

Sinar Mas Group's Asia Pulp & Paper (SMG/APP) and its pulpwood have had a 30-year history of deforestation, wildlife habitat destruction, peat drainage and conflict with local communities related to the acquisition of land for wood harvesting and pulpwood plantation development in Sumatra and Kalimantan, Indonesia (see timeline of deforestation [here](#)). In February 2013, APP committed to halt deforestation under its Forest Conservation Policy (FCP)¹ and to disassociate from suppliers that violate the FCP.

While WWF believes that Forest Stewardship Council (FSC) certification is the best way to get independent and objective verification of a company's performance on environmentally responsible, socially beneficial and economically viable forest management, it cannot be used to verify the performance of SMG/APP companies, affiliates and their wood suppliers. This is because APP was disassociated by FSC in 2007² due to rampant deforestation, making it the first among a very small number of the most controversial companies in the world FSC has disassociated from.

In 2017, Associated Press (AP) reported on the many hidden corporate relationships of APP and highlighted the company's links to deforestation, despite its public sustainability commitments^{3, 4, 5}. On May 16, Greenpeace announced that they were ending all engagement with APP after its investigation alleged that 8,000 hectares of natural forest and peatland were cleared in violation of APP's FCP in two concessions which were previously undeclared by APP but are linked to APP and SMG.⁶ As early as 2015, WWF and other civil society organizations had already reported that one of the two concessions (PT. Muara Sungai Landak) had been clearing forest in high conservation value areas, in more than 3 meters deep peatland and orangutan habitat⁷.

On May 30, the Anti Forest Mafia Coalition including WWF-Indonesia published a report that details how SMG/APP group uses corporate and individual proxies to expand its land banks⁸. The Coalition has delivered this analysis to support the implementation of a recently published Presidential Regulation 13/2018 which requires all companies in Indonesia to declare their beneficial owners within one year. SMG/APP is by far the single biggest group in the Indonesian forestry sector, and as such, the Coalition considers SMG/APP's transparency in compliance with the regulation as a critical step in better governance.

As these events have been unfolding over the last half year, APP has been in negotiations with the Forest Stewardship Council (FSC) to end its long running disassociation from the organization. FSC set up an APP Stakeholder Working Group (SWG), comprised of a group of NGOs, a workers' union and corporate representatives, to help develop a roadmap for FSC with the aim to end disassociation from APP^{9, 10}. WWF, which is a member of the SWG, believes that the roadmap must be credible and achievable to prevent any recurrence of violations to the Policy for Association and to remedy past environmental and social harm caused¹¹. For the roadmap to be meaningful, APP needs to disclose its whole empire of companies and suppliers and reveal its total environmental and social footprint.

APP has announced that it has committed to review all wood suppliers in Indonesia, including those not within its supply chain. It will also map out any relationship between the board members of these companies and APP shareholders, Board of Directors, Board of Commissioners and APP employees, to rule out any financial involvement between wood suppliers and APP. This process is to begin this month.¹² **WWF recommends that the announced review be conducted in a fully transparent,**

independent way, involving civil society organizations within the Anti Forest Mafia Coalition to provide a trustworthy assessment of all connections of APP, SMG and its employees, and other proxies which could then be used by FSC and SWG to reveal the company's total environmental and social footprint. This is a critical time in the FSC-APP re-association process, where APP must fully disclose all information that is required by FSC to ensure that credible process can be undertaken.

WWF further recommends that companies and financial investors should avoid doing business with SMG/APP and its affiliates until the company is re-associated with FSC and a regular, truly independent third-party verification demonstrates significant progress against the FSC's roadmap requirements.

¹ Asia Pulp and Paper (5 February 2013) Forest conservation Policy

<http://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy>

² <https://ic.fsc.org/en/what-is-fsc/what-we-do/dispute-resolution/current-cases/asia-pulp-and-paper-app>

³ Associated Press (20 December 2017) AP Exclusive: Pulp giant tied to companies accused of fires

<https://www.apnews.com/fd4280b11595441f81515daef0a951c3>

⁴ Associated Press (20 December 2017) Greenpeace calls for investigation into Sinarmas dealings.

<https://www.apnews.com/b1c8ae08594c45d5b89236552e2adfeb>

⁵ Associated Press (21 December 2017) Pulp giant stirs new conflicts with Indonesian villages.

<https://www.apnews.com/6b58f7083e404ff59dd4700b4cf367a7/Pulp-giant-stirs-new-conflicts-with-Indonesian-villagers>

⁶ Greenpeace International (16 May 2018) Greenpeace slams APP/Sinar Mas over links to deforestation, ends all engagement with company. <https://www.greenpeace.org/international/press-release/16535/greenpeace-slams-app-sinar-mas-over-links-to-deforestation-ends-all-engagement-with-company/>

⁷ Eyes on the Forest (December 2015) Penebangan hutan alam gambut oleh PT. Muara Sungai Landak mengancam ekosistem dan habitat orangutan. <http://www.eyesontheforest.or.id/uploads/default/report/Eyes-on-the-Forest-Laporan-Investigatif-PT-MSL-mengancam-ekosistem-Orangutan-Desember-2015.pdf>

⁸ Koalisi Anti Mafia Hutan et al. (30 May 2018). Removing the Corporate Mask: An Assessment of the Ownership and Management Structures of Asia Pulp & Paper's Declared Wood Suppliers in Indonesia. <http://eyesontheforest.or.id/files/download/620593cd00c438c>

Koalisi Anti Mafia Hutan et al. (30 May 2018) Sinar Mas Group Must Declare the Beneficial Owners of All Affiliated and Related Companies. <https://www.eyesontheforest.or.id/news/sinar-mas-group-must-declare-the-beneficial-owners-of-all-affiliated-and-related-companies>

⁹ FSC <https://ic.fsc.org/en/what-is-fsc/what-we-do/dispute-resolution/current-cases/asia-pulp-and-paper-app>

¹⁰ FSC (8 November 2017) Stakeholder Engagement Plan <https://ic.fsc.org/file-download/fsc-asiapulppaper-stakeholderengagementplan-v3-7-approved.7053.htm>

¹¹ Auriga, Forest Peoples Programme, HaKI, Jikalahari, KKI Warsi, RAN, Titian, Walhi Riau, Wetlands International and WWF-Indonesia (7 February 2018) Joint NGO statement on the 5th anniversary of Asia Pulp and Paper Forest Conservation Policy.

[http://d2ouvy59p0dg6k.cloudfront.net/downloads/Joint_NGO_statement_on_APP_FCP_5th_anniversary_\(05Feb18\)_FINAL_logos.pdf](http://d2ouvy59p0dg6k.cloudfront.net/downloads/Joint_NGO_statement_on_APP_FCP_5th_anniversary_(05Feb18)_FINAL_logos.pdf)

¹² TFT (17 May 2018) TFT's response to Greenpeace's decision to end its engagement with Asia Pulp and Paper

<http://www.tft-earth.org/stories/news/tft-response-greenpeaces-decision-end-engagement-asia-pulp-paper/>