



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

WWF-Indonesia
6 September 2018

In 2013, Sinar Mas Group's Asia Pulp & Paper (SMG/APP) committed to halt deforestation under its [Forest Conservation Policy \(FCP\)](#). Prior to this, SMG/APP and its pulpwood suppliers had a history of almost 30 years of deforestation, destruction of wildlife habitat, peat drainage and conflicts 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](#)).

On August 15, 2018 the Anti Forest Mafia Coalition, including WWF-Indonesia, published a report revealing that two APP suppliers in East Kalimantan, PT. Fajar Surya Swadaya (FSS) and PT. Silva Rimba Lestari of Djarum Group, had cleared nearly 32,000 hectares of natural forest in violation of APP's FCP ^{1, 2, 3, 4, 5}.

On August 16, the Forest Stewardship Council (FSC) announced its decision to suspend the process it had started in early 2017 to design a roadmap to end its disassociation with APP and awaits "further information from APP related to its corporate structure and alleged unacceptable forest management activities by companies thought to be related to APP"⁶. FSC's decision followed a series of recent revelations about a lack of commitment by SMG/APP to disclose all their associated companies to hide their continuing involvement in deforestation and their total environmental and social footprint which need to be remedied ^{7, 8, 9, 10, 11, 12, 13}.

APP remains the first among a very small number of the most controversial companies in the world FSC has disassociated from. **WWF strongly recommends that companies and financial investors end their business relationships with SMG/APP and its affiliates, including Nippcraft Ltd.¹⁴, Collins Debben Ltd.-Australia¹⁵, and Collins Debben Ltd.-United Kingdom¹⁶, whose FSC certificates were recently suspended, until a regular, truly independent third-party verification demonstrates significant progress by SMG/APP companies, its affiliates and global wood supply partners. This progress should be measured against the NGOs' published [Criteria and Indicators](#) which include an association with FSC among the performance criteria¹⁷.**

¹Auriga (15 August 2018) APP and APRIL violate zero-deforestation policies with wood purchases from Djarum Group concessions in East Kalimantan <http://auriga.or.id/app-and-april-violate-zero-deforestation-policies-with-wood-purchases-from-djarum-group-concessions-in-east-kalimantan/>

² CNN Indonesia (15 August 2018) Sinar Mas-April Beli Kayu 'Tebang Habis' Hutan Djarum Group. <https://www.cnnindonesia.com/ekonomi/20180815094129-92-322382/sinar-mas-april-beli-kayu-tebang-habis-hutan-djarum-group?>

³ Eco-Business (17 August 2018) Have APP and APRIL both broken their no-deforestation promises?. <http://www.eco-business.com/news/have-app-and-april-both-broken-their-no-deforestation-promises/>

⁴ Mongabay (21 August 2018). Report finds APP and APRIL violating zero-deforestation policies with wood purchases from Djarum Group concessions in East Kalimantan. <https://news.mongabay.com/2018/08/report-finds-app-and-april-violating-zero-deforestation-policies-with-wood-purchases-from-djarum-group-concessions-in-east-kalimantan/>

⁵ WWF Indonesia (15 Agustus 2018) Beli Kayu Deforestasi Djarum Group di Kalimantan Timur APP dan APRIL Langgar Komitmen Zero Deforestation <https://www.wwf.or.id/?67822/Beli-Kayu-Deforestasi-Djarum-Group-di-Kalimantan-Timur--APP-dan-APRIL-Langgar-Komitmen-Zero-Deforestation>

⁶ Forest Stewardship Council (16 August 2018). APP Roadmap Process. <https://ic.fsc.org/en/news-updates/id/2150>

⁷ Associated Press (20 December 2017) AP Exclusive: Pulp giant tied to companies accused of fires <https://www.apnews.com/fd4280b11595441f81515daef0a951c3>

⁸ Associated Press (21 December 2017) Pulp giant stirs new conflicts with Indonesian villagers. <https://www.apnews.com/6b58f7083e404ff59dd4700b4cf367a7/Pulp-giant-stirs-new-conflicts-with-Indonesian-villagers>

⁹ 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>

¹⁰ 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/>

¹¹ 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>

¹² Tirto.id (30 Mei 2018) Perusahaan Pembakar Hutan di Antara Gurita Bisnis Sinar Mas <https://tirto.id/perusahaan-pembakar-hutan-di-antara-gurita-bisnis-sinar-mas-cLqi>

¹³ Reuters (23 May 2018) UPDATE 1-Indonesia's APP tests woodchips from Vietnam, Australia; <https://af.reuters.com/article/africaTech/idAFL3N1SU3Q1>

¹⁴ Forest Stewardship Council. Info FSC. <https://info.fsc.org/details.php?id=a024000007mgubAAA&type=certificate>

¹⁵ Forest Stewardship Council. Info FSC. <https://info.fsc.org/details.php?id=a024000000OpvG6AAJ&type=certificate>

¹⁶ Forest Stewardship Council. Info FSC. <https://info.fsc.org/details.php?id=a0240000007SAdeAAG&type=certificate>

¹⁷ 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. https://d2d2tb15kqhejt.cloudfront.net/downloads/criteria_indicators_for_assessing_verifying_smg_and_rge_performance_revisi_2_1.pdf