RAPP's 480,000 ha of plantations are on drained peatlands and subject to restoration, according to the Ministry of Environment and Forestry.<sup>54</sup>

Surprisingly, Indonesia's Ministry of Industry has recommended that a six-year tax holiday be approved for RGE's soon-to-be opened VSF mill.<sup>55</sup> Rather than attracting new investment as tax holidays are designed to do, this would only increase the profit margin for one of Indonesia's richest families from a project that is nearly complete. It would also seemingly reward a group that perpetrated one of the largest tax evasion cases in Indonesia's history. In 2006, RGE's palm oil subsidiary Asian Agri was found guilty of defrauding the government of tax revenue worth Rp. 1.3 trillion (USD 112 million).<sup>56</sup>

KPMG, an auditing firm contracted by APRIL, issued a report in July 2018 on APRIL's compliance with its sustainability commitments.<sup>57</sup> Although KPMG acknowledges that PT Fajar Surya Swadaya is an "open market supplier" of APRIL and conducted a site visit at PT Fajar Surya Swadaya on July 10, 2017, the auditing firm did not report deforestation on this concession that has occurred since the SMFP 2.0 came into effect in June 2015. This raises significant questions about KPMG's verification and assurance process related to APRIL's sustainability commitments. It also poses serious questions about the effectiveness of the due diligence procedures and systems APRIL/RGE is using to assess new and potential suppliers. APRIL's sourcing of 141,183 m<sup>3</sup> from PT Fajar Surya Swadaya in 2017 alone, more than three times the volume of its competitor APP, appears to be a shocking violation of its own "no deforestation" policy.<sup>58</sup> It raises serious doubts about APRIL's commitments to reform its wood sourcing practices and to address its record of past and ongoing environmental and social harm.

APRIL sourcing pulpwood from PT Fajar Surya Swadaya may be a sign that the group lacks sufficient wood supplies from sustainable plantation sources, particularly after it carries out peat restoration on its concessions as mandated by the Government of Indonesia. And with the RGE Group's quest to become the world's leading VSF producer, the group's overall sustainability policy may well continue to take a backseat to its business priorities.

## Recommendations

### NGOs call on the Djarum Group to:

1. **Immediately halt all clearing of natural forests** within the concessions managed by PT Fajar Surya Swadaya, PT Silva Rimba Lestari, and all other forestry concessions under the group's management; commit to zero deforestation and a moratorium on land-use practices that involve the clearing of natural forests, drainage of peatlands, and/or the violation of rights of local communities; and also commit to remedy any environmental and social harm caused since the concessions were established.
2. **Release details of the pulp mill project that is under development by PT Agra Boreksa Indonesia**, including information concerning the type and capacity of pulp and paper that will be produced; the projected volumes of wood that will be consumed annually; the anticipated sources of wood fiber; current and anticipated impacts on local communities and the environment and how those impacts will be mitigated; whether the FPIC of affected communities has been sought and obtained; sources of financing and investment for the project; and direct and indirect subsidies provided by the Government of Indonesia and/or other public institutions.



### **NGOs call on APP and APRIL to:**

- 3. Provide an accountable public statement concerning wood purchases** from PT Fajar Surya Swadaya, and (in the case of APP) PT Silva Rimba Lestari, and an acknowledgement that deforestation within these concessions constitutes a violation of APP and APRIL's respective zero-deforestation policies. This statement should include an explanation of how such purchases were allowed to occur under their current policies and specific measures that will be taken to ensure that no further wood fiber from suppliers linked to deforestation will enter APP and APRIL's pulp mills and how any social and environmental harm associated with these purchases will be remedied.
- 4. Commit to a comprehensive independent audit of the total environmental and social footprints** of each group's pulp and paper mills, and all affiliated forestry concessions, wood suppliers, and Sinar Mas Group and RGE companies, respectively. This should involve the disclosure of data on pulp, paper, packaging, wood chips (and for RGE, dissolving pulp and viscose staple fiber) and wood demand and supply from all sources. The NGOs publishing this brief should be invited to help develop the Terms of Reference for these audits and to observe the auditing process.
- 5. Publicly commit to using and meeting the NGO published Criteria & Indicators<sup>59</sup>** for assessing and verifying environmental, social and corporate governance performance of pulp and paper producers and their global supply chains, and to having the progress independently monitored and reported.

