



SMG/APP: The Pulping Continues

Sustainability roadmap without teeth does not end mills' pulping of Indonesia's rainforests



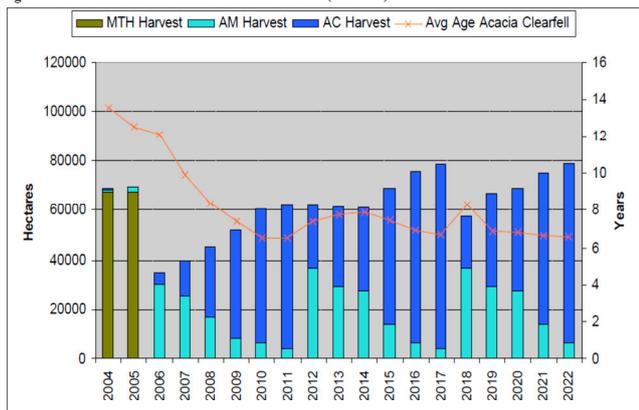
**Global Tiger
Priority Area
cleared for
SMG/APP**

SMG/APP in 2004:

No deforestation after 2005

**NGOs did not trust this promise...
APP broke it soon after.**

Figure IV-2 Base Case harvest area forecast for AA (2004-22)

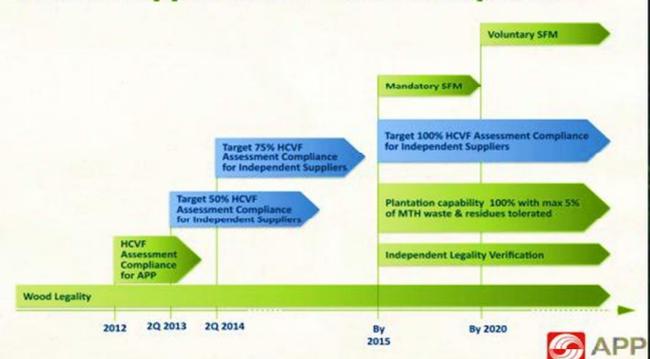


SMG/APP in 2012:

Limited deforestation by 2015

Why should anyone trust this one?

Sustainability Roadmap: Phased Approach to 100% Compliance



Front cover

Inset on the left: Figure IV-2 from page 21 of Asia Pulp & Paper (2004) Sustainability Action Plan. APP writes that its "own" company Arara Abadi (AA) would end all natural forest clearance by 2005. It adds that APP "has previously committed to becoming sustainable in 2007. This means that after this date, SMG/APP will be fully reliant on renewable plantation-grown fiber socially, environmentally and legally responsible sources."

Inset on the right: "Sustainability Roadmap: Phased Approach to 100% Compliance" published on 5 June 2012 by Asia Pulp & Paper. The company writes "Plantation capability 100% with max 5% of MTH waste & residues tolerated".

Photo: Bukit Tigapuluh's dense rainforest was deforested to supply what SMG/APP began calling "MTH waste & residues" to the company's pulp mills. Photo taken by Eyes on the Forest at 0°46'31.44"S, 101°51'45.62"E on 15 May 2011.

Published on 26 July 2012

Eyes on the Forest (EoF) is a coalition of environmental NGOs in Riau, Sumatra: Friends of the Earth "Walhi" Riau Office, Jikalauhari "Riau Forest Rescue Network" and WWF-Indonesia, Riau Program. EoF monitors the status of the remaining natural forests in Sumatra's Province of Riau and disseminates the information worldwide. More news on Eyes on the Forest, go to: <http://www.eyesontheforest.or.id>. Email: editor[at]eyesontheforest.or.id

In Summary,

Businesses have been increasingly cancelling their contracts with the Chinese-Indonesian Sinar Mas Group's Asia Pulp & Paper conglomerate (SMG/APP) because of the devastating impact the company's pulp mills have on Indonesia's natural tropical forests.

In response, APP officials recently released yet another "Sustainability Roadmap" with "new policies" including a temporary halt on forest clearance in a limited part of the company's supply chain^{1, 2}. Predictably, the new APP policies do not cover the operations of SMG/APP's pulp mills, the root cause of the deforestation and the reason for the defection of the company's customers.

The Roadmap does not provide any data on size, location, or forest cover of the concessions covered by its new policies. Further, the company does not provide any data on the volume of natural forest wood its mills pulp, or the chain of custody of that wood supply.

Given SMG/APP's lack of transparency, Eyes on the Forest conducted a preliminary evaluation of publicly available data to see what SMG/APP's new policies may mean for the remaining forests of Sumatra's Riau Province, the epicenter of SMG/APP's operations for decades.

In conclusion, there will be little if any conservation impact of SMG/APP's new policies in Riau. All natural forest in the concessions in which the company claims it will halt logging is already protected by Indonesian law and by the company's previous protection commitments. These commitments have mostly been statements confirming that the company would obey the law. Yet, the fate of up to 1.2 million hectares, more than half of Riau's remaining forest is still at stake, in danger of being cleared by SMG/APP's so-called "independent suppliers" who can continue to deliver natural forest wood to the company's mills unaffected by the new forest policies.

In conclusion, SMG/APP's latest Sustainability Roadmap should be viewed as business-as-usual allowing the company to continue feeding its pulp mills with fiber from natural forest clearance.

It does not have to be that way. There is a clear path forward. Eyes on the Forest suggests some immediate actions for SMG/APP to gain even a minimum of trust of its stakeholders, most importantly

SMG/APP would need to immediately issue a moratorium on the use of natural forest fiber by all of its pulp mills.

Eyes on the Forest also recommends that SMG/APP's customers and other business partners:

Cut all ties with APP until the company has proven that its mills no longer rely on fiber from the deforestation of natural tropical forests.

Impact of SMG/APP Forest Clearance Moratorium on Riau's Forests

In the release of the new policies, SMG/APP stated that the company owns 1,082,934 hectare of pulpwood supply concessions and receives wood supplies from so-called "independent parties" owning an additional 1,558,731 hectares³. SMG/APP said it would **temporarily** suspend all natural forest clearing **only** in its own concessions, but not in the rest of its supply chain, i.e. concessions of the "independent parties". SMG/APP's new policies therefore still allow deforestation and pulping by its mills.

So what is the impact of the new policies? While SMG/APP's new policies made it perfectly clear that the company will continue pulping tropical forests, the "impact" part of its policies lacked all transparency. SMG/APP frequently refers to actions on "undeveloped land", yet does not specify what that term means. Moreover, the company apparently does not want to reveal how much natural forest is located in these lands, arguing it does not know⁴. Given this complete lack of transparency, Eyes on the Forest conducted an initial analysis of the impact of SMG/APP's temporary moratorium on the natural forests in the province of Riau in central Sumatra based on publicly available data.

