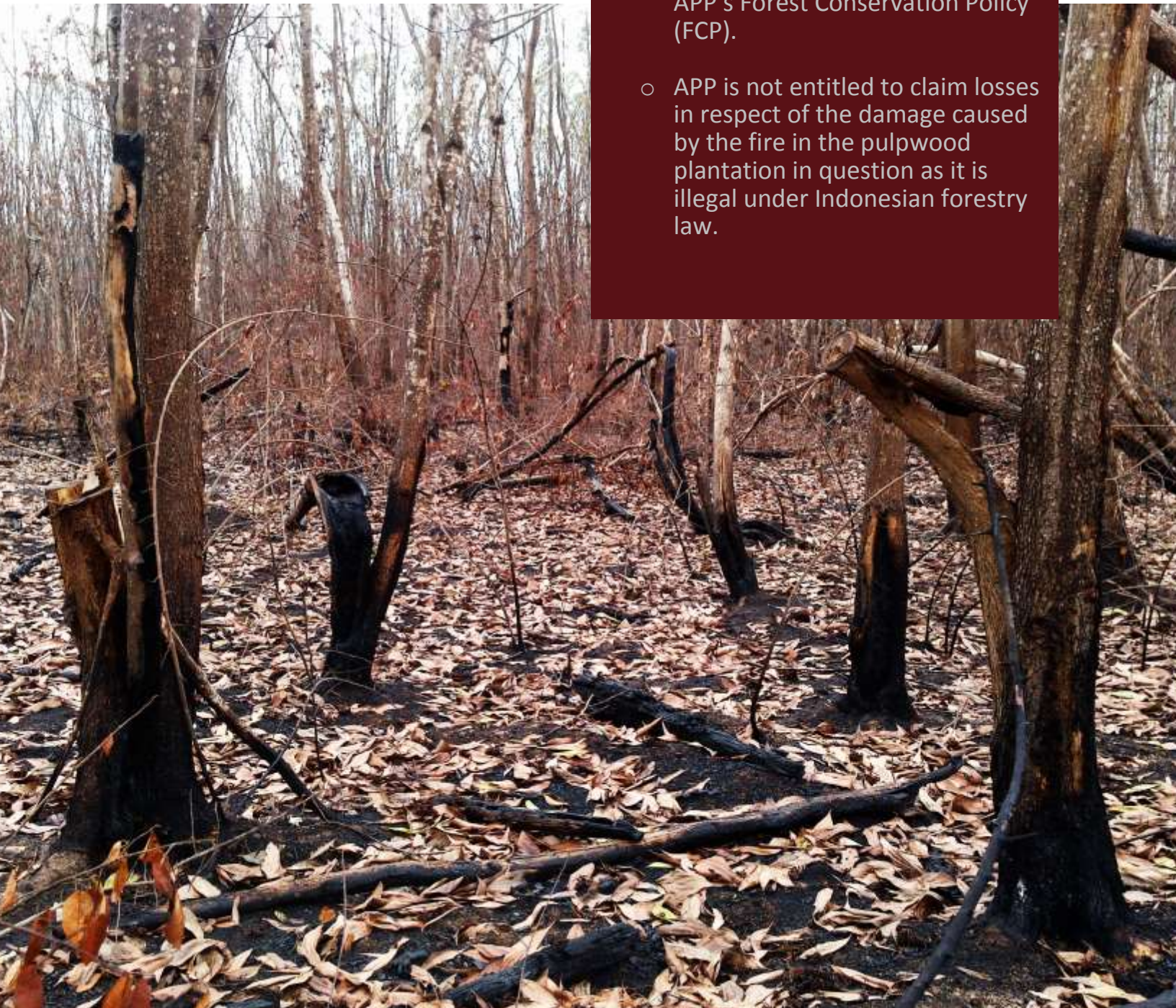


APP'S BEST PRACTICES?

Pulpwood plantation developed by an ASIA PULP AND PAPER-linked concession in a legally-established HCVF area equivalent to more than one thousand football fields was partly burned, thus contributing to the transboundary haze problem.

103°52'46.02"E 01°54'23.27"S – 16 November 2015

- The legally-established HCVF area developed by the APP-linked pulpwood plantation concession is a riverine buffer area that should be protected.
- The development of a pulpwood plantation in a legally-established HCVF area partly made up of peatland is clearly illegal.
- APP's mills were recorded as receiving pulpwood supplies from the pulpwood plantation in the legally-established HCVF area subsequent to the launch of APP's Forest Conservation Policy (FCP).
- APP is not entitled to claim losses in respect of the damage caused by the fire in the pulpwood plantation in question as it is illegal under Indonesian forestry law.