### **NGOs call on Pulp and Paper Buyers and Investors to:**

- 6. Review all contracts with Djarum, APP and APRIL,** and their affiliated companies, and suspend business relationships with these entities until they meet the above requirements.

### **NGOs call on certification bodies, including Forest Stewardship Council, Indonesian Forestry Certification Cooperation/PEFC and Singapore Ecolabel Council, to:**

- 7. Refrain from associating themselves with or issuing certifications for Djarum, APP and APRIL,** and their associated companies and products, until they meet the above requirements.

## End Notes

- <sup>1</sup> For example, see Uryu, Yumiko, Claudius Mott, Nazir Foead, Koko Yulianto, and others. 2008. Deforestation, Forest Degradation, Biodiversity Loss and CO2 Emissions in Riau, Sumatra, Indonesia. WWF Indonesia. Jakarta, Indonesia. [http://assets.worldwildlife.org/publications/750/files/original/WWF\\_Indo\\_\(27Feb08\)\\_Riau\\_Deforestation\\_-\\_English.pdf?1426774206](http://assets.worldwildlife.org/publications/750/files/original/WWF_Indo_(27Feb08)_Riau_Deforestation_-_English.pdf?1426774206). Uryu, Yumiko, Elisabet Purastuti, Yves Laumonier, Sunarto, and others. 2010. Sumatra's Forests, their Wildlife and the Climate. Windows in Time: 1985, 1990, 2000 and 2009. WWF Indonesia. Jakarta, Indonesia. [http://assets.wwf.or.id/downloads/wwf\\_indonesia\\_2010\\_sumatran\\_forests\\_wildlife\\_climate\\_report\\_for\\_dkn\\_bappenas.pdf](http://assets.wwf.or.id/downloads/wwf_indonesia_2010_sumatran_forests_wildlife_climate_report_for_dkn_bappenas.pdf). Harwell, Emily. 2003. Without Remedy: Human Rights Abuse and Indonesia's Pulp and Paper Industry. Human Rights Watch. June. Vol. 15 No. 1 (C). <https://www.hrw.org/reports/2003/indon0103/>.
- <sup>2</sup> Schonhardt, Sara. 2013. "Paper producer to stop clearing of Indonesian forests." February 5. The New York Times. <https://www.nytimes.com/2013/02/06/business/energy-environment/06iht-forest06.html>. Eilperin, Juliet. "Asia paper giant agrees to stop cutting Indonesia's natural rain forests." Washington Post. [https://www.washingtonpost.com/national/health-science/asian-paper-giant-agrees-to-stop-cutting-indonesias-natural-rainforests/2013/02/04/e5cec7b6-6c7c-11e2-ada0-5ca5fa7ebe79\\_story.html?utm\\_term=.05183e6d6ad4](https://www.washingtonpost.com/national/health-science/asian-paper-giant-agrees-to-stop-cutting-indonesias-natural-rainforests/2013/02/04/e5cec7b6-6c7c-11e2-ada0-5ca5fa7ebe79_story.html?utm_term=.05183e6d6ad4). Nichols, Will. "April vows to stop clearing Indonesia's rainforests." June 3. The Guardian. <https://www.theguardian.com/environment/2015/jun/03/april-vows-to-stop-clearing-indonesias-rainforests>. Shah, Vaidehi. "APRIL, RGE finally commit to zero deforestation." June 4. Eco-Business. <http://www.eco-business.com/news/april-rge-finally-commit-to-zero-deforestation/>.