The province of Riau has been the epicenter of SMG/APP's global wood supply, ever since the company began its operations in Indonesia in 1984. SMG/APP today claims it owns only three companies in Riau, PT. Arara Abadi, PT. Satria Perkasa Agung and PT. Riau Abadi Lestari⁵, controlling 509,000 hectares of land based on data by the Ministry of Forestry (Map 1, black boundaries and Appendix 1). These cover 47% of the total concessions SMG/APP claims to own in Indonesia. Satellite photographs show that only 72,000 hectares of natural tropical forest blocks remained in these concessions in 2011.

All 72,000 hectares of the natural forest blocks in the 509,000 hectares of SMG/APP's "own" Riau concessions are already fully protected by the laws of Indonesia⁶ and SMG/APP's own public commitments. These commitments have mostly been nothing more than statements confirming that the company would obey the law:

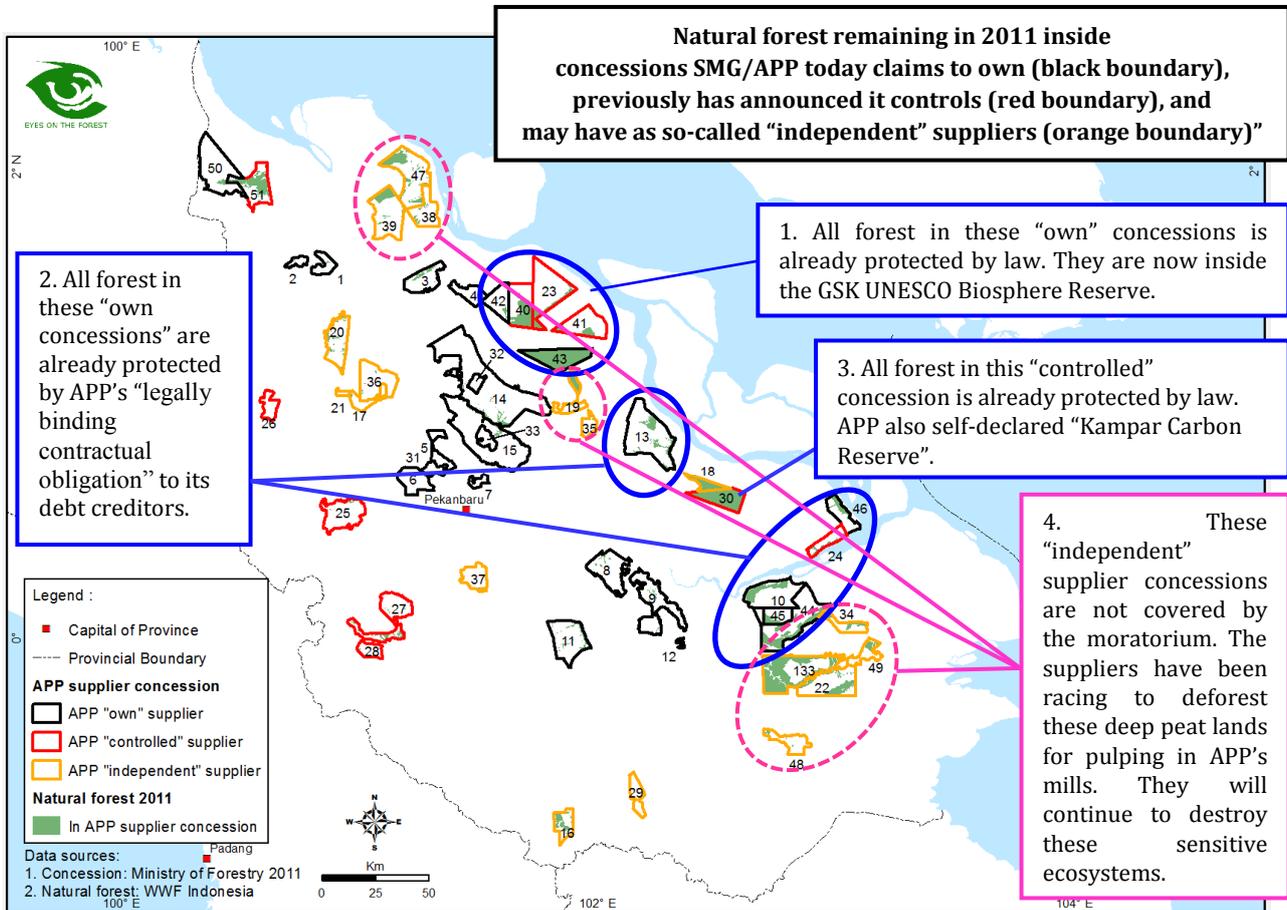
1. SMG/APP's heavily promoted conservation contributions to the Giam Siak Kecil-Bukit Batu UNESCO Biosphere Reserve⁷ (Map 1 – comment 1), and
2. SMG/APP's legally binding contractual obligation under the 2004 agreement with creditors after the company became Asia's biggest bankruptcy in the early 2000s^{8, 9, 10} (Map 1 – comment 2).

But SMG/APP has many more suppliers than the three companies listed above in Riau. The company today claims these are all "independent" suppliers. But are all of them truly independent third-party companies outside company control?

Apparently not, previous SMG/APP announcements and other data suggest that the company actually 'controls' six additional companies that are not among the only three companies SMG/APP recently claimed it owns: PT. Bukit Batu Hutani Alam, PT. Mitra Hutani Jaya, PT. Perawang Sukses Perkasa Industri, PT. Putra Riau Perkasa, PT. Sakato Pratama Makmur and PT. Dexter Timber Perkasa Indonesia (Appendix 2). Together these six companies control almost 190,000 hectares of concessions in Riau (Map 1, red boundaries and Appendix 2), including concessions around the GSK biosphere reserve and one legally fully protected concession on the Kampar peninsula for which the company has previously claimed major "conservation contributions" (Map 1 - comment 1 and 3).

SMG/APP's new policies explicitly exclude these and other "independent" suppliers from its temporary logging moratorium. It appears the company desperately needs their natural forest wood, so much so that for its recent policy announcement some clearly not so independent suppliers suddenly seem to have become "independent".

⇒ **Given the fact that all remaining natural forest in what SMG/APP currently calls its "own" concessions is already protected and that all other suppliers have conveniently been excluded from its latest policies, Eyes on the Forest believes that SMG/APP's "new policies" offer no conservation benefits in Riau.**



Map 1. Natural forest blocks remaining in 2011 inside concessions which SMG/APP today claims as its own (black boundary), previously has announced as being under its control (red boundary) and concessions which could be the so-called "independent parties" (orange boundary). Up to 74,000 hectares of natural forest remaining in concessions of SMG/APP's "independent parties" could still be cleared despite the new policies. The appendices at the end of the report include lists of concessions numbered in this map.

What about SMG/APP's fiber supply from outside Riau?

