



## **SINAR MAS PAYS ‘ITS GLOBAL’ TO GREENWASH ITS DIRTY LAUNDRY**

### **Buying distraction**

Earlier this year, Sinar Mas hired a group of auditors to evaluate the evidence, published by Greenpeace International,<sup>1</sup> of its oil palm division’s role in the clearance of carbon-rich peatlands and critical wildlife habitat in Indonesia.

Sinar Mas claimed that the audit showed it ‘operates responsibly and within the laws’<sup>2</sup> and that Greenpeace claims were ‘exaggerated or wrong’<sup>3</sup>, a move which backfired when the auditors themselves criticised the company for misrepresenting its findings.<sup>4</sup> Further, the Roundtable on Sustainable Palm Oil (RSPO) threatened the company with expulsion<sup>5</sup> due to – amongst other findings of the audit – ‘serious non-compliance with the RSPO Code of Conduct.’<sup>6</sup>

Burger King publicly cancelled its contract, stating that the audit raised ‘valid concerns about some of the sustainability practices of Sinar Mas’ palm oil production and its impact on the rainforest [...] As a result, we have decided we will no longer purchase palm oil from Sinar Mas or its subsidiaries.’<sup>7</sup> This follows other international companies cancelling contracts pulp or palm divisions, including Kraft, Nestlé, Unilever, and a host of others.<sup>8</sup>

While the auditors were conducting their investigation of the Sinar Mas Group’s oil palm operations, in July 2010, Greenpeace released ‘How Sinar Mas is Pulping the Planet’,<sup>9</sup> an investigative report that exposed how Asia Pulp and Paper (APP) is destroying carbon-rich peatlands and critical wildlife habitat in Indonesia. APP is the pulp arm of the Sinar Mas Group.

In its initial response to the report, Sinar Mas acknowledged that ‘Climate change is among the greatest challenges facing the world today’ and welcomed ‘wholeheartedly and unreservedly’ the \$1bn forest fund agreement between Indonesia and Norway,<sup>10</sup> which includes a two-year moratorium on the granting of any ‘new concessions on conversion of natural forests and peatlands into plantations’.<sup>11</sup>

However, rather than address the impact of its current operations on the climate, Sinar Mas has since hired the Australia-based consultancy ITS Global (International Trade Strategies Global) to ‘assess the validity and accuracy of the claims’ made by Greenpeace ‘based on the evidence cited in the report’.<sup>12</sup> ITS Global is headed by Alan Oxley – a well-known industry apologist<sup>13</sup>.

ITS Global appears to have been paid by Sinar Mas to cast doubt on the reliability of Greenpeace evidence – without any attempt to ground-truth the validity of the findings or to provide credible evidence to back up its claims. The validity of the data used by Greenpeace is demonstrated below.

### **Objective of Greenpeace report: assess Sinar Mas operations against its sustainability claims**

*‘It is forecast that, with current pulp-mill capacity [...], the current 623,409 hectares of plantation forests will more than adequately provide the fibre requirements for APP’s two pulp mills in Sumatra by end of 2009.’<sup>14</sup>*  
APP 2005/2006 Sustainability Report

Greenpeace’s July 2010 report ‘How Sinar Mas is Pulping the Planet’ set out to assess whether the sustainability claims Sinar Mas makes on its website and to its stakeholders are worth the paper they are written on. Notably, Sinar Mas asserted in its 2005/2006 Sustainability Report that it would no longer be engaged in deforestation after 2009.<sup>15</sup>

An internal Sinar Mas presentation,<sup>16</sup> produced in 2007, indicated that Sinar Mas was targeting natural forest areas for fibre to feed its pulp mills.

Maps and concession data included in the presentation enabled Greenpeace to identify which of these targeted areas overlapped with natural forest cover, carbon-rich peatlands and wildlife habitat as identified in best-available maps.

Within the recently acquired concession areas identified, aerial monitoring by Greenpeace provided documentary evidence of active forest clearance, destruction of identified wildlife habitat or peat swampland by Sinar Mas.