- <sup>3</sup> Asia Pulp & Paper Forest Conservation Policy. <https://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy> Checked on 29 July 2018.
- <sup>4</sup> APP. 2018. Asia Pulp & Paper website, Supplier Assessment. [http://www.fcpmonitoring.com/Pages/general\\_content.aspx?M=11](http://www.fcpmonitoring.com/Pages/general_content.aspx?M=11) Checked on July.
- <sup>5</sup> Royal Golden Eagle. "Royal Golden Eagle (RGE) Forestry, Fibre, Pulp & Paper Sustainability Framework." RGEI website. Accessed on August 13, 2018. <http://www.rgei.com/files/RGE-Sustainability-Framework-v1.2-English.pdf>
- <sup>6</sup> APRIL. 2015. APRIL Group's Sustainable Forest Management Policy 2.0. <http://www.aprilasia.com/en/sustainability/sustainability-policy>. 3 June. Checked on July 29, 2018.
- <sup>7</sup> RPBBi reports. 2017. PT Indah Kiat Pulp & Paper Tbk., PT Sarana Bina Semesta Alam, PT Riau Andalan Pulp & Paper. Ministry of Environment and Forestry.
- <sup>8</sup> Kementerian Lingkungan Hidup dan Kehutanan. 2016. *Buku Basis Data Spasial Kehutanan 2016*.
- <sup>9</sup> Kementerian Lingkungan Hidup dan Kehutanan. 2016. *Buku Basis Data Spasial Kehutanan 2016*.
- <sup>10</sup> Company profiles from Indonesia's Ministry of Law and Human Rights as of July 11, 2018 for PT Fajar Surya Swadaya, PT Silva Rimba Lestari, PT Muria Rimba Lestari, PT Intercipta Sempana, PT Lingkarmulia Rimba Khatulistiwa, PT Lingkarmulia Indah, PT Tricipta Madhala Gumilang, PT Caturguwiratna Sumapala.
- <sup>11</sup> Yayasan Auriga Nusantara, an Indonesia civil society organization, sent a letter on June 26, 2018 to Djarum Group and PT Agra Bareksa Indonesia asking about their plans for harvesting or protecting the remaining natural forest in their industrial timber plantation concessions, as well as their planned actions to engage with local communities. As of the publication of this report, no response from Djarum Group or PT Agra Bareksa Indonesia has been received. Auriga Nusantara delivered another letter to PT Agra Bareksa Indonesia, as well as letters to PT Fajar Surya Swadaya and PT Silva Rimba Lestari, on August 9, 2018, requesting information about plantation development and natural forest harvesting activities on the two concessions, but no responses to these letters were received at the time of publication.
- <sup>12</sup> BMJ Performance Board Website. <https://www.bmjperformanceboard.com>. Accessed on August 13, 2018; Tribun Kaltim. 2015. "Agra Bareksa bangun pabrik pulp dan rel kereta api di PPU." March 3. <http://kaltim.tribunnews.com/2015/03/03/agra-bareksa-bangun-pabrik-pulp-dan-rel-kereta-api-di-ppu>. Pro Kaltim. 2015. "Investasi pabrik hingga rel kereta." October 9. <http://kaltim.prokal.co/read/news/246002-investasi-pabrik-hingga-rel-kereta>.