SMG/APP states it has three "own" companies outside Riau: PT. Wirakarya Sakti in Jambi, PT. Finnantara Intiga in West Kalimantan and PT. Surya Hutani Jaya in East Kalimantan^{11, 12, 13, 14}. These are concessions developed many years ago in which SMG/APP has little natural forest left to pulp today.

⇒ **Given the fact that SMG/APP's "new policies" do not apply to so-called "independent" suppliers, Eyes on the Forest believes that they offer no conservation benefits outside of Riau.**

Eyes on the Forest estimated that by 2010, SMG/APP had pulped two million hectares of natural forest in Sumatra alone¹⁵. Eyes on the Forest estimates that every year SMG/APP pulps an estimated 77,000 hectare of natural forest and plantation for every 1 million tons of pulp it produces¹⁶. SMG/APP has not released any data of how many millions of tons of pulp it will produce in the coming years, but it will be millions. Eyes on the Forest's

analysis shows that some of that pulp will be produced from natural forest that SMG/APP suppliers appear to be racing to clear on some of the key remaining deep peatlands in Riau. This includes the landscapes of the Kerumutan Peninsula, Giam Siak Kecil and Senepis where their draining of the peat soils will lead to very high carbon emissions for decades to come (Map 1 - comment #4). All these suppliers, all the natural forest they cut, all the carbon emissions they cause are exempt from SMG/APP's new policies.

⇒ **Eyes on the Forest believes SMG/APP's "new policies" mean business-as-usual pulping of natural tropical forest fiber and destruction of peat soils.**

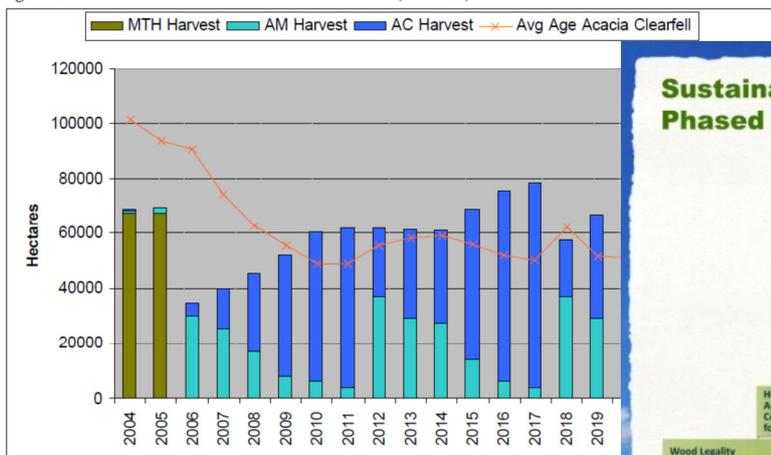
Natural Forest Fibre Free Commitments and Wood Supply Needs

In April 2011, SMG/APP announced a "Vision 2020, a roadmap to guide sustainability principles, goals and program" to "source 100 percent of its pulpwood supply from sustainable plantation stock by the end of 2015"^{17, 18}. With that SMG/APP admitted that for the almost 30 years of its operations in Indonesia, the company has failed to establish a sustainable wood supply and its business model has been based on grabbing land and deforesting it to feed its pulp mills¹⁹.

SMG/APP's latest announcement and its sustainability deadline are nothing new. It has made numerous forest policy announcements and associated commitments in the past^{20, 21}. In the 1990s, SMG/APP promised its pulp production would be "substantially" free of natural forest fiber by 2004²². It did not meet this target. So in 2004, SMG/APP signed a legally-binding contractual obligation to its creditors to be free of natural forest fiber by 2007^{23, 24, 25}. Again, it did not meet the target. So in 2007, SMG/APP once again promised to be free of natural forest fibre by 2009²⁶. Once more, SMG/APP did not meet the target. So in 2011, SMG/APP announced in its "Vision 2020" that it would be free of natural forest fibre by 2015.

Yet, soon after its Vision 2020 announcement, SMG/APP was reported to plan the development of 500,000 hectares of pulpwood plantations in Papua, and two new pulp mills in South Sumatra and East Kalimantan with an annual pulp production capacity of 2 million tons each by 2017^{27, 28}. Half a year ago, it was reported that SMG/APP plans to start its new mega pulp mill in South Sumatra as early as 2015²⁹, dramatically increasing the company's threat to Indonesia's forests.

Figure IV-2 Base Case harvest area forecast for AA (2004–22)



Published in 2004

Published in 2012



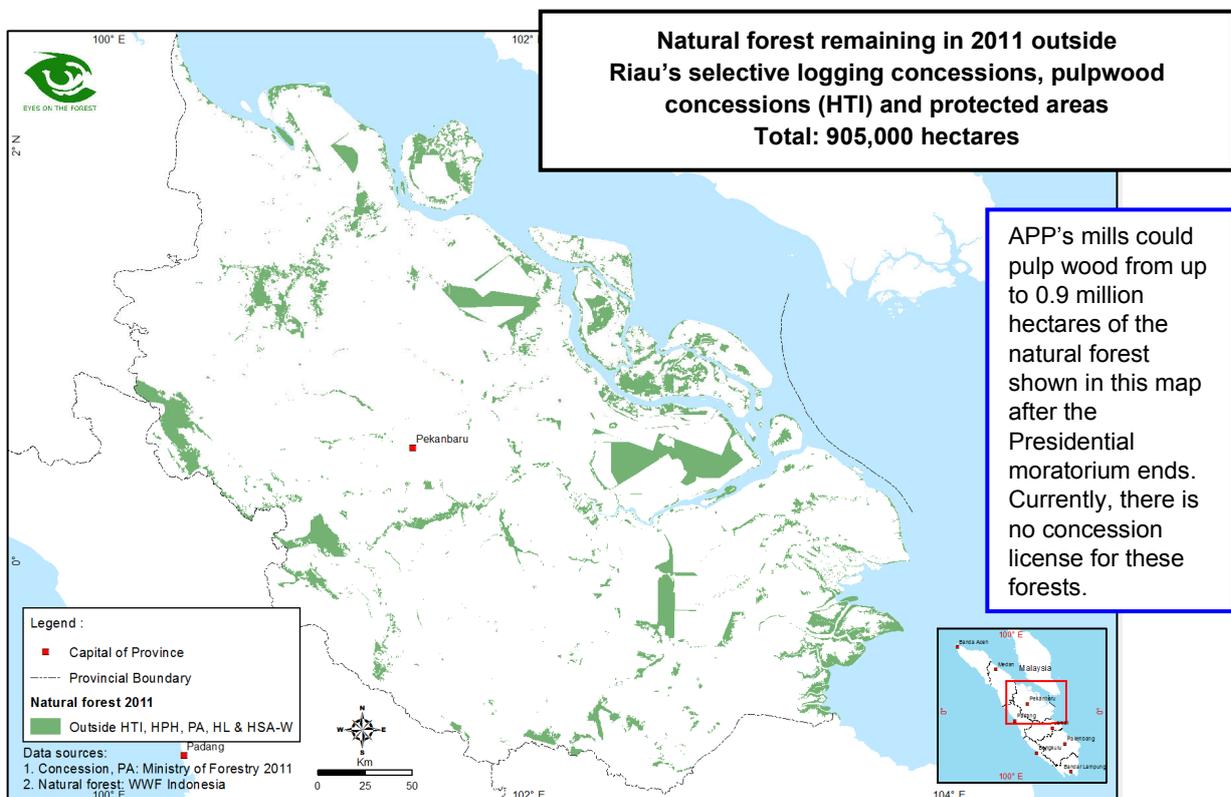
Figure 1. SMG/APP's 2004 "Sustainability Action Plan" showing no more MTH use after 2005 in "own concessions" in Riau and its 2012 "Sustainability Roadmap" showing limited MTH use even after 2015.