## **Objective of ITS Global report: discredit data**

*ITS Global claim one: ‘uses fake data to build phoney case’,<sup>17</sup> ‘maps showing concessions that do not exist’<sup>18</sup>*

ITS Global claims that Greenpeace’s ‘use of sources is highly flawed’.<sup>19</sup> Specifically, ITS Global refers to Greenpeace maps that show existing and targeted concessions. ITS Global compares Greenpeace maps with 2009 ‘gazetted concession areas’,<sup>20</sup> and claims Greenpeace got it wrong because a number of the concessions documented do not exist. The reality is that ITS Global use an outdated map with incomplete concession data; Greenpeace used 2010 Ministry of Forestry digital maps, the most recent maps publicly available.<sup>21</sup>

As a consequence of using outdated and incomplete concession data, ITS Global wrongly assumes that four areas identified by Greenpeace as belonging to Sinar Mas are not concession areas at all.<sup>22</sup>

Furthermore, ITS Global concludes that if areas are controlled by other companies, Sinar Mas cannot target them for expanding its own operations.<sup>23</sup> However, as Sinar Mas’ internal presentation makes clear, the company’s business model is based on buy-outs of other companies holding logging or plantation concessions.<sup>24</sup>

It seems curious that Sinar Mas did not provide ITS Global with up-to-date data of concession areas.

*ITS Global claim two: ‘secret massive company expansion in Indonesia is based on fiction’<sup>25</sup>*

The ITS Global document claims to be an audit to assess the accuracy of the claims based on the evidence cited by Greenpeace in ‘How Sinar Mas is Pulping the Planet’.<sup>26</sup>

ITS Global’s press release claims that Greenpeace allegations of ‘a secret massive company expansion in Indonesia is based on fiction’.<sup>27</sup>

A primary source cited throughout the Greenpeace report is an internal Sinarmas Forestry presentation showing its ‘area development project for supporting mill license capacity’.<sup>28</sup> Sinarmas Forestry, also part of the Sinar Mas Group, is the ‘exclusive supplier’<sup>29</sup> to APP. The project was sponsored by the head of APP, Teguh Ganda Widjaja, and his brother, head of Sinarmas Forestry, Muktar Widjaja. The presentation identifies concession areas targeted by Sinar Mas for acquisition from 2006.<sup>30</sup> These targeted areas cover a total of 2.9 million hectares, some 900,000 hectares of which are in the Sumatran provinces of Riau and Jambi.<sup>31</sup>

The latest Ministry of Forestry maps used by Greenpeace show that in a number of cases these concessions were acquired after Sinarmas Forestry’s internal presentation was produced. For example, two areas the targeted for expansion in the presentation, PT Rimba Hutani Mas and PT Artelindo Wiratama, came under Sinar Mas control in 2007.

ITS Global acknowledges in its ‘audit’ that the internal Sinarmas Forestry presentation exists.<sup>32</sup> However, Sinar Mas appears not to have given the presentation to ITS Global. Greenpeace suggests ITS Global requests the documentation directly from Sinar Mas so that it can accurately re-evaluate its assessment of Greenpeace findings. Interested parties may contact Greenpeace for a copy.

*ITS Global claim three: source material with high margin of error cited as absolute fact*

As part of its investigation, Greenpeace used peat swampland maps produced by Wetlands International. These are widely recognised as the best available landscape level peat swampland maps. For example, they were used by the Indonesian government’s National Council on Climate Change (DNPI) to calculate Indonesia’s greenhouse gas abatement cost curve in August 2010.<sup>33</sup>

ITS Global attempts to dismiss Wetlands International’s peat swampland maps, claiming they ‘contain significant error margins’<sup>34</sup> and that ‘Given such a high margin for error – 90 per cent – Greenpeace has no basis for the allegations it makes concerning ‘deap peat’ [sic].’<sup>35</sup>

ITS Global fails to provide any evidence to support this allegation. Careful reading of the background material provided by Wetlands International confirms that in many areas, the margin of error is estimated to be as little as 12.5 per cent<sup>36</sup> and in the worst case it is only 31 per cent.<sup>37</sup> Sinar Mas has failed to make public its own independent assessments of High Conservation Value (HCV) forest cover, peatland and wildlife habitat for public scrutiny.