- <sup>13</sup> Mazetti, Keyla A. 2018. "Kabar Bagus Nih, Agra Bareksa di PPU Bakal Serap 20 Ribu Tenaga Kerja." Kalamantha. February 19. <http://www.kalamanthana.com/2018/02/19/kabar-bagus-nih-agra-bareksa-di-ppu-bakal-serap-20-ribu-tenaga-kerja/>
- <sup>14</sup> Estimates of truckloads are based on an assumption of one truck carrying 30 cubic meters of wood.
- <sup>15</sup> RPBBi report. 2017. PT Indah Kiat Pulp & Paper Tbk. Ministry of Environment and Forestry.
- <sup>16</sup> Although APP maintains that PT Sarana Bina Semesta Alam is a separate legal entity from APP, the ultimate shareholders of the mill through holding companies are individuals who are current or past employees of Sinar Mas Forestry and/or APP entities. Koalisi Anti Mafia Hutan et al. 2018. Removing the corporate mask: An assessment of the ownership and management structures of Asia Pulp & Paper's declared wood suppliers in Indonesia. May 30. Jakarta, Indonesia. <http://auriga.or.id/wp-content/uploads/2018/05/Removing-the-corporate-mask.pdf>.
- <sup>17</sup> The RPBBi wood utilization report indicates this wood was obtained from "LC Penyiapan Lahan Penanaman HTI" (which translates as "land clearing from site preparation for planting of industrial forest plantation").
- <sup>18</sup> RPBBi report. 2017. PT Sarana Bina Semesta Alam. Ministry of Environment and Forestry.
- <sup>19</sup> RPBBi report. 2017. PT Riau Andalan Pulp & Paper. Ministry of Environment and Forestry.
- <sup>20</sup> Tree cover loss (Hansen et al, 2013), with updates through 2017, was overlaid with forest classifications from Indonesia's official land cover maps (KLHK 2000 & 2015) to identify areas of forest loss and remaining forest cover.
- <sup>21</sup> Kementerian Lingkungan Hidup dan Kehutanan. "Sistem Informasi Manajemen PNBP - Pemanfaatan Hutan Produksi." Website. Accessed on July 29, 2018. [http://sipnbp.phpl.menlhk.go.id:8080/simpnbp/home\\_default?](http://sipnbp.phpl.menlhk.go.id:8080/simpnbp/home_default?)
- <sup>22</sup> Kementerian Lingkungan Hidup dan Kehutanan. "Pembayaran Dana Reboisasi (DR), PT Fajar Surya Swadaya, Kabupaten Paser, Tahun 2017." Website. Accessed on July 29, 2018. [http://sipnbp.phpl.menlhk.net:8080/simpnbp/rpt\\_umkab\\_now?p\\_prov=19&p\\_kab=02&p\\_um=1902A23FSSW&p\\_thn=2017&p\\_pnbp=DR#](http://sipnbp.phpl.menlhk.net:8080/simpnbp/rpt_umkab_now?p_prov=19&p_kab=02&p_um=1902A23FSSW&p_thn=2017&p_pnbp=DR#). Kementerian Lingkungan Hidup dan Kehutanan. "Pembayaran Dana Reboisasi (DR), PT Fajar Surya Swadaya, Kabupaten Paser, Tahun 2016." Website. Accessed on July 29, 2018. [http://sipnbp.phpl.menlhk.net:8080/simpnbp/rpt\\_umkab\\_now?p\\_prov=19&p\\_kab=02&p\\_um=1902A23FSSW&p\\_thn=2016&p\\_pnbp=DR#](http://sipnbp.phpl.menlhk.net:8080/simpnbp/rpt_umkab_now?p_prov=19&p_kab=02&p_um=1902A23FSSW&p_thn=2016&p_pnbp=DR#)