Just over a year after its "Vision 2020" was published, SMG/APP's so far latest wood supply announcement came on 5 June 2012. SMG/APP published a "sustainability roadmap for 2020 and beyond"³⁰, consisting of one single published figure: "roadmap milestones"³¹ (Figure 1)" without any data or supporting information. This latest policies effectively cancelled the company's "Vision 2020" by delaying SMG/APP's previous commitment to be "natural forest fiber free by 2015" indefinitely and instead confirming that even after 2015, APP will tolerate up to 5% of "MTH waste & residues" for pulping in its mills (Figure 1).

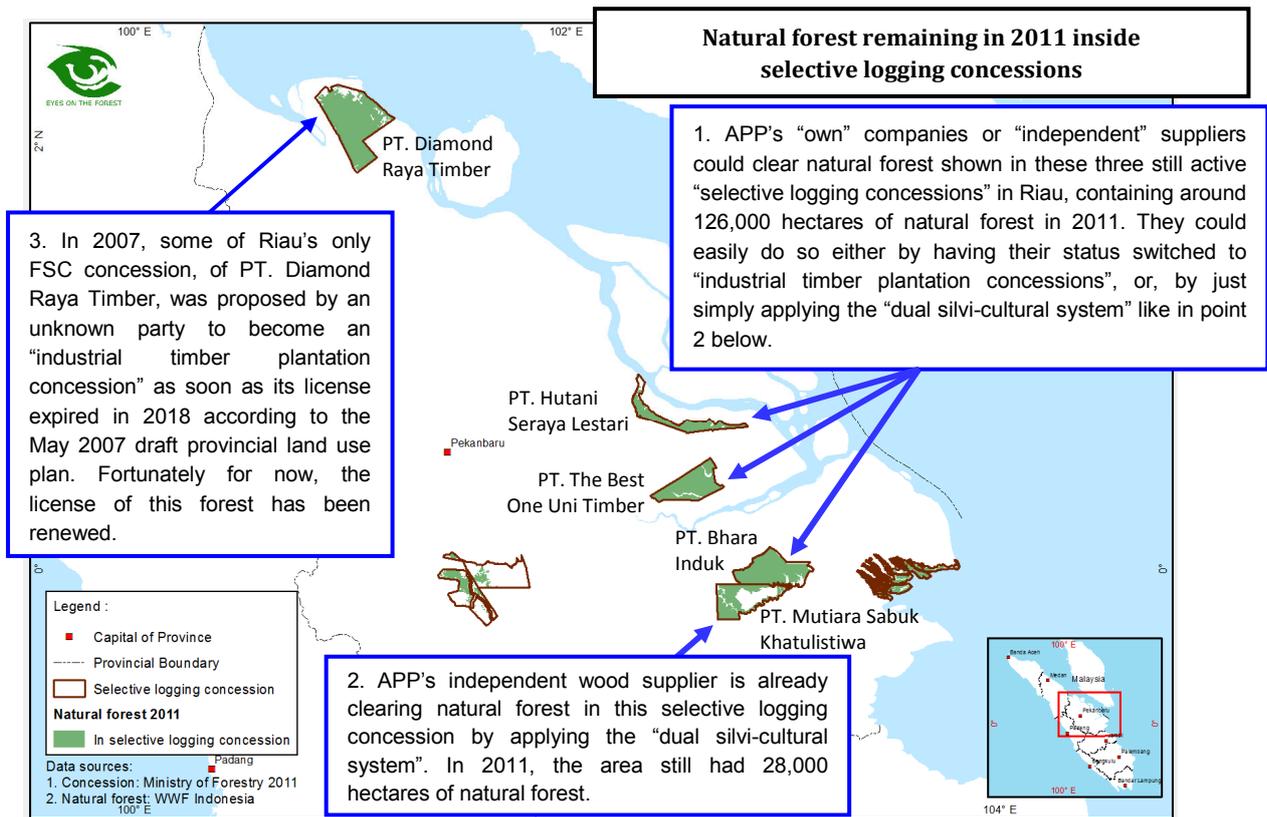
SMG/APP has made it a habit of calling the fiber from tropical deforestation it pulps as "MTH wastes & residues" that "come from tree residues that are cleared, after a forest area has become degraded, logged-over or burned, as part of a sustainable development plan"³². In reality, SMG/APP's so-called "MTH waste & residues" were tropical forests before the company's wood suppliers cleared them for pulp production, as Eyes on the Forest³³ and many other NGOs have been reporting (also see Photos 1-3 and the front cover).

In Riau alone, more than 50% of all natural forests remaining in 2011 (up to 1.2 million hectares) are still potentially "available for deforestation" and pulping (Maps 1, 2 and 3). The majority of these forests contain high conservation values including critically endangered Sumatran tiger and elephant habitat, critically endangered forest types and many of them are standing on deep peat soils³⁴. Given that SMG/APP has not closed its mills to natural forest fiber, these forests remain in great danger of being pulped because the company's expansion plans create an ever greater need of fibre.

⇒ **Given SMG/APP's dismal track record of living up to its commitments and the fact that it is increasing rather than decreasing its wood supply needs, Eyes on the Forest believes that SMG/APP will continue to pulp and use independent parties to pulp tropical forests for a long time in Riau Province and beyond.**



Map 2. Natural forest outside selective logging concessions, industrial timber plantation concessions and protected areas potentially "available for clearance" soon.



Map 3. Additional natural forest potentially "available for clearance" inside some of the still active selective logging concessions in Riau.



Photo 1. Drainage canals cut into deep peat to clear tropical forest contiguous with SMG/APP's self-declared "Senepis Tiger Sanctuary". Natural forest used to cover both sides of the canal, but PT. Suntara Gajapati deforested the area to supply mixed tropical hardwood (MTH) to SMG/APP's pulp mill. The area is a High Conservation Value Forest, an endangered peat ecosystem that is part of a large forest block with a population of the critically endangered Sumatran tiger. Photo taken by Eyes on the Forest at 2°1'2.92" N, 101°11'44.32" E on 18 May 2012.