## **What ITS Global does not deny: the Greenpeace evidence**

ITS Global does not challenge the validity and accuracy of the photographic evidence that forms the heart of ‘How Sinar Mas is Pulping the Planet’. It fails to obtain and use Sinar Mas’ HCV assessments of its

concessions in order to identify and evaluate peatlands, forest quality, wildlife habitat and other social or ecological values. Nor does ITS Global deny that Sinar Mas engages in deep peat clearance or the clearance of identified tiger habitat.

## **Bukit Tigapuluh tiger habitat**

Forest development: *'APP-Indonesia's fibre suppliers only develop least-valuable degraded forests and denuded [barren] wasteland.'*<sup>38</sup> APP's 'Myths and Realities' website

The Greenpeace report provides clear evidence that refutes APP's claim that it only develops degraded forests or wasteland. For instance, one area in which Sinar Mas has recently acquired concessions is the Bukit Tigapuluh forest landscape, recently designated as one of the twenty highest global priority landscapes for conserving tigers.<sup>39</sup>

## **Kerumutan peat swamp forest**

Peat swampland: *'APP's fiber suppliers are committed to [...] setting aside natural peat swamp forests of unique and special merit for permanent conservation and carbon storage.'*<sup>40</sup> APP 2009

Further aerial monitoring by Greenpeace on 5 August 2010 of Kerumutan – an area of peatland in Riau, Sumatra that was highlighted in the report – presents additional compelling evidence of APP clearing deep peatland.



Location: Lat. S 0°13'1.82" Long. E 102°51'13.78"

## ***CONCLUSION: TURNING SINAR MAS AROUND***

### **Is Sinar Mas serious about becoming a clean, transparent business?**

*'Hand in hand with trust, We Achieve Transparent and Clean Business.'*<sup>41</sup>  
APP website

Companies that are part of the Sinar Mas Group repeatedly claim to be transparent, clean and sustainable businesses. However, Greenpeace investigations show that their expansion and development plans are secretive; company structure is opaque; full independent scrutiny of plans and operations is made impossible



through limited availability of concession development plans, including concession boundaries and regulatory documents such as environmental impact assessments.

Despite these constraints and using best available maps and official or company data, Greenpeace has repeatedly documented and exposed the active destruction of forests, peatland and wildlife habitat in areas in which Sinar Mas is operating. Local and other international environmental and social justice non-governmental organisations have also catalogued Sinar Mas' negative impact on the environment and forest communities.<sup>42</sup>

Greenpeace investigations raise fundamental questions about the impact of both Sinar Mas' pulp and paper and its palm operations that Sinar Mas should answer in the spirit of transparency, honesty and genuine stakeholder engagement. The critiques of Greenpeace's investigations commissioned by Sinar Mas fail to address these issues.

Greenpeace challenges Sinar Mas to set the record straight:

- 1) Make publicly available the concession maps of areas it has in acquisition, owns or manages in the pulp and paper, palm oil and coal sectors within Indonesia and globally, including joint venture companies;
- 2) Commit to a group level, independent sustainability audit of all operations within Indonesia and globally;
- 3) Make publicly available maps and data which:
  - Show the extent and location of peatland and High Conservation Value Forest remaining with its operations;
  - Show the extent and location of peatland and High Conservation Value Forest it has destroyed within Indonesia and globally;
  - State how operations which had not had an HCV assessment at the time of clearance were identified (e.g., to demonstrate they did not breach the RSPO's Principles and Criteria);
  - Disclose which areas have been restored;
  - Provide third-party verification of this information.
- 4) Commit to an immediate end to all deforestation and peatland development within Indonesia and globally.