- <sup>23</sup> International Union for Conservation of Nature and Natural Resources. "The IUCN Red List of Threatened Species: *Eusideroxylon zwageri*." Website. Accessed on July 28, 2018. <http://www.iucnredlist.org/details/31316/0>.
- <sup>24</sup> Kementerian Lingkungan Hidup dan Kehutanan. "Pembayaran Dana Reboisasi (DR), PT Silva Rimba Lestari, Kabupaten Kutai Karta Negara, Tahun 2016." Website. Accessed on July 29, 2018. [http://sipnbp.phpl.menlhk.net:8080/sipnbp/rpt\\_umkab\\_now?p\\_prov=19&p\\_kab=01&p\\_um=1901C26SRLT&p\\_thn=2016&p\\_pnbp=DR](http://sipnbp.phpl.menlhk.net:8080/sipnbp/rpt_umkab_now?p_prov=19&p_kab=01&p_um=1901C26SRLT&p_thn=2016&p_pnbp=DR); and Kementerian Lingkungan Hidup dan Kehutanan. "Pembayaran Dana Reboisasi (DR), PT Silva Rimba Lestari, Kabupaten Kutai Karta Negara, Tahun 2017." Website. Accessed on July 29, 2018. [http://sipnbp.phpl.menlhk.net:8080/sipnbp/rpt\\_umkab\\_now?p\\_prov=19&p\\_kab=01&p\\_um=1901C26SRLT&p\\_thn=2017&p\\_pnbp=DR](http://sipnbp.phpl.menlhk.net:8080/sipnbp/rpt_umkab_now?p_prov=19&p_kab=01&p_um=1901C26SRLT&p_thn=2017&p_pnbp=DR)
- <sup>25</sup> APRIL. 2018. "List of HCV Assessments – as of July 2018." <http://sustainability.aprilasia.com/download/preview/201>. Mutu Certification International. 2018. "Hasil Penilaian Kinerja PHPL PT Fajar Surya Swadaya." January 22. Mutu Certification International. 2015. "Hasil Penilaian Kinerja PHPL PT Silva Rimba Lestari." June 4. Note: Yayasan Auriga Nusantara, an Indonesian NGO, requested copies of HCS studies conducted for PT Fajar Surya Swadaya and PT Silva Rimba Lestari in a letter delivered on August 9, 2018 to PT Agra Bareksa Indonesia, PT Fajar Surya Swadaya, and PT Agra Bareksa Indonesia. At the time of publication, no response from these companies were received.
- <sup>26</sup> Communication from Agung Laksamana, Corporate Affairs Director APRIL Director of Corporate Affairs APRIL Group, August 14, 2018.
- <sup>27</sup> HCV Resource Network. "HCV Resource Network homepage." Website. Accessed on August 2, 2018. <https://www.hcvnetwork.org/>.
- <sup>28</sup> High Carbon Stock Approach. "High Carbon Stock Approach homepage." Website. Accessed on August 2, 2018. <http://highcarbonstock.org/>.
- <sup>29</sup> APRIL has indicated that its due diligence procedures for PT Fajar Surya Swadaya included confirming that appropriate standard operating procedures for resolving land conflicts are in place, the existence of an external grievance mechanism, fire prevention programs, and community development programs. Communication from Agung Laksamana, Corporate Affairs Director APRIL Director of Corporate Affairs APRIL Group, August 14, 2018.
- <sup>30</sup> Greenpeace. 2018. "Greenpeace slams APP/Sinar Mas over links to deforestation, ends all engagement with company." May 16. <https://www.greenpeace.org/international/press-release/16535/greenpeace-slams-app-sinar-mas-over-links-to-deforestation-ends-all-engagement-with-company/>
- <sup>31</sup> APP. 2017. "Asia Pulp & Paper (APP)'s Response to the Associated Press (AP) Articles." December 22. <https://www.asiapulppaper.com/news-media/press-releases/asia-pulp-paper-apps-response-associated-press-ap-articles>
- <sup>32</sup> Jacobson, Philip. 2018. "Revealed: Paper giant's ex-staff say it used their names for secret company in Borneo." Mongabay. July 10. <https://news.mongabay.com/2018/07/revealed-paper-giants-ex-staff-say-it-used-their-names-for-secret-company-in-borneo/>
- <sup>33</sup> Wright, Stephen. 2017. "Pulp giant stirs new conflicts with Indonesian villagers." *Associated Press*. December 21. <https://www.apnews.com/6b58f7083e404ff59dd4700b4cf367a7/Pulp-giant-stirs-new-conflicts-with-Indonesian-villagers>
- <sup>34</sup> Kementerian Lingkungan Hidup dan Kehutanan. 2016. *Buku Basis Data Spasial Kehutanan 2016*.
