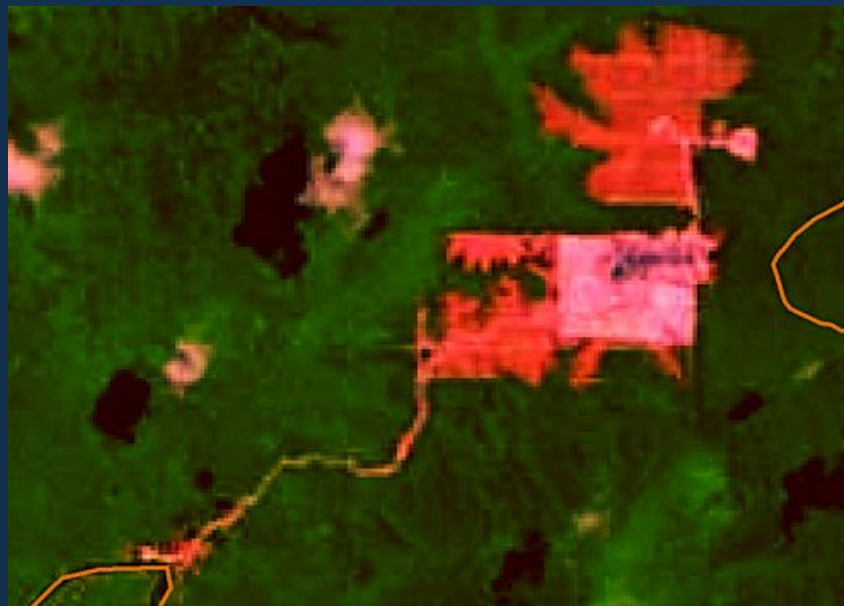


'Busy years' ahead until 2017

Spending US\$12 million on clearing Papua's intact forest landscapes



- PT Austindo Nusantara Jaya Tbk (ANJT), a Wilmar supplier for the last six years, continues to clear Papua's intact forest landscapes to develop new palm oil plantations.
- ANJT, which is listed on the Indonesian Stock Exchange, is also a supplier to some of the signatories of the Sustainable Palm Oil Manifesto (SPOM).
- The Nature Conservancy (TNC) has a role to play in helping save Papua's intact forest landscapes from being cleared by ANJT as one of ANJT's shareholders is a member of the TNC Indonesia Chapter Advisory Board and the TNC Asia Pacific Council.

Why does the title of this report refer to "busy years"?

In its 2013 annual report, PT Austindo Nusantara Jaya Tbk (ANJT) stated that 2013 was a "busy year" on account of the many developments that had taken place in its Papua palm oil project.

Why does this report refer to "busy years until the coming years?" This is because that clearance of Papua's intact forest landscapes will continue to be carried out by ANJT as part of its planned development of new palm oil plantations by two of its subsidiaries over the next three years.

On 21 December 2011, the Minister of Forestry issued a forest land relinquishment permit in connection with the development of a palm oil plantation by PT Permata Putera Mandiri (PPM). The permit covered an area of 34,147 hectares located in South Sorong Regency, West Papua Province.

In an area that is adjacent to the PPM palm concession, on 31 October 2012 the Minister of Forestry issued a forest land relinquishment permit for a palm oil plantation development by PT Putera Manunggal Perkasa (PMP) covering an area of 23,424.38 hectares, located in South Sorong and Maybrat Regencies, West Papua Province.

In early January 2013, as mentioned in the ANJT 2013 annual report, ANJT acquired PPM and PMP, the two companies that were issued with forest land relinquishment permits.

Of the 57,571.38 hectares of land covered by the two forest land relinquishment permits (issued for the purpose of establishing palm oil concessions), approximately 67% consists of intact forest landscapes (*shown in green*), as evidenced by **the Global Forest Watch map** shown below:



Based on the above map, it may be said that ANJT will have many "busy years" ahead in clearing intact forest landscapes in Papua (as shown on the Global Forest Watch map).

ANJT's "busy years" will continue until 2017, with intact forest landscapes being decimated to make way for palm oil plantations on New Guinea island.

This report uses shapefile data on intact forest landscapes in Papua that was downloaded from the Global Forest Watch website. As explained in the website, the data on intact forest landscapes was developed by Greenpeace, the World Resources Institute and Transparent World.

To ascertain the supply chain, the report avails of the annual reports produced by ANJT and Wilmar as its primary references, as both companies are listed on the Indonesia Stock Exchange.