Photo 2. *Senepis* natural forest wood cleared in the PT. Suntara Gajapati concession (same as in Photo 1) loaded onto trucks. Photo taken by Eyes on the Forest at 1°56'56.94"N, 101°13'8.91"E on 29 April 2012.



Photo 3. Large trees being stacked in Jambi Province after then APP supplier PT. Tebo Multi Agro cleared Bukit Tigapuluh's dense rainforest, the habitat of Sumatran tigers, elephants and orangutans. Photo taken by Eyes on the Forest at 1°1'57.63"S, 102°2'39.91"E on 1 November 2011.

High Conservation Value Forests (HCVF) Assessments

SMG/APP announced it has engaged “credible experts” to conduct an HCVF assessment of some of its concessions following internationally accepted HCVF standards. SMG/APP commissioned numerous assessments by many experts in the past and advertised its protection of the high conservation value forests they had identified in concessions in Giam Siak Kecil, Kampar and Kerumutan. However, satellite images show the company later cut down these forests or failed to protect them from illegal logging³⁵.

⇒ ***Given SMG/APP’s poor history on protecting HCVF and non-existent transparency, Eyes on the Forest believes that SMG/APP will continue pulping HCVF in its mills for years to come.***

Transparency and Reliability

SMG/APP’s commissioning of an HCVF assessment is nothing new. SMG/APP has commissioned many assessments by many experts in the past.

- SMG/APP asked the Forest Stewardship Council (FSC) to certify its wood supply. Except, FSC eventually banned SMG/APP to be certified as a group due to destructive forestry practices, contrary to FSC Principles and Criteria³⁶.
- SMG/APP asked the Rainforest Alliance (RA) to identify and monitor HCVF in some of SMG/APP’s concessions. Except, RA cancelled its engagement when SMG/APP failed to protect the identified forests³⁷.
- SMG/APP asked PEFC, SGS, LEI, TUV, EU Ecolabel, etc. to certify its operations. Except, all these companies later denounced the claims made by SMG/APP in regard to the certificates and verifications that had been issued^{38, 39}.
- SMG/APP asked Environmental Resource Management in the UK to assess the company’s carbon footprint and reported the company was close to carbon neutral. Except, subsequent assessments by NGOs found the company’s paper products to have a higher carbon footprint than almost any other paper produced in the world⁴⁰. When asked for verification of the data, SMG/APP refused to make the full report public. ERM later expressed concerns that the report was being used out of context by SMG/APP⁴¹. ERM was engaged in follow up work in 2010, however, nothing further has been publicly released by APP^{42, 43}.
- Rumors persist that SMG/APP business partners have been commissioning evaluations of SMG/APP’s business practices. Yet it appears SMG/APP refuses to allow these assessments to be made public.
- As SMG/APP makes these claims it keeps planning new mills and expanding its business.

Such practices appear to not be limited to SMG/APP’s environmental issues but to its financial issues as well. The founder of SMG/APP, Eka Tjipta Widjaja, was just named Indonesia’s wealthiest citizen. Globe Asia (Issue 6 (6), June 2012) estimated his wealth at USD 12.5 billion. In the early 2000s, SMG/APP became Asia’s biggest bankruptcy owing USD 13.9 billion. Ten years later it appears, SMG/APP still has not repaid tax payers, lenders and investors around the world billions of US dollars of debt from its corporate default. SMG/APP currently has active court orders against it in U.S. courts in Chicago and New York in which SMG/APP has been ordered to repay more than \$1.3 billion⁴⁴. SMG/APP is also being held in contempt of court in the US for not disclosing required information, with penalties amounting to millions of USD⁴⁵.

⇒ ***Given SMG/APP's seemingly endless track record of misinformation, broken commitments, and secrecy in doing business, Eyes on the Forest believes SMG/APP will continue to, and mislead the world.***

Eyes on the Forest Calls to SMG/APP

For SMG/APP to gain even a minimum of trust of its stakeholders, the company could take immediate actions:

In regard to pulp mills driving deforestation:

- Stop pulping any natural tropical forest timber in any of the existing or future mills, sourced both from own concessions or independent suppliers, until transparent HCVF assessment is completed.
- Stop expanding existing or building new pulp mills until fully sustainable plantation fibre supply for all mills is established.
- Adjust operations of existing mills to the available plantation wood supply.
- Publish maps of the intended moratorium and the plantation areas from which the company will continue to be supplied.
- Establish independent and transparent chain of custody audits of all timber entering the mill to ensure that no more natural tropical forest fiber is pulped.

In regard to deforesting concessions:

- Stop acquiring concessions containing natural forest and stop all pending acquisition processes through own, joint venture or associated supplying companies.
- Build new pulpwood plantations exclusively on so-called waste or idle lands without High Conservation Values and with resolution of tenure rights disputes with indigenous and local people.
- Release detailed information on all concessions from which fiber is received and planned to be received and have that information independently and publicly verified.

In regard to High Conservation Value Assessments:

- Release detailed information on the Terms of Reference for the High Conservation Value assessments announced in the new policies and ask stakeholders to help define the Terms of Reference for the HCV assessment.
- Employ truly independent and credible third parties acceptable to relevant stakeholders to conduct the HCVF assessment.
- Publish in electronic GIS compatible format the exact boundaries of every concession from which each pulp mill is receiving and plans to receive fibre for its operations and have the data independently and publicly verified.
- Grant stakeholders access to all data and sites visited by the assessors and ask stakeholders to establish an independent monitoring and evaluation program for the whole process.

In regard to Transparency:

- Establish an independent, transparent, public, third party monitoring and evaluation program for wood supply operations from application for concessions and delivery contracts to export of pulp.
- Publish all previous assessments of company operations in full.

Eyes on the Forest Recommendation to SMG/APP Buyers and Other Business Partners

Based on more than 10 years of experience, Eyes on the Forest recommends that consumers never believe the greenwashing of SMG/APP and their marketing partners. The company's words do not count, only its actions will. Until independent, transparent civil society monitored assessments confirm that SMG/APP has taken the above actions in a satisfactory manner, Eyes on the Forest calls on companies to cut all ties with SMG/APP and their associated business entities. *For the sake of Indonesia's forests, do not support their continuing deforestation.* And possibly do so also for your own sake: High ranking Government officials are in jail today for corrupt practices when issuing deforestation licenses to companies associated with SMG/APP⁴⁶.