29 September 2010

**Greenpeace International**

Ottho Heldringstraat 5, 1066 AZ, Amsterdam, Netherlands

t +31 514 8150 f +31 20 514 8151

[www.greenpeace.org](http://www.greenpeace.org)

---

<sup>1</sup> Greenpeace International (2007) 'How the palm oil industry is cooking the climate' Greenpeace International, November 2007 [www.greenpeace.org/raw/content/international/press/reports/cookingtheclimate-full.pdf](http://www.greenpeace.org/raw/content/international/press/reports/cookingtheclimate-full.pdf)

Greenpeace International (2008) 'How Unilever's palm oil suppliers are burning up Borneo' Greenpeace International, April 2008 <http://www.greenpeace.org/international/press/reports/how-unileverpalm-oil-supplier>

Greenpeace International (2008) 'The Hidden Carbon Liability of Indonesian Palm Oil', Greenpeace International, May 2008 <http://www.greenpeace.org/international/en/publications/reports/hiddencarbon-liability-of-palm-oil/>

Greenpeace UK (2009) 'Illegal forest clearance and RSPO greenwash: case study of Sinar Mas' Greenpeace UK, December 2009 [www.greenpeace.org.uk/files/pdfs/forests/sinarmasRSPOgreenwash.pdf](http://www.greenpeace.org.uk/files/pdfs/forests/sinarmasRSPOgreenwash.pdf)

Greenpeace International (2010) 'Caught red handed: How Nestlé's use of palm oil is having a devastating impact on rainforest, the climate and orang-utans', Greenpeace International, March 2010 <http://www.greenpeace.org/international/en/publications/reports/caughtred-handed-how-nestle/>

Greenpeace International (2010) 'New evidence Sinar Mas: rainforest and peat land destruction'

Greenpeace International, April 2010 [www.greenpeace.org/raw/content/usa/press-center/reports4/new-evidence-of-sinar-mas-rai.pdf](http://www.greenpeace.org/raw/content/usa/press-center/reports4/new-evidence-of-sinar-mas-rai.pdf)

Greenpeace International (2010) 'How Sinar Mas is pulping the planet' Greenpeace International, July 2010 [www.greenpeace.org/international/Global/international/publications/forests/2010/Sinar-Mas-Pulping-The-Planet.pdf](http://www.greenpeace.org/international/Global/international/publications/forests/2010/Sinar-Mas-Pulping-The-Planet.pdf)

<sup>2</sup> PT SMART [Presentation on Release of Independent Verification Report](http://www.smart-tbk.com/pdfs/Announcements/IVEX%20Presentation%2010%20Aug%2010.pdf) 9 <http://www.smart-tbk.com/pdfs/Announcements/IVEX%20Presentation%2010%20Aug%2010.pdf>

<sup>3</sup> <http://www.goldenagri.com.sg/pdfs/News%20Releases/2010/20100810%20-%20Press%20Release%20-%20INDEPENDENT%20VERIFICATION%20REVEALS%20GREENPEACE%20CLAIMS%20ARE%20EXAGGERATED%20OR%20WRONG.pdf>

<sup>4</sup> [http://www.goldenagri.com.sg/newsroom\\_verification.php](http://www.goldenagri.com.sg/newsroom_verification.php)

<sup>5</sup> RSPO letters to Sinar Mas oil palm companies <http://www.greenpeace.org/international/en/publications/reports/RSPO-letters/>

<sup>6</sup> These principles cover legal compliance, environmental impact assessments, development of high conservation value land, peat conservation and community engagement. Source: RSPO letter to PT SMART 21 September 2010 <http://www.greenpeace.org/international/en/publications/reports/RSPO-letters/>

<sup>7</sup> <http://www.facebook.com/notes/burger-king/sinar-mas-decision/148811488472433>

<sup>8</sup> See 'Pulping the planet' 27, 23

<sup>9</sup> <http://www.greenpeace.org/international/en/publications/reports/SinarMas-APP/>

<sup>10</sup> Aida Greenbury 'APP responds to Greenpeace's false allegations' 7 July 2010 [http://www.asiapulppaper.com/portal/app\\_portal.nsf/Web-MenuPage/ECCB37ABEECB4465472577590031E2BD/\\$FILE/100707APPStatement-GreenpeaceReport.pdf](http://www.asiapulppaper.com/portal/app_portal.nsf/Web-MenuPage/ECCB37ABEECB4465472577590031E2BD/$FILE/100707APPStatement-GreenpeaceReport.pdf)

