

<http://news.mongabay.com/2012/0926-tft-app-interview.html>

In eco-pact, will controversial paper giant APP turn over a new leaf?

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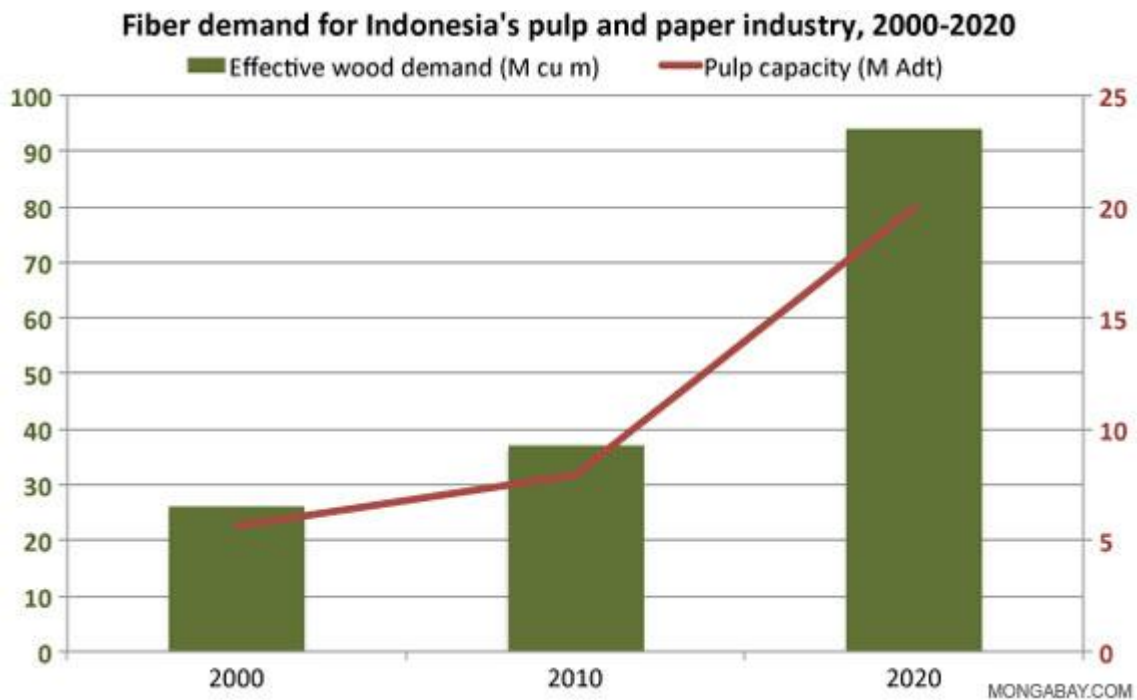
Drainage canals cut into deep peat to clear tropical forest to supply mixed tropical hardwood (MTH) to a pulp mill owned by APP/Sinar Mas. Photo taken by Eyes on the Forest on 18 May 2012. Click image see the geographic location, for the related story, [click here](#).

Over the past decade-and-a-half there has arguably been no paper supplier as controversial as Asia Pulp & Paper (APP), an umbrella brand for several Indonesian forestry companies. The paper giant has been dogged by allegations that is destroying key wildlife habitat, driving substantial greenhouse gas emissions through the conversion of peat forests, dispossessing local communities of land, and engaging in a heavy-handed campaign to undermine its critics within Indonesia and abroad. Its reputation hasn't be helped by its financial record — in 2001 it defaulted on \$13.9 billion in debt, making it difficult for APP to raise money for expansion.

Environmentalists also accuse APP of repeatedly defaulting on its environmental commitments. Since 2004, APP has missed three self-imposed targeted for phasing out logging of natural forests in Sumatra and had [a public falling-out with the Forest Stewardship Council](#) (FSC), a timber certification body, after it failed to preserve areas designated as high-conservation value by FSC's conservation partner, the Rainforest Alliance. APP's environmental record has been sharply criticized by another former partner: WWF. Both WWF and another APP-critic, Greenpeace, have in turn become the targets of [corporate lobby groups like World Growth International](#), whose chairman has served as [a paid attack dog for APP](#). APP's woes have been exacerbated by its approach to public relations, which at times has included claims that are [openly questioned by NGOs](#). [One APP affiliate abroad was even caught "astrourfing"](#), or attempting to make it look like it had grassroots support behind its campaign. The troubles surrounding APP

have cost it dozens of customers around the world.

Given this track record, it comes as little surprise that when APP announced a new "Sustainability Roadmap," the response from environmentalists was tepid. Some thought the language actually represented a step back from previous commitments. They noted that the pledge to phase out sourcing of fiber from natural forests only applied to concessions owned outright by APP, not its independent suppliers which account for 60 percent of APP's fiber. And APP still retained a carve out of 5 percent for fiber from "waste" sources. Concerns were also raised about a giant new mill slated for South Sumatra that according to some is linked to the Sinar Mas, a group of companies that includes APP. Independent analysis suggests that there isn't enough local plantation fiber to meet that new mill's production capacity.