Appendix 1: Concessions of companies which SMG/APP today claims to "own" in Riau Province, Sumatra

# in Map 1	Company	Concession area (Ha)	Natural forest 2011 (Ha)	Natural forest cover (%)	Remark
1	PT. Arara Abadi - Sedinginan	7,165	136	2%	All remaining forest protected by law.
2	PT. Arara Abadi - Sedinginan	3,609	103	3%	All remaining forest protected by law.
3	PT. Arara Abadi - Beringin	15,813	2,019	13%	All remaining forest protected by law.
4	PT. Arara Abadi - Beringin	9,519	4	0%	All remaining forest protected by law.
5	PT. Arara Abadi - Minas	8,655	0	0%	No forest
6	PT. Arara Abadi - Minas	14,729	248	2%	All remaining forest protected by law.
7	PT. Arara Abadi - Minas	3,552	0	0%	No forest
8	PT. Arara Abadi - Pelalawan	23,480	687	3%	All remaining forest protected by law.
9	PT. Arara Abadi - Pelalawan	28,949	1,096	4%	All remaining forest protected by law.
10	PT. Arara Abadi - Pulau Muda	28,196	6,865	24%	Majority of natural forest protected by law. In addition, APP committed to "voluntary" protection of the forest as HCVF based on SmartWood 2004 assessment and its agreement with the creditors.
11	PT. Arara Abadi - Nilo	26,381	2,832	11%	All remaining forest protected by law.
12	PT. Arara Abadi - Pelalawan	846	7	1%	All remaining forest protected by law.
13	PT. Arara Abadi - Siak	44,902	7,712	17%	Some natural forest protected by law. APP committed to "voluntary" protection of the forest as HCVF based on SmartWood 2004 assessment and its agreement with the creditors.
14	PT. Arara Abadi - Duri	88,660	3,780	4%	All remaining forest protected by law.
15	PT. Arara Abadi - Duri	57,664	1,707	3%	All remaining forest protected by law.
31	PT. Riau Abadi Lestari	5,416	0	0%	No forest
32	PT. Riau Abadi Lestari	4,128	1	0%	All remaining forest protected by law.
33	PT. Riau Abadi Lestari	6,259	0	0%	No forest
42	PT. Satria Perkasa Agung	13,446	763	6%	All remaining forest protected by law.
43	PT. Satria Perkasa Agung	21,158	21,158	100%	All natural forest protected by law. In addition, APP committed to "voluntary protection" of the remaining forest as Core Zone of the UNESCO Giam Siak Kecil-Bukit Batu Biosphere.
44	PT. Satria Perkasa Agung - Pulau Muda	40,554	15,366	38%	Almost all natural forest protected by law. In addition, APP committed to "voluntary" protection of the forest as HCVF based on SmartWood 2004 assessment and its agreement with the creditors.
45	PT. Satria Perkasa Agung & KTH. Sinar Merawang - Pulau Muda	9,878	3,190	32%	All natural forest protected by law. In addition, APP committed to "voluntary" protection of the forest as HCVF based on SmartWood 2004 assessment and its agreement with the creditors.
46	PT. Satria Perkasa Agung - Serapung	11,864	3,166	27%	Almost all natural forest protected by law. In addition, APP committed to "voluntary" protection of the forest as HCVF based on SmartWood 2004 assessment and its agreement with the creditors.
50	PT. Satria Perkasa Agung - ex. HPHTI PT. Intipalma	33,688	821	2%	All remaining forest protected by law.
APP "own" concessions total		508,511	71,661	14%	

Appendix 2: Concessions of companies which SMG/APP previously has announced it controls and may have as so-called "independent" suppliers in Riau Province, Sumatra

# in Map 1	Company	Concession area (Ha)	Natural forest 2011 (Ha)	Natural forest cover (%)	Remark	Relationship with APP/SMG and data source
23	PT. Bukit Batu Hutani Alam	33,000	6,152	19%	All natural forest protected by law. In addition, APP committed to "voluntary protection" of all forest as Core Zone of the UNESCO Giam Siak Kecil-Bukit Batu Biosphere.	WWF-APP Letter of Intent in 2003 lists this company as a joint venture company. http://awsassets.wwf.or.id/downloads/letter_of_intent_final.pdf
24	PT. Mitra Hutani Jaya	9,668	2,531	26%	Some natural forest protected by law. In addition, APP committed to "voluntary" protection of the forest as HCVF based on SmartWood 2004 assessment and its agreement with the creditors.	SmartWood HCVF report stated this and PT. SPA Serapung "are managed as a single entity by PT. Arara Abadi" http://www.hcvnetwork.org/resources/assessments/SmartWood%20HCVF%20Serapung%20Final%202005.pdf
25	PT. Perawang Sukses Perkasa Industri	22,987	685	3%	All remaining forest protected by law.	
26	PT. Perawang Sukses Perkasa Industri	7,520	0	0%	No forest	
27	PT. Perawang Sukses Perkasa Industri	24,447	3,650	15%	All remaining forest protected by law.	
28	PT. Perawang Sukses Perkasa Industri	6,821	663	10%	All remaining forest protected by law.	Asia Pulp & Paper (26 April 2004) Press Release: APP Announces Increase in Renewable Fiber Supply.
30	PT. Putra Riau Perkasa	16,578	16,578	100%	All natural forest protected by law. In addition, APP committed to "voluntary protection" as Kampar Carbon Reserve.	The Jakarta Post (25 September 2010) Sinas Mas hopes to show public it "cares" about environment. http://www.thejakartapost.com/news/2010/09/25/sinar-mas-hopes-show-public-it-%E2%80%9Ccares%E2%80%9D-about-environment.html
40	PT. Sakato Pratama Makmur	22,842	10,029	44%	All natural forest protected by law. In addition, APP committed to "voluntary protection" of the remaining forest as Core Zone of the UNESCO Giam Siak Kecil-Bukit Batu Biosphere.	WWF-APP Letter of Intent in 2003 lists this company as a joint venture company.
41	PT. Sakato Pratama Makmur	21,862	4,388	20%		http://awsassets.wwf.or.id/downloads/letter_of_intent_final.pdf
51	PT. Dexter Timber Perkasa Indonesia	21,678	9,281	43%	The concession overlaps with Hutan Lindung (Protection Forest) according to currently active land use plan (TGHK 1986), therefore could not clear this forest.	Cagar Biosfer Giam Siak Kecil - Bukit Batu blogspot. Kronologi Menjadi Cagar Biosfer (http://gs.kbb.blogspot.com/2011/04/kronologi.html) Facebook page (http://www.hs.facebook.com/pages/PTDEXTER-TIMBER-PERKASA-INDONESIA-Sinar-Mas-Group/115670725145119)
Total		187,402	53,957	29%		