The report uses USGS Landsat 8 images as the main basis in conducting a time-series spatial analysis to ascertain the extent of the clearance of intact forest landscapes by ANJT in three palm concession blocks in West Papua.

Legal data, such as licensing data, was sourced from the Ministry of Forestry and is used in the report to strengthen the linkages between the spatial and legal analyses, including the use of time-series land-cover data from the Ministry of Forestry.

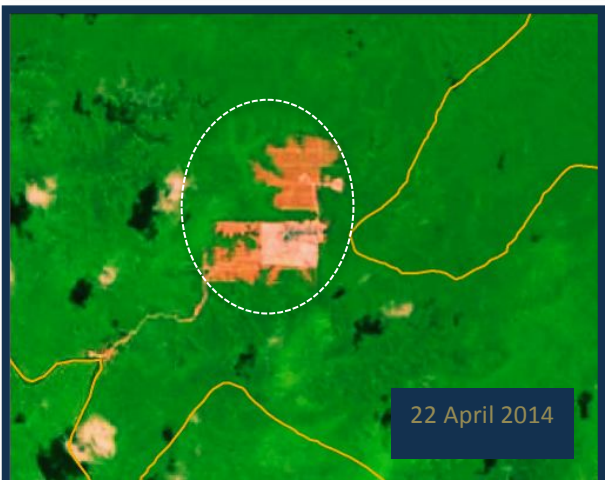
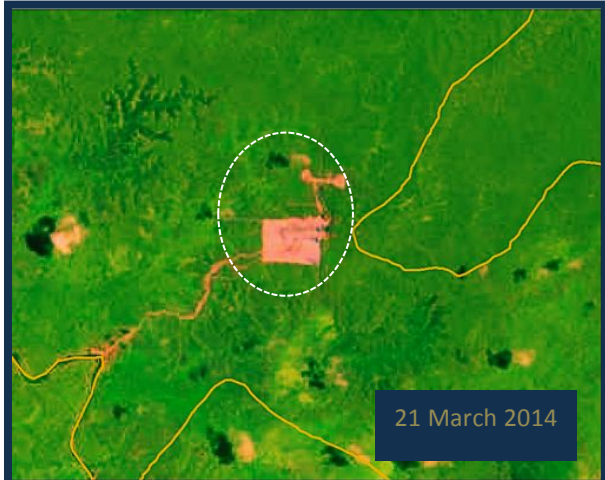
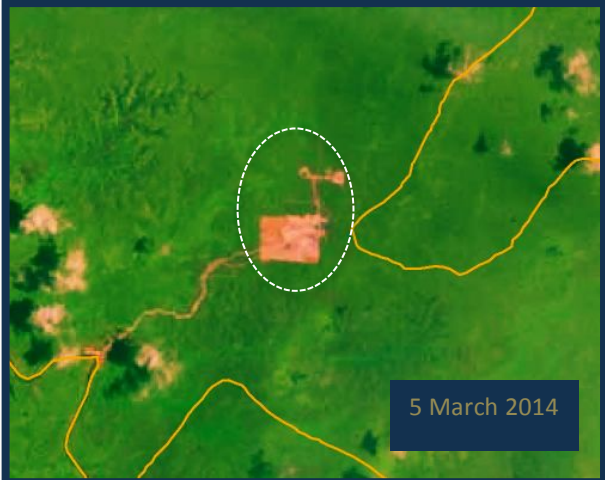
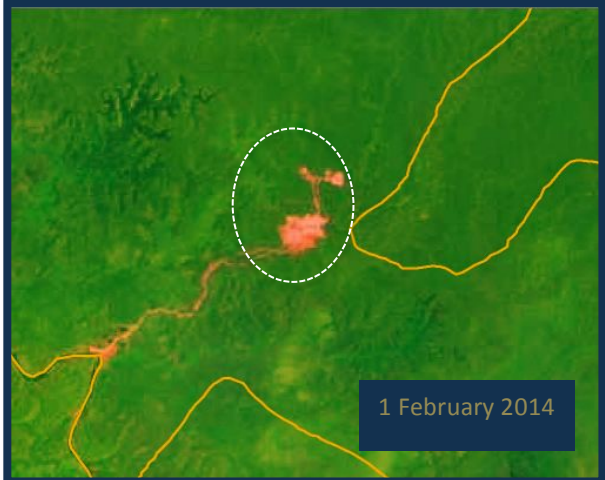
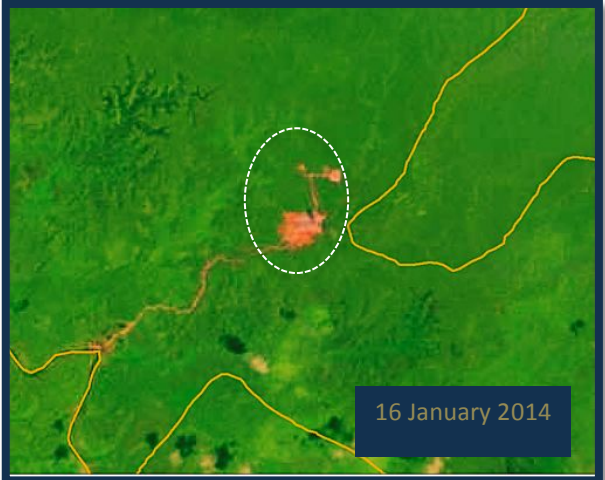
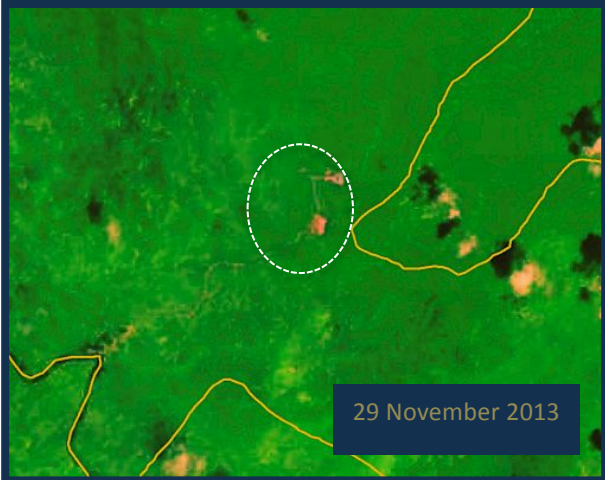
ANJT earmarks \$12 million to clear intact forest landscapes in Papua for palm oil plantation development