- <sup>35</sup> Wright, Stephen. 2017. "Pulp giant stirs new conflicts with Indonesian villagers." *Associated Press*. December 21. <https://www.apnews.com/6b58f7083e404ff59dd4700b4cf367a7/Pulp-giant-stirs-new-conflicts-with-Indonesian-villagers>
- <sup>36</sup> Hutan Kita Institute and WALHI Bangka Belitung. 2017. "Local communities reject PT Bangun Rimba Sejahtera, potential supplier to APP's OKI mill." March 8. <http://hutaninstitute.or.id/local-communities-reject-pt-bangun-rimba-sejahtera-potential-supplier-apps-oki-mill/>.
- <sup>37</sup> Koalisi Anti Mafia Hutan et al. 2016. "Will Asia Pulp & Paper default on its 'zero deforestation' commitment." April 20. <http://auriga.or.id/wp-content/uploads/2016/10/Will-APP-default-on-its-zero-deforestation-commitment.pdf>
- <sup>38</sup> Asia Pulp & Paper Forest Conservation Policy. <https://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy> Checked on 29 July 29, 2018.
- <sup>39</sup> The Forest Trust's Executive Director, Scott Poynton, stated without supplying any data: "We are pleased to be able to reassure everyone that APP and its suppliers have sufficient resource for the company's 100 per cent plantation target." APP. 2014. "Independent study shows Asia Pulp and Paper has sufficient plantation for its Zero Deforestation commitment". September 3. <https://www.asiapulppaper.com/news-media/press-releases/independent-study-shows-asia-pulp-and-paper-has-sufficient-plantation-its-zero-deforestation-commitment>.
- <sup>40</sup> Updates on APP's Sustainability Dashboard are accessible at [http://fcpmonitoring.com/Pages/latest\\_update.aspx](http://fcpmonitoring.com/Pages/latest_update.aspx).
- <sup>41</sup> Wright, Stephen. 2017. "Pulp giant stirs new conflicts with Indonesian villagers." *Associated Press*. December 21. <https://www.apnews.com/6b58f7083e404ff59dd4700b4cf367a7/Pulp-giant-stirs-new-conflicts-with-Indonesian-villagers>. Hicks, Robin. 2017. "Indonesian protesters dismiss Bonn Challenge as mask for APP's 'corporate crimes'." May 11. *Eco-Business*. <http://www.eco-business.com/news/indonesian-protesters-dismiss-bonn-challenge-as-mask-for-apps-corporate-crimes/>
- <sup>42</sup> See map on p.2 in Greenpeace. 2016. Why IOI's destruction in Ketapang is a burning issue for the RSPO and the palm oil plantation sector. June 9. <http://www.greenpeace.org/archive-international/Global/international/publications/forests/2016/Burning%20Issue.pdf>.
- <sup>43</sup> Asia Pulp & Paper. "Stakeholder Notification : PT Korintiga Hutani." Website. Accessed on August 4, 2018. [http://www.fcpmonitoring.com/Pages/updatecontent\\_details.aspx?nid=200071](http://www.fcpmonitoring.com/Pages/updatecontent_details.aspx?nid=200071). ; Asia Pulp & Paper. "Stakeholder Notification : KTS Timber Sdn. Bhd." Website. Accessed on August 4, 2018. [http://www.fcpmonitoring.com/Pages/updatecontent\\_details.aspx?nid=200072](http://www.fcpmonitoring.com/Pages/updatecontent_details.aspx?nid=200072).
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- <sup>45</sup> Asia Pulp & Paper. "Stakeholder Notification : TPKRT Wahana Hadi Sentosa." Website. Accessed on August 4, 2018. [http://fcpmonitoring.com/Pages/updatecontent\\_details.aspx?nid=200077](http://fcpmonitoring.com/Pages/updatecontent_details.aspx?nid=200077); Asia Pulp & Paper. "Stakeholder Notification : DHT INVIMEX Corporation." Website. Accessed on August 12, 2018. [http://fcpmonitoring.com/Pages/updatecontent\\_details.aspx?nid=200078](http://fcpmonitoring.com/Pages/updatecontent_details.aspx?nid=200078); Asia Pulp & Paper. "Stakeholder Notification : Forico Pty Ltd." Website. [http://fcpmonitoring.com/Pages/updatecontent\\_details.aspx?nid=200076](http://fcpmonitoring.com/Pages/updatecontent_details.aspx?nid=200076); Asia Pulp & Paper. "Stakeholder Notification : Plantation Export Group Pty Ltd." Website. [http://fcpmonitoring.com/Pages/updatecontent\\_details.aspx?nid=200075](http://fcpmonitoring.com/Pages/updatecontent_details.aspx?nid=200075).