BACKGROUND

A legally-established HCVF (*High Conservation Value Forest*) area, the size of more than a thousand football fields, has been developed as a pulpwood plantation on the concession of an APP-linked company, PT Rimba Hutani Mas (RHM), which operates in the province of South Sumatra, Sumatra Island, Indonesia. The HCVF area in question, which constitutes **a riverine buffer zone**, was partly burned during the uncontrolled land and forest fires in September-October 2015.

This report does not discuss the cause of the fires in the legally-established HCVF areas. All we can say is that these blocks were partly burned, including the acacia plantations located within them. **The area, which should legally be maintained as a protected area**, has instead been converted into an acacia plantation that most assuredly supplies raw materials to APP.

The development of the pulpwood plantation in a legally-established HCVF area is clearly a violation of the law and also the legally-approved operational business plan that is supposed to provide the legal basis for the operation of the APP-linked concession.

Even more surprising, APP's mills sourced raw materials from the said pulpwood plantation subsequent to the launching of APP's FCP. This clearly represents an example of bad practices, particularly given that it occurred after the APP's FCP had been put into effect.

This Greenomics report contains photographs that show how the pulpwood plantation in the legally-established HCVF area was burned.

The report also provides a number of conclusions and recommendations for APP's consideration in connection with the implementation of its FCP.



103°52'46.7"E 01°54'24.5"S – 16 November 2015

METHODOLOGY

The photographs in the report were taken during field observations from the beginning up to the mid-November 2015. During the observation period, the APP-linked concession frequent saw rainfall. USGS Landsat 8 and Google Earth images are used to show changes in landcover in the HCVF area, while legal documents on the operations of the APP-linked concession are employed as the legal basis for our analysis.

JUST LIKE PULPWOOD PLANTATIONS IN NON-LEGALLY ESTABLISHED HCVF AREAS



103°52'46.03"E 01°54'25.70"S – 16 November 2015


The APP-linked concession's pulpwood plantation – which has been partly harvested, primarily since the launch of APP's FCP – is well planned and designed, just like pulpwood plantations in non-legally established HCVF areas.

Greenomics has presented photographs and video footage showing burning in this APP-linked pulpwood plantation to senior Environment and Forestry Ministry officials so that the matter can be further investigated and appropriate measures taken in line with Indonesian forestry law, considering that the pulpwood plantation in question was illegally developed, even though it is within the perimeter of the concession.



103°52'46.8"E 01°54'24.5"S – 16 November 2015

Apart altogether from the legal issues, obviously the burning that occurred on the plantation contributed to the haze problem in Sumatra and neighboring countries, especially Singapore.



Fire damages to a pulpwood plantation developed in a legally-established HCVF area clearly cannot be claimed by APP as losses as such pulpwood plantation was illegally developed in the first place. Indeed, it is the Indonesian State that should be claiming damages as river buffer zones (in the form of protected areas) should be protected.

103°52'46.08"E 01°54'23.43"S – 16 November 2015



As regards those parts of the pulpwood plantation located in the legally-established HCVF area that were not affected by fire, questions must now be raised about the legality of the timber's harvesting and pulping in APP's mills, particularly during the period of implementation of APP's FCP.



103°52'46.21"E 01°54'24.19"S – 16 November 2015

APP's FCP-based supply chain will become increasingly obscure if timber from a pulpwood plantation that has been developed in a legally-established HCVF area continues to be harvested so as to supply APP's mills.

CONCLUSIONS

- The development of a pulpwood plantation in the legally-established HCVF area is clearly illegal, while the sourcing of pulpwood from the plantation is certainly questionable as it was done subsequent to the launch of APP's FCP. This means that APP products manufactured since the launch of the FCP are contaminated by pulpwood sourced from the harvesting of a pulpwood plantation that has been developed in a legally-established HCVF area.
- Whatever the reason for the development of the pulpwood plantation in a legally-established HCVF area, this APP-linked concession must accept legal responsibility and APP's mills should reject pulpwood supplied by it.

103°52'45.90"E 01°54'25.52"S – 16 November 2015



RECOMMENDATIONS

- APP must immediately disconnect its supply chain from the APP-linked concession, which has been proved to have developed and harvested a pulpwood plantation in a legally-established HCVF area.
- Given that the APP-linked concession is one of the companies that have been served with legal notices by the **Singapore's National Environment Agency (NEA)** because of their contributions to the haze problem, APP must provide information related to PT RHM's operations to the NEA, especially as regards the burning of pulpwood plantations in the legally-established HCVF areas.



103°52'45.96"E 01°54'24.85"S – 16 November 2015

The evidence that we gathered in the case of this concession can also be found on other APP-linked concessions.



103°52'46.02"E 01°54'25.63"S – 16 November 2015

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