Two subsidiaries of ANJT – PPM and PMP – obtained loans from other ANJT subsidiaries amounting to a total of \$12 million to be used by PPM and PMP (\$5.5 million and \$6.5 million, respectively) to establish palm oil plantations in their concession areas, with the tenor of the loans being three years. This is evidenced by the letter of 18 March 2014 from ANJT to Indonesia's Financial Services Authority (OJK), a copy of which was also sent to the Indonesia Stock Exchange.

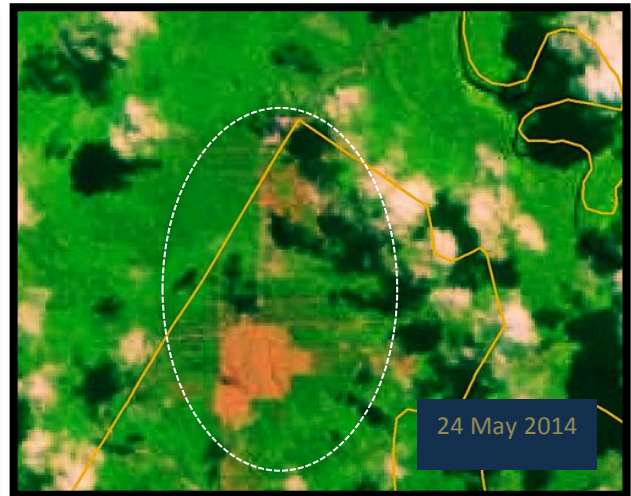
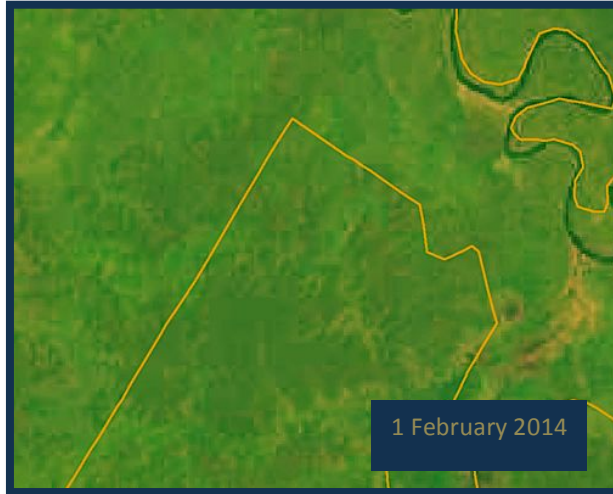
The loans from ANJT to its subsidiaries PPM and PMP are to be used to clear intact forest landscapes in Papua. The ANJT 2013 annual report contains the following photograph, which is titled "**The Hexagon, an operations base for land clearance**":



The Landsat 8 satellite images taken between 29 November 2013 and 22 April 2014 show how "the Hexagon" has escalated the clearance of the intact forest landscapes located within the PMP palm concession.