2. Concessions of 15 APP/SMG may have as so-called "independent" suppliers

# in Map 1	Company	Concession area (Ha)	Natural forest 2011 (Ha)	Natural forest cover (%)	Remark
16	PT. Artelindo Wiratama	10,212	3,288	32%	
17	PT. Balai Kayang Mandiri	6,008	230	4%	All remaining forest protected by law.
18	PT. Balai Kayang Mandiri	6,345	6,345	100%	
19	PT. Balai Kayang Mandiri	8,812	4,703	53%	
20	PT. Bina Daya Bentala	20,308	2,928	14%	All remaining forest protected by law.
21	PT. Bina Daya Bintara	1,410	0	0%	No forest
22	PT. Bina Duta Laksana	29,187	8,537	29%	
29	PT. Prima Bangun Sukses	8,606	42	0%	All remaining forest protected by law.
34	PT. Riau Indo Agropalma	9,701	3,499	36%	
35	PT. Rimba Mandau Lestari	5,594	301	5%	All remaining forest protected by law.
36	PT. Rimba Rokan Perkasa	22,580	338	1%	All remaining forest protected by law.
37	PT. Rimba Seraya Utama	11,575	367	3%	All remaining forest protected by law.
38	PT. Ruas Utama jaya	16,122	1,695	11%	All remaining forest protected by law.
39	PT. Ruas Utama jaya	28,531	6,097	21%	
47	PT. Suintara Gajapati	34,705	10,889	31%	
48	PT. Inhil Hutani Pratama	11,553	888	8%	All remaining forest protected by law.
49	PT. Bina Keluarga	8,979	2,235	25%	
133	PT. Mutiara Sabuk Khatulistiwa	44,289	27,980	63%	
Total		284,518	80,363	28%	

References

- ¹ Asia Pulp & Paper (15 May 2012) APP announces new policies on high conservation value forest. <http://www.scribd.com/doc/93830176/APP-High-Conservation-Value-Forest-Statement>
- ² Asia Pulp & Paper (5 June 2012a) Asia Pulp & Paper Group (APP) charts a course to world-class industry standards in sustainable business. <http://www.rainforestrealities.com/newsroom/press-releases/asia-pulp-paper-group-app-charts-a-course-to-world-class-industry-standards-in-sustainable-business/>
- ³ Asia Pulp & Paper (15 May 2012)
- ⁴ APP says: "Until we complete the HCV assessments, it won't be possible to say for sure how much of our undeveloped land will be classified as 'natural forests' " in Asia Pulp & Paper (23 May 2012a) High Conservation Values cover more than 'Natural Forest'. <https://www.rainforestrealities.com/2012/05/23/high-conservation-values-cover-more-than-%E2%80%98natural-forest%E2%80%99/>
- ⁵ APP says: "First are APP-owned pulpwood plantation concessions. These are pulpwood supplier companies in which APP has equity stakes. There are six APP-owned pulpwood plantation companies that hold pulpwood plantation concession licenses in Indonesia. These concessions are located in Sumatra and Kalimantan, covering over one million hectares gross in total. Second is APP independent wood suppliers. These are independent companies that hold pulpwood plantation concession licenses in Indonesia. APP has no ownership share in these companies. The companies have long-term contractual agreements to supply APP mills with pulpwood. Currently there are approximately 30 independent companies supplying pulpwood to APP mills." in Asia Pulp & Paper (23 May 2012a). The three companies are Sinarmas Forestry companies. (Sinarmas Forestry website, "History" - http://us.sinarmasforestry.com/about_history.asp?menu=1)
- ⁶ For example, Keputusan Menteri Kehutanan Nomor: 70/Kpts-II/95 Tentang Pengaturan Tata Ruang Hutan Tanaman Industri (http://www.dephut.go.id/files/70_95_ind.pdf) in conjunction with Keputusan Menteri Kehutanan Nomor: 246/Kpts-II/1996 Tentang Perubahan Keputusan Menteri Kehutanan Nomor 70/KPTS-II/1995 Tentang Pengaturan Tata Ruang Hutan Tanaman Industri (http://www.dephut.go.id/files/246_96.pdf) in conjunction with Peraturan Menteri Kehutanan Nomor: P.21/Menhut-II/2006 Tentang Perubahan Keputusan Menteri Kehutanan Nomor 246/Kpts-II/1996 Tentang Perubahan Keputusan Menteri Kehutanan Nomor 70/KptsII/1995 Tentang Pengaturan Tata Ruang Hutan Tanaman Industri (<http://www.dephut.go.id/index.php?q=id/node/1948>).
- ⁷ Rainforest Realities page: Industry preserves globally recognized conservation site. <http://www.rainforestrealities.com/articles/industry-preserves-globally-recognized-conservation-site/>
- ⁸ Eyes on the Forest (26 March 2012) APP: default on environmental covenant. <http://eyesontheforest.or.id/attach/EoF%20%28Mar12%29%20APP%20default%20on%20environmental%20covenant%20report%20FINAL.S.pdf>
- ⁹ WWF (26 March 2012) APP's double default on creditors. http://wwf.panda.org/wwf_news/?203983/APPs-double-default-on-creditors
- ¹⁰ European Environmental Paper Network (11 June 2012) Europe Must Stop Funding Forest Destruction. <http://www.environmentalpaper.eu/2012/06/11/europe-must-stop-funding-forest-destruction/>
- ¹¹ Sinarmas Forestry website, "History" - http://us.sinarmasforestry.com/about_history.asp?menu=1
- ¹² Rainforest Alliance SmartWood Program (2004) Public Announcement for the Forest Management Certification Assessment of PT. Finnantara Intiga in West Kalimantan, Indonesia beginning on or after August 23rd 2004.
- ¹³ Pirard, R. & Cossalter, C. (2006) The Revival of Industrial Forest Plantations in Indonesia's Kalimantan Provinces. Will they help eliminate fiber shortfalls at Sumatran pulp mills or feed the China market? http://www.iddri.org/Publications/Publications-scientifiques-et-autres/R.%20Pirard_Revival%20Industrial%20Plantations%20Kalimantan.pdf
- ¹⁴ LEI (February 2011) Forest Management Unit and Forestry Industries Certified by LEI Scheme. http://www.lei.or.id/files/Certified%20UM_Feb11.pdf