- <sup>46</sup> Yayasan Auriga Nusantara, an Indonesia civil society organizationan NGO., delivered a letter to APP on August 9, 2018 to APP asking about its purchases from PT Fajar Surya Swadaya and PT Silva Rimba Lestari and whether it carried out due diligence practices in accordance with its sustainability commitments. APP's reply was requested by August 14, 2018, but no response was received from APP by thise time , when the brief was finalized for publication..of publication.
- <sup>47</sup> APP's review process for new suppliers, including the requirement to notify stakeholders, can be found on its sustainability website under the heading "Supplier Evaluation and Risk Assesment (SERA)": [http://www.fcpmonitoring.com/Pages/general\\_content.aspx?M=11](http://www.fcpmonitoring.com/Pages/general_content.aspx?M=11)
- <sup>48</sup> Koalisi Anti Mafia Hutan et al. 2016. "Will Asia Pulp & Paper default on its 'zero deforestation' commitment." April 20. <http://auriga.or.id/wp-content/uploads/2016/10/Will-APP-default-on-its-zero-deforestation-commitment.pdf>
- <sup>49</sup> Ribka, Stefani. 2016 "RGE Group to operate integrated viscose fiber factory in 2018." The Jakarta Post . November 21.. The Jakarta Post. <http://www.thejakartapost.com/news/2016/11/21/rge-group-operate-integrated-viscose-fiber-factory-2018.html>. Reports from RISI.RISI. 2017. "APRIL modifies pulp lines in China, Indonesia to make DP in support of Sateri VSF expansion." April 28.
- <sup>50</sup> KPMG Performance Registrar Inc. 2018. "Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0." July. Vancouver, Canada.
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- <sup>57</sup> KPMG Performance Registrar Inc. 2018. "Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0." July. Vancouver, Canada.
- <sup>58</sup> Yayasan Auriga Nusantara, an Indonesian NGO, delivered a letter on August 9, 2018 to APRIL asking about its purchases from PT Fajar Surya Swadaya and whether it carried out due diligence practices in accordance with its sustainability commitments. In an email dated August 13, 2018, APRIL's Director of Corporate Affairs, Agung Laksamana, provided the following statement: "APRIL Group's operations refer to the Sustainable Forest Management Policy 2.0 (SFMP 2.0) which was launched in June 2015. This policy is APRIL's commitment to no deforestation, peatland management that is responsible, conservation and restoration, empowerment and community involvement and verification and transparency. We affirm that all fiber supply to the company's plant refers to APRIL's SFMP 2.0 including suppliers from the PT Fajar Surya Swadaya Open Market (PT FSS). This policy was implemented through socialization, internal due diligence processes, compliance monitoring including supervision of changes in land cover internally through satellite data and independent verification by KPMG PRI Canada under the auspices of APRIL's Stakeholder Advisory Committee (SAC). The latest KPMG PRI audit report confirms the commitment that there is no deforestation at APRIL ("0" deforestation) and a commitment to the absence of mixed wood (mix hardwood) [which] continues to be ensured.... Responding to the referred report, the APRIL Group confirms that PT Fajar Surya Swadaya (PT FSS) was an Open Market Supplier of plantation wood to the company since June 2017 and had followed the internal due diligence process. From the due diligence, we learned that PT FSS had appointed Tropenbos International to conduct a High Conservation Value (HCV) assessment in their concession area in April 2015. Based on this, plantation development was carried out in non-HCV areas[....]".
- <sup>59</sup> WWF-Indonesia et al. 2017. Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group (SMG) and Royal Golden Eagle (RGE) Companies: Criteria and Indicators for Assessing and Verifying Performance. December 17. [http://d2ouvy59p0dg6k.cloudfront.net/downloads/criteria\\_\\_\\_indicators\\_for\\_assessing\\_\\_\\_verifying\\_smg\\_and\\_rge\\_performance\\_\\_07dec17\\_.pdf](http://d2ouvy59p0dg6k.cloudfront.net/downloads/criteria___indicators_for_assessing___verifying_smg_and_rge_performance__07dec17_.pdf)