<sup>11</sup> Government of Norway (2010) 'Norway and Indonesia in partnership to reduce emissions from deforestation', Government of Norway press release, 26 May 2010 [www.regjeringen.no/en/dep/smk/press-center/Press-releases/2010/Norway-and-Indonesia-in-partnership-to-reduce-emissions-from-deforestation.html?id=605709](http://www.regjeringen.no/en/dep/smk/press-center/Press-releases/2010/Norway-and-Indonesia-in-partnership-to-reduce-emissions-from-deforestation.html?id=605709)

<sup>12</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' September 2010 [www.scribd.com/asiapulppaper](http://www.scribd.com/asiapulppaper)

<sup>13</sup> Oxley is the chairman and founder of World Growth. Source: <http://www.worldgrowth.org/who/?subsec=60> 'World Growth is a non-profit, non-governmental organization established to bring balance to the debate over trade, globalization, and sustainable development.' 'The high media profile of the anti-globalization movement has created a disturbing imbalance of information about international organizations and multinational businesses. World Growth seeks to restore balance to the debate by documenting how globalization promotes health, wealth and freedom.' Source: <http://www.worldgrowth.org/who/?subsec=1>

ITS Global established Forestry and Development based primarily to counter negative press of large Malaysian logger Rimbunan Hijau, see for example [http://www.forestryanddevelopment.com/documents/pdf/fd-G\\_peaceReport-final.pdf](http://www.forestryanddevelopment.com/documents/pdf/fd-G_peaceReport-final.pdf) For further reading on Oxley, his consultancies, publications and other work, see [http://www.sourcewatch.org/index.php?title=Alan\\_Oxley](http://www.sourcewatch.org/index.php?title=Alan_Oxley)

<sup>14</sup> APP (2007) '2005-2006 APP Environmental and Social Sustainability Report for Indonesia' [www.asiapulppaper.com/portal/APP\\_Portal.nsf/Web-MenuPage/F1F6E3DAF915A1904725739B00232E67/\\$FILE/APP%20Environmental%20and%20Social%20Sustainability%20Report%20for%20Indonesia%202005%20-%202006.pdf](http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/F1F6E3DAF915A1904725739B00232E67/$FILE/APP%20Environmental%20and%20Social%20Sustainability%20Report%20for%20Indonesia%202005%20-%202006.pdf)

<sup>15</sup> APP (2007)

<sup>16</sup> Confidential Sinar Mas document, copy held by Greenpeace International

<sup>17</sup> <http://www.businesswire.com/news/home/20100926005066/en/Independent-Audit-Global-Shows-Greenpeace-Faked-Data>