Meanwhile, the Landsat 8 satellite images from 1 February 2014 to 24 May 2014 show that the clearing of intact forest landscapes in the PPM palm concession continues apace.



Why does this report refer to "busy years until the coming years?" This is because that clearance of Papua's intact forest landscapes will continue to be carried out by ANJT as part of its planned development of new palm oil plantations by two of its subsidiaries over the next three years.

What role does Wilmar's 'No Deforestation Policy' play vis-à-vis ANJT's continued clearance of intact forest landscapes in Papua?

Based on its 2013 annual report, during the period from 2008-2013, ANJT was a permanent supplier to Wilmar. Thus it is only natural that a number of critical questions arise, such as what is the position of Wilmar's 'No Deforestation Policy' in connection with the two ANJT subsidiaries that continue to clear intact forest landscapes for palm plantation development in Papua?

It should be noted that ANJT has been clearing these intact forest landscapes since the closing months of 2013 until the present time.

This is clearly a question that needs to be answered by Wilmar so that the public can be provided with an understanding as to the status of ANJT forest clearance operations in Papua having regard to Wilmar's No Deforestation Policy. Wilmar's responses to these questions will indicate just how credible its No Deforestation Policy really is.

What about the role of the 'Sustainable Palm Oil Manifesto' signatories?

Besides being a Wilmar supplier, ANJT is also a supplier to a number of signatories to the Sustainable Palm Oil Manifesto (SPOM), namely, Apical and KLK (the first quarter of 2014). ANJT has also been a supplier to the Musim Mas for the last six years (from 2008 until 2013).

In this respect, it is relevant to pose the following question to the SPOM signatories: To what extent do they want to play a role in saving intact forest landscapes from being extensively cleared by ANJT?

The signatories to the SPOM need to respond to this question so that the public can also gain an understanding as to the role of these SPOM signatories vis-à-vis the operations of ANJT – one of their suppliers – which continues to clear Papua's intact forest landscapes.

How TNC can contribute to helping save intact forest landscapes in Papua from clearance by ANJT?

In the ANJT 2013 annual report, George Tahija is stated to be a commissioner of ANJT. In addition, it is also stated that he is a member of the TNC Indonesia Chapter Advisory Board and the TNC Asia Pacific Council.

Of course, this will give rise to questions in the mind of anyone who reads the said report given that on the one hand George Tahija is a member of the TNC Indonesia Chapter Advisory Board and the TNC Asia Pacific Council, while on the other hand he also serves as a commissioner of a company whose 2013 annual report contains a photograph showing land clearance work on intact forest landscapes in Papua for the purpose of developing new palm oil plantations.

TNC has "special access" to George Tahija and accordingly it can play a role in communicating the practices of ANJT's two subsidiaries in continuing to clear intact forest landscapes, as evidenced by the Global Forest Watch map.

Given that 2013 was characterized as a "busy year" in the ANJT 2013 annual report because of the many developments in its Papua palm oil project, George Tahija will no doubt be well aware of those developments.

As a commissioner and shareholders of ANJT, George Tahija will also be aware of ANJT's loan of US\$12 million to its two subsidiaries to finance the development of palm oil plantations in Papua up until 2017.

Obviously, this simultaneously provides an opportunity and poses a challenge to TNC to maintain as much as possible of the intact forest landscapes that are located in the three ANJT concession blocks.

Recommendations

■ ANJT needs to provide verifiable explanations regarding its new palm plantation developments in Papua, which involve the clearing of natural forest that, according to the Global Forest Watch map, includes intact forest landscapes.

■ Wilmar should clarify the extent of the role that can be played by its No Deforestation Policy in respect of ANJT's forest clearance operations in Papua, which commenced in the final months of 2013 and are continuing apace.

■ The signatories of the SPOM should explain what they propose to do in response to ANJT's operations, bearing in mind that ANJT is one of their suppliers.

■ TNC needs to explain the steps that it proposes to take in connection with George Tahija role as a member of the TNC Indonesia Chapter Advisory Board and the TNC Asia Pacific Council having regard to his position as a commissioner and shareholder of ANJT, a company that plans to continue clearing intact forest landscapes in Papua until 2017 for the purpose of developing new palm oil plantations.

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