Past and forecast demand and production targets for Indonesia's pulp and paper industry.

But some environmentalists are hopeful that this time might be different for APP. One of these is The Forest Trust, a group that works with companies to improve the environmental performance of their supply chains. The Forest Trust (TFT) has now revealed to mongabay.com that it is working with APP to implement and monitor a new sustainability program for the paper giant.

TFT's involvement is noteworthy as it has produced success elsewhere. In 2011 it helped Golden Agri Resources (GAR), Indonesia's largest palm oil company and under the same ownership as APP, [establish a forest conservation policy](#) that excludes conversion of land that has more than 35 tons of carbon (effectively peatlands and rainforests) and requires free, prior, and informed consent (FPIC) in dealing with local communities. The measures immediately moved GAR — which had been the target of a brutally effective Greenpeace campaign — to the forefront of environmental policy among Indonesian palm oil companies. [Independent analysis](#) suggests that GAR is so far abiding by the policy, which may already be paying dividends for the company. Whereas two years ago, GAR was suffering from sustained customer defections, earlier this month there was sufficient good will or market optimism for GAR to raise \$400 million via a bond offering.

Whether TFT can do the same with APP remains to be seen. Scott Poynton, the Founder & Executive Director of TFT, responded to some questions from mongabay.com about his

partnership with one of the world's most controversial paper producers.

Q&A with SCOTT POYNTON

Mongabay.com: *When did TFT begin the process of engagement with APP?*

Scott Poynton: TFT began working with APP in February 2012.

Mongabay.com: *What is the scope of TFT's engagement with APP? Are affiliates and "independent" suppliers included?*

Scott Poynton: TFT is working with APP on the ground in Indonesia and China, providing advice, guidance, capacity building and monitoring on issues around High Conservation Value forests, High Carbon Stock forests, peat land clearance, community conflict and other operational issues affecting environmental and social performance.

APP is not a TFT member; to date, we have an agreement to work together to design and implement a new sustainability program for the company that at the same time helps it address NGO campaign issues. At this time, TFT is providing technical and strategic advice to APP management and operations.

We are regularly assessing APP operations and we have agreed a series of actions to start to deal with the most critical issues as a matter of priority. Our work plan highlights a broad range of areas where we will work closely with APP.

APP's Sustainability Road Map, published in May 2012, made commitments to implement HCVF assessments across APP's entire fibre supply base. These are underway in APP's own concessions and are now starting to be extended beyond APP's own concessions to independent suppliers. It is urgent priority to have all suppliers cease natural forest clearance operations in advance of HCVF assessments. We are still working on peat, community conflict and HCS issues. At this stage, more is needed from APP.

Mongabay.com: *Are you doing any SVLK work for APP? If so, are you looking beyond legal compliance at things like sustainability?*

Scott Poynton: Yes - we are working with APP on an overall framework for sustainability which includes and goes beyond legal compliance.

Mongabay.com: *How does TFT's engagement with APP compare with TFT's work with GAR on its forest conservation policy?*

Scott Poynton: It's exactly the same. We are in the very early stages but are looking at the full range of environmental and social issues affecting APP's operations.

Mongabay.com: *Does this mean that APP has committed to no conversion of forests with more than 35 tons carbon and will practice FPIC when dealing with local communities?*

Scott Poynton: When I said "exactly the same" I meant that the process we're adopting with APP is exactly the same as the process we adopted with GAR that led, over time, to GAR's Forest Conservation Policy. We're looking at all the issues confronting the company – all issues raised by NGOs, government, communities – and we'll systematically work through these. The framework for the solutions will be the same as GAR – APP needs to look at exactly the same elements as in GAR's FCP i.e. HCVF, HCS, peat, FPIC and legal compliance. How we deal with each issue will be determined through our discussions and engagement with all the stakeholders.

So APP has not yet committed to no conversion of forests with more than 35 tons carbon but has committed to – and we have started – a HCS study of its supply base. It has also committed to resolving social conflicts and to FPIC and we have started work on that as well. The work on HCVF has started too.



Forest clearing in the Bukit Tigapuluh Forest Landscape in central Sumatra. Courtesy of Greenpeace.

Mongabay.com: *Is TFT aware of past controversies with APP in regards to HCVF assessment, specifically the situation with Rainforest Alliance / Smartwood? If so, is TFT taking any special measures of avoid that outcome or is it out of your control? Is TFT concerned that its work with APP could tarnish its reputation?*

Alliance / Smartwood? If so, is TFT taking any special measures of avoid that outcome or is it out of your control? Is TFT concerned that its work with APP could tarnish its reputation?

Scott Poynton: We are aware of these past issues – we consider them to be what change experts call ‘wicked problems’. TFT brings its own approach to resolving wicked problems. Wicked problems are ill-defined, ambiguous and associated with strong moral, political and professional issues. Since they are strongly stakeholder dependent, there is often little consensus about what the problem is, let alone how to resolve it. Furthermore, wicked problems won’t keep still: they are sets of complex, interacting issues evolving in a dynamic social context. Often, new forms of wicked problems emerge as a result of trying to understand and solve one of them. While many of the issues facing APP are well defined, finding solutions is highly complex; they represent classic wicked problems. We have proven that our approach can solve such wicked problems in other contexts. The key is getting people to speak to each other – not easy when positions are so polarized after so many years. We do not know whether it will work here, but we are ready to try and in that context we are not worried about our reputation being tarnished.