- 
- <sup>18</sup> <http://www.businesswire.com/news/home/20100926005066/en/Independent-Audit-Global-Shows-Greenpeace-Faked-Data>
- <sup>19</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 9
- <sup>20</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 17 citing <http://www.dephut.go.id/index.php?q=id/node/6316>
- <sup>21</sup> MoFor 2010. HTI concession maps, provided by the Planning Department of the Ministry of Forestry, Indonesia (Direktorat Jenderal Planologi Kehutanan Kementerian Kehutanan Republik Indonesia) <http://appgis.dephut.go.id/appgis/kml.aspx> downloaded 4 March 2010; MoFor updated July 2010
- <sup>22</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 9
- <sup>23</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 9
- <sup>24</sup> Confidential Sinar Mas document, copy held by Greenpeace International
- <sup>25</sup> <http://www.businesswire.com/news/home/20100926005066/en/Independent-Audit-Global-Shows-Greenpeace-Faked-Data>
- <sup>26</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 7
- <sup>27</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 3
- <sup>28</sup> Confidential Sinar Mas document, copy held by Greenpeace International
- <sup>29</sup> APP (2009) 'Growing a sustainable future, Environmental and Social Sustainability Report for Indonesia', 2007 [www.asiapulppaper.com/portal/APP\\_Portal.nsf/Web-MenuPage/5BFB083D5FD9781C472575EF0035E314/\\$FILE/090724%20APP-2007-New%20Rev1Final.pdf](http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/5BFB083D5FD9781C472575EF0035E314/$FILE/090724%20APP-2007-New%20Rev1Final.pdf)
- <sup>30</sup> Confidential Sinar Mas document, copy held by Greenpeace International
- <sup>31</sup> Confidential Sinar Mas document, copy held by Greenpeace International
- <sup>32</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 26
- <sup>33</sup> [http://www.dnpi.go.id/index.php?option=com\\_content&view=section&layout=blog&id=4&Itemid=4](http://www.dnpi.go.id/index.php?option=com_content&view=section&layout=blog&id=4&Itemid=4)
- <sup>34</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 30
- <sup>35</sup> ITS Global (2010) 'Audit of 'How Sinar Mas is Pulping the Planet'' 30
- <sup>36</sup> Wahyunto and I Nyoman N. Suryadiputra (2008) Peatland Distribution in Sumatra and Kalimantan-explanation of its data sets including source of information, accuracy, data constraints and gaps. Wetlands International – Indonesia Programme. Bogor. 47, 38. <http://www.wetlands.or.id/PDF/Atlas%20Review.pdf>
- <sup>37</sup> Wahyunto and I Nyoman N. Suryadiputra (2008) Peatland Distribution in Sumatra and Kalimantan-explanation of its data sets including source of information, accuracy, data constraints and gaps. Wetlands International – Indonesia Programme. Bogor. xiii, 52. <http://www.wetlands.or.id/PDF/Atlas%20Review.pdf>
- <sup>38</sup> [http://appmnr.app.co.id/env\\_app-mr\\_tst/index.php?option=com\\_content&view=article&id=62%3Aarmor-mill-2&catid=39%3Abiodiversity-and-conservation&Itemid=41&lang=](http://appmnr.app.co.id/env_app-mr_tst/index.php?option=com_content&view=article&id=62%3Aarmor-mill-2&catid=39%3Abiodiversity-and-conservation&Itemid=41&lang=)
- <sup>39</sup> Dinerstein et al (2006) Setting Priorities for the Conservation and Recovery of Wild Tigers: 2005–2015, A User's Guide. WWF, Wildlife Conservation Society (WCS), Smithsonian, and NFWF-STF, Washington, D.C. – New York.
- <sup>40</sup> APP (2009) 'Growing a sustainable future, Environmental and Social Sustainability Report for Indonesia', 2007 [www.asiapulppaper.com/portal/APP\\_Portal.nsf/Web-MenuPage/5BFB083D5FD9781C472575EF0035E314/\\$FILE/090724%20APP-2007-New%20Rev1Final.pdf](http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/5BFB083D5FD9781C472575EF0035E314/$FILE/090724%20APP-2007-New%20Rev1Final.pdf)
- <sup>41</sup> Ethics Call Centre report form, available at: [www.asiapulppaper.com/portal/APP\\_Portal.nsf/Fraud?openform](http://www.asiapulppaper.com/portal/APP_Portal.nsf/Fraud?openform)
- <sup>42</sup> eg WWF (2009) 'APP's forest clearing linked to 12 years of human and tiger deaths in Sumatra', 17 March 2009 [www.panda.org/wwf\\_news/news/?uNewsID=159162](http://www.panda.org/wwf_news/news/?uNewsID=159162)
- WWF (2009b) 'Paper Giant Asia Pulp and Paper Set to Destroy Home of Reintroduced Orangutans, Indigenous Tribes', 18 May 2009 [www.worldwildlife.org/who/media/press/2009/WWFPresitem12414.html](http://www.worldwildlife.org/who/media/press/2009/WWFPresitem12414.html)
- WWF et al (2008) 'Asia Pulp & Paper (APP) Threatens Bukit Tigapuluh Landscape', WWF Indonesia, KKI WARSI (Indonesian Conservation Community), Zoological Society of London, Frankfurt Zoological Society and Yayasan Program Konservasi Harimau Sumatera (PKHS), 8 January 2008 [www.worldwildlife.org/who/media/press/2008/WWFBinaryitem7629.pdf](http://www.worldwildlife.org/who/media/press/2008/WWFBinaryitem7629.pdf)