

Two ASIA PULP AND PAPER-linked concessions in peatland areas – extending to nearly **400,000 hectares**, in all - have had their licenses frozen following the recent land and forest fires.

APP MILESTONES?





105°29.32.34"E 03°17'24.21"S - 9 November 2015

When one is in the field and sees the massive destruction of peatland, it is difficult not to become emotional, particularly in the light of the suffering and losses inflicted on human beings by the haze.

BACKGROUND

In November 2015, the Indonesian Ministry of Environment and Forestry froze the license of PT Bumi Mekar Hijau (BMH) – an APP-linked concessionaire, whose concession is located in the province of South Sumatra, Sumatra island, Indonesia – because of the massive burning that occurred on its 250,000-hectare concession.

This concession is the largest of the APP-linked concessions in South Sumatra province. The license suspension is not the first to affect an APP-linked concessionaire in connection with land and forest fires.

Previously, another APP-linked concessionaire, PT SBAWI, which operates a concession extending to more than 140,000 hectares of peatland, had its license frozen on 19 October 2015.

Consequently, almost 400,000 hectares of APP-linked concessions located in peatland areas have had their licenses frozen.

The report does not address the question of who started the fires or who engaged in burning so as to advance their business interests. It only presents photographs of burned-out areas on the BMH concession – the largest APP-linked concession located on peatland, which has an area that extends to more than three times the area of Singapore island – to provide a perspective of what the situation is like on the ground in the burned-out peatland areas.

The burning that occurred on the two APP-linked concessions contributed significantly to the trans-boundary haze problem. Not surprisingly, Singapore's National Environment Agency (NEA) also issued legal notices to the two companies on account of their contributions to the haze that enveloped the neighboring country.

At the end of the report, we present a number of conclusions and recommendations as input for APP's stakeholders, investors and customers.

METHODOLOGY



105°34'48.12"E 03°19'31.07"S - 9 November 2015

The report uses NASA Active Fire Data to observe active fire locations spread across the BMH concession. In addition, USGS Landsat 8 and Google Earth images are employed on a time-series basis to track landcover changes on the concession.

The data on the distribution and depth of peat is taken from Wetlands International and the concessionaire's operational documents. The photographs presented in the report were taken during field observations conducted from early to mid November 2015.

APP MILESTONES MUST BE CALLED INTO QUESTION



With the freezing of the BMH license as a result of the land and forest fires that occurred primarily in September-October 2015, APP's Peatland Management Milestones and Peatland Best Practice Management programs must now be called into question.

The Indonesian Ministry of Environment and Forestry does not act arbitrarily when freezing concession licenses, as has occurred in the case of the APP-linked concessions discussed in this report.

105°24'48.00"E 03°09'27.14"S - 11 November 2015

This APP-linked pulpwood concession is very important to APP's mills. In fact, it will also play a significant role in supplying a new APP mill that will commence operations in South Sumatra in mid-2016.

The photographs set out in this report provide a field perspective that we hope will serve as useful input for APP's stakeholders, investors and customers.

In fact, it is not beyond the realms of possibility that other APP-linked concessions operating in peatland areas will have their licenses frozen in consequence of the massive burning that affected APP-linked concessions in South Sumatra this year.

Whatever the level of APP's commitment to its Forest Conservation Policy, we must not close our eyes to the enormity of the destruction on APP-linked concessions in peatland areas in South Sumatra.

Also, we must not close our eyes to the fact that the licenses of two APP-linked concessions covering nearly 400,000 hectares have been frozen.

105°24'48.03"E 03°09'27.15"S - 11 November 2015





Maintaining water levels?

Why only now?

A serious question mark hangs over the implementation of APP's Forest Conservation Policy, despite the company's claims that the policy implementation is on the right track.



105°29'32.78"E 03°17'20.79"S - 9 November 2015

Burned-out peat stretching as far as the eye can see on the largest APP-linked concession in South Sumatra.

The management of burned-out peatland areas on all APP-linked concessions in South Sumatra needs to be continually monitored.

The management of burned-out peatland areas will be taken over by the government, including the management of such areas on APP-linked concessions in South Sumatra.

105°34'47.92"E 03°19'29.86"S - 9 November 2015



CONCLUSIONS

- The massive extent of the burned-out peatland on the largest APP-linked concession clearly demonstrates the company's inability to comply with its legal obligation to prevent or control forest and land fires on its concessions.
- Given the level of peatland destruction that occurred on the BMH concession, the Ministry of Environment and Forestry's decision to freeze its license was entirely justified.

105°34'.48.29"E 03°19.29.01"S - 9 November 2015



RECOMMENDATIONS

- APP should focus its efforts to resolve the problems that have been caused by the massive burning of peatland on its linked-concessions, including the largest APP-linked concession in South Sumatra, particularly as regards the fulfillment of its legal and administrative obligations following the freezing of its concessionaires' licenses.
- Given that it will not be easy for the APP-linked concessions to immediately comply with Recommendation 1 above, APP should halt its PR campaigns promoting APP Peatland Best Practice Management and APP Milestones in Peatland Management so that its-linked concessions can fully focus – with APP's support – on fulfilling their legal and administrative obligations following the freezing of their licenses.



This is part of the concession of SBAWI, an APP-linked concession that was the first to have its concession license frozen by the Ministry of Environment and Forestry in the final weeks of October 2015.

APP should be fully aware that aggressive promotion of what they often refer to as APP's Peatland Best Practice Management or APP Milestones in Peatland Management makes a mockery of the extent and severity of the destruction that occurred on the APP-linked peatland concessions in South Sumatra.



105°30'446"E 03°17.871"S - 9 November 2015

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