Many NGOs spend much time worrying about their reputation and this prevents them from fully engaging in the discussions needed to solve wicked problems. Meanwhile, forests disappear. Our focus is on getting deeply into the complex, ill-defined context and doing our absolute best with APP and other stakeholders to improve the situation. We believe that APP understands it needs to address the issues that Greenpeace and other NGOs have raised. TFT walks away from partners who are not serious. TFT will apply the same rules to APP that it has applied to all other companies it has ever worked with. So long as we feel that the company is serious and that we’re moving forward at a sufficient pace, we will remain engaged.

There are many obstacles to progress in any context as complex as the one APP is operating in. We’re dealing with tradeoffs between people’s aspirations for economic and social development and the need to conserve biodiversity and reduce greenhouse gas emissions. There are many stakeholders in the mix, and the complexity, but also the opportunity, comes from our work to get everyone to agree on a way forward.

Mongabay.com: *Will the findings be made public?*

Scott Poynton: Once we are happy that APP is making significant progress we will publish regular updates. TFT’s approach to communications is to be transparent and understated. Our work is at an early stage, but when there is something to report, we

will. In the meantime, we need space to work.

Mongabay.com: *But there is no specific commitment from APP to transparently make your findings available?*

Scott Poynton: We have agreed with APP that regular reports will be critical to transparency. APP has started quarterly reporting against its Sustainability Roadmap but TFT plans its own reporting process to ensure what we're doing and what we're finding is made available.

Read more at <http://news.mongabay.com/2012/0926-tft-app-interview.html#3GtSy8bSJP2vIdI3.99>

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<http://news.mongabay.com/2012/0927-greenpeace-responds-to-tft.html>

Sustainability pact aside, Greenpeace says paper giant APP must stop facilitating deforestation

mongabay.com
September 27, 2012

Editor's note: the photo and corresponding caption immediately below were updated to reflect new information from Greenpeace on September 28, 2012



Forest clearing by PT Asia Tani Persada in late September 2012. [Courtesy of Greenpeace.](#)

Asia Pulp & Paper (APP) must stop accepting timber sourced from clearance of rainforests and peatlands for its sustainability pact to have any credibility, says Greenpeace.

Responding to a report that [the Indonesian forestry giant is working with The Forest Trust](#), a Switzerland-based NGO, to clean up its supply chain, Bustar Maitar of Greenpeace Southeast Asia told mongabay.com that APP must make a firm commitment on its sourcing practices.

"APP must immediately stop accepting timber from natural forest clearance and confirm that no expansion will take place unless that expansion and the rest of APP's production is wholly reliant on plantation fiber," Maitar said. "It's only through this action, not through it's PR campaign or choice of NGO partner, that APP can start to build any credibility with stakeholders and its many ex customers around the world."

"APP continues to rely on natural forest clearance in Indonesia to feed its existing pulp mills and also now plans to build one of the world's largest pulp mills in South Sumatra," he added. "It is within this context that APP's work with TFT must be seen."

While APP has publicly downplayed any connection with the new mill in South Sumatra, media reports indicate that the project is backed by Sinar Mas Group, the conglomerate that owns APP. The pulp mill will allegedly have a capacity of 2 million tons per year and cost some \$3 billion. Sinar Mas recently secured a \$250 million loan from an unspecified bank in Indonesia, according to the *Investor Daily*, a sign that the conglomerate may be overcoming investor concerns tied to its \$13.9 billion default in 2001.



Eucalyptus plantations east of Pekanbaru. © Greenpeace / Daniel Beltra

APP says the proposed South Sumatra mill would depend on fiber from "independent suppliers" not its own concessions, which is lacks in the province. The paper giant also says the new mill will not rely on mixed-tropical hardwood (MTH) which in the Indonesian pulp business only comes from natural forests.

Environmentalists are concerned that the new mill will put added pressure on natural forests in South Sumatra and adjacent provinces where there aren't enough plantations to supply fiber to meet projected capacity. However APP says that any future mill expansion would have to be in line with its new "Sustainability Roadmap" for protecting high conservation value forest and rely only on "sustainable" plantation timber. APP also maintains that after 2015, new plantations will be subject to high carbon stock criteria, which should exclude peatlands and most forests from conversion.

APP has been dogged for years by environmentalists over its forest management practices. It, together with Asian Pacific Resources International Holdings Limited (APRIL), have been blamed for clearing vast swathes of carbon-dense tiger and

orangutan habitat in Jambi and Riau Provinces on the island of Sumatra.

Read more at <http://news.mongabay.com/2012/0927-greenpeace-responds-to-tft.html#C51rus1WhW2zcSJr.99>