- ¹⁵ Eyes on the Forest (14 December 2011)
- ¹⁶ For assumptions of this calculation, see Eyes on the Forest (14 December 2011)
- ¹⁷ Asia Pulp & Paper (22 February 2011) Asia Pulp & Paper Lays Out Key Milestones On Path to 100 Percent Pulpwood Supply Certification.
<http://www.businesswire.com/news/home/20110222007673/en/Asia-Pulp-Paper-Lays-Key-Milestones-Path>
- ¹⁸ Asia Pulp & Paper (5 April 2011) Asia Pulp & Paper Group Partners with Carbon Conservation on Vision 2020: A Roadmap to Global Leadership in Sustainable Pulp and Paper Production.
http://www.csrwire.com/press_releases/31948-Asia-Pulp-Paper-Group-Partners-with-Carbon-Conservation-on-Vision-2020-A-Roadmap-to-Global-Leadership-in-Sustainable-Pulp-and-Paper-Production
- ¹⁹ Eyes on the Forest (14 December 2011); Chapter 15 Sumatra, Indonesia: Pulping the jungle in Pearce, F. (2012) The Land Grabbers - The New Fight Over Who Owns The Earth.
- ²⁰ Eyes on the Forest (14 December 2011)
- ²¹ Eyes on the Forest (26 March 2012) WWF (26 March 2012)
- ²² Barr, C. (2000) Profits on Paper: The Political Economy of Fiber, Finance, and Debt in Indonesia's Pulp and Paper Industries. CIFOR.
http://siteresources.worldbank.org/INTINDONESIA/FLEG/20171586/Chriss_Bar.pdf
- ²³ Eyes on the Forest (26 March 2012)
- ²⁴ Asia Pulp & Paper (February 2004) Sustainability Action Plan.
<http://www.greenpeace.org/usa/Global/international/code/2011/app/pdfs/APP%202004%20SAP%20Final.pdf>
- ²⁵ Asia Pulp & Paper (June 2004) Stakeholder Update 03/04.
- ²⁶ Asia Pulp & Paper (May 2007) APP 2005/06 Environment Report.
[http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/1B2BBDDE7FB9B64C4725739B00232E6A/\\$FILE/SR1.PDF](http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/1B2BBDDE7FB9B64C4725739B00232E6A/$FILE/SR1.PDF)
- ²⁷ Bisnis Indonesia (24 April 2011) Konglomerat Kembangkan Investasi HTI Di Kalimantan Dan Papua.
<http://www.bisnis.com/articles/konglomerat-kembangkan-investasi-hti-di-kalimantan-dan-papua>
- ²⁸ Obidzinski, K & Dermawan, A. (30 May 2011) CIFOR Forest blog: New round of pulp and paper expansion in Indonesia: What do we know and what do we need to know?
<http://blog.cifor.org/2905/new-round-of-pulp-and-paper-expansion-in-indonesia-what-do-we-know-andwhat-do-we-need-to-know/>
- ²⁹ RISI (31 January 2012) RISI VIEWPOINT: The world's largest market pulp line is being planned for startup in 2015-16 in Indonesia. <http://www.scribd.com/doc/84991687/RISI-Viewpoint-the-Worlds-Largest-Market-Pulp-Line-is-Being-Planned-for-Startup-in-2015-16-in-Indonesia>
- ³⁰ Asia Pulp & Paper (5 June 2012a)
- ³¹ Asia Pulp & Paper (5 June 2012b) Asia Pulp & Paper 2020 Sustainability Roadmap Milestones.
<http://www.flickr.com/photos/asiapulppaper/7336576736/in/photostream>
- ³² Asia Pulp & Paper (23 May 2012b) MTH is in Everyday Life; Asia Pulp & Paper (APP) Response to the Greenpeace KFC Campaign. <http://www.rainforestrealities.com/newsroom/press-releases/mth-is-in-everyday-life-asia-pulp-paper-app-response-to-the-greenpeace-kfc-campaign/>
- ³³ See reports collected at <http://www.eyesontheforest.or.id>
- ³⁴ See Eyes on the Forest Sumatra Google Earth Map: <http://maps.eyesontheforest.or.id>
- ³⁵ Eyes on the Forest (26 March 2012) WWF (26 March 2012) Eyes on the Forest (14 December 2011) Eyes on the Forest (30 November 2010) EoF calls on SMG/APP and APRIL to keep their promises: Stop conversion of natural forest and drainage of peat to produce pulp, stop violation of the country's climate commitments.
[http://www.eyesontheforest.or.id/attach/EoF%20\(30Nov10\)%20Riau%20RKT%202010%20natural%20](http://www.eyesontheforest.or.id/attach/EoF%20(30Nov10)%20Riau%20RKT%202010%20natural%20)

[orest%20and%20peat%20conversion%20EN%20FINAL.pdf](#)

³⁶ Forest Stewardship Council (December 2007) Forest Stewardship Council dissociates with Asia Pulp and Paper. http://www.fsc.org/fileadmin/web-data/public/document_center/Stakeholder_updates/FSC_dissociates_with_APP-EN.pdf

³⁷ Rainforest Alliance (October 2007) Rainforest Alliance Public Statement: Termination of Contracts with APP in China. <http://www.rainforest-alliance.org/forestry/documents/app.pdf>

³⁸ WWF (15 February 2012) APP certifiers distance themselves from sustainability claims. <http://wwf.panda.org/?203540/APP-certifiers-distance-themselves-from-sustainability-claims>

³⁹ WWF (15 February 2012) WWF Questionnaire to Certification Standard Setting Bodies / Certification Bodies Associated with Asia Pulp & Paper: PEFC; SGS; LEI; TUV Rheinland; AFNOR and EU Ecolabel. http://awsassets.panda.org/downloads/app_collated_certifier_responses_final_13_february_2012.pdf

⁴⁰ Rainforest Action Network & Japan Tropical Forest Action Network (October 2010) Asia Pulp & Paper's Hidden Emissions: Calculating the Real Carbon Footprint of APP's Paper. http://ran.org/sites/default/files/app_hidden_emissions.pdf

⁴¹ ENDS (29 November 2010) ERM in carbon footprint row. ENDS Report 430, November 2010, -.13. <http://www.endsreport.com/26165/erm-in-carbon-footprint-row>.

⁴² APP (11 August 2010) Letter to Stakeholders Getting the Facts Down on Paper. [http://www.asiapulppaper.com/portal/app_portal.nsf/Web-MenuPage/25789CB95E09B9F54725777C0023C42A/\\$FILE/Mazars.pdf](http://www.asiapulppaper.com/portal/app_portal.nsf/Web-MenuPage/25789CB95E09B9F54725777C0023C42A/$FILE/Mazars.pdf)

⁴³ ERM (13 September 2010) Enquiries relating to carbon footprinting work in Indonesia.

⁴⁴ JPMorgan Chase Bank NA vs. PT Indah Kiat Pulp and Paper Corp., PT Pabrik Kertas Tjiwi Kimia Tbk, and Asia Pulp & Paper Company Ltd. US District Court, Northern District of Illinois, Case. No. 02 cv 6240.

⁴⁵ Supreme Court of the State of New York County of New York. Index No. 600405/2004. US. Bank National Association, Plaintiff, against APP International Finance Company B.V., P.T. Lontar Papyrus Pulp & Paper Industry, Asia Pulp & Paper Company Ltd., Indah Kiat International Finance Company B.V., and P.T. Indah Kiat Pulp & Paper Corporation, Defendants. Memorandum in Support of Plaintiff's Request for Fees and Expenses in Accordance with the Order of the Court Dated March 5, 2012.

⁴⁶ Anti Forest-Mafia Coalition of NGOs (4 May 2012) APP, APRIL and Corruption – Buyers Beware! [http://www.eyesontheforest.or.id/attach/KLAKH%20\(04May12\)%20Factsheet%20APP%20APRIL%20and%20Corruption_FINAL_20120525080524.pdf](http://www.eyesontheforest.or.id/attach/KLAKH%20(04May12)%20Factsheet%20APP%20APRIL%20and%20Corruption_FINAL_20120525080524.pdf)