

# **Defaulting on Social Conflict Resolution**

*Indonesian Pulp & Paper Industry May Be Exposed to  
USD 1-10 Billion In Social Compensation Risk*

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## *Indonesian Pulp & Paper Industry May Be Exposed to USD 1-10 Billion In Social Compensation Risk*

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### Key Findings:

- **Pulpwood plantations in Indonesia are embroiled in extensive social conflicts.** Pulp & paper is a large contributor to agrarian conflicts in Indonesia, with around 350,000 hectares (ha) affected, or around 10 percent of the total pulpwood plantation area. Impacts on communities include loss of land, loss of livelihoods, criminalisation and violence.
- **Buyers' Zero Deforestation and related commitments risk falling short in their implementation.** Despite detailed warnings that zero deforestation commitments and ability to access international markets do not match companies' simultaneous rapid growth,<sup>1</sup> the Indonesian pulp & paper industry continued expanding its production capacity through the last decade, and now needs desperately to expand its fibre supply. This boosted demand for fibre increases the difficulty to find any solutions to social conflicts that includes the return of the traditional land to local communities.
- **Failure to properly address social conflicts resolution may result in operational, stranded land, and market access risks.** Pulp & paper companies and their investors face considerable operational risks and costs from violent community conflicts. In this sector the land acquisition process has been very similar to the palm oil sector, and in some cases is operated by the same conglomerates. A recent study by over oil palm growers estimated that tangible costs of five company-community conflicts in Sumatra and Kalimantan ranged from USD 70,000 to USD 2.7 million, while intangible costs might have reached USD 9 million per case.
- **The hidden risk of social conflict in the Indonesian pulp and paper industry can be assessed at USD 1.2-10 billion.** With the rise of pulp demand on the global markets, and with plantation expansion

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<sup>1</sup> Anti Forest Mafia Coalition (WWF, Rainforest Action Network, Wetlands International, Walhi, Jikalahari, Woods & Wayside, Eyes on the Forest, Forest Peoples Programme, Elsam, HaKI), Will Asia Pulp & Paper Default on its "Zero Deforestation" Commitment?, April 2016.  
<https://www.wetlands.org/download/7067/>

occurring mostly in local communities' land via "partnerships," conflicts caused by pulp-wood expansion will likely continue.

- **Hidden costs of exposure may be impacted by other factors.** Buyers' Zero Deforestation and emissions reduction policies may be at risk because of an industry with very high greenhouse emissions (assessed around 80 million tonnes of CO<sub>2</sub>/year), due to extensive plantations on dried peat. These costs are not included in the risk estimate of this briefing's analysis.

## Recommendations:

**The Environmental Paper Network strongly recommends buyers and investors to avoid any business with APP and APRIL and their related companies until:**

- a transparent and accountable process of social conflicts resolution is in place, involving the affected communities and their advisors and until all information on the communities affected by its operations and on the process itself is published.
- a commitment is in place for a time bound policy to retire from plantations on dried peat.

This includes Sinar Mas / Paper Excellence conglomerate, and their sister companies controlled by APP's owner, the Widjaya family. For APRIL, it includes Sateri APR, Asia Symbol and any other companies linked to the RGE conglomerate, and sister companies controlled by APRIL's owner, the Tanoto family.

## Introduction

In December 2019, Chain Reaction Research published a paper concluding that oil palm growers are exposed to USD 0.4-5.9billion in social compensation risk, using detailed research by Daemeter Consulting on the costs of agrarian conflicts in Kalimantan and Sumatra. At the same time, the Environmental Paper Network (EPN), together with a number of Indonesian civil society organisations that joined the *Coalition in Support of Local Communities*,<sup>2</sup> released detailed research about social conflicts in pulp & paper plantations throughout Indonesia in the first two published chapters of the report, *Conflict Plantations*. As this is the second largest industry after oil palm plantations impacting land in Indonesia and causing social conflicts, a similar analysis was applied to the pulp and paper sector by the EPN Pulp Finance Working Group, to complement the report by Chain Reaction Research.

Pulpwood plantations in Indonesia have likely impacted large areas of critical value to local communities. The two major pulp & paper companies in Indonesia, APP and APRIL, who control approximately 80 percent of Indonesian pulp production capacity, expanded their supply land-bank by over 3.5 million hectares (2.5 million by APP and 1 million by APRIL) in the last couple of decades, amid a process of large scale deforestation, land-grabbing and violence, and leaving behind a heritage of social conflicts involving more than 200 villages and local communities. Despite the fact that in 2013 and 2015 the two companies committed to resolve their

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<sup>2</sup> Koalisi Untuk Masyarakat (Coalition in Support of Local Communities) produced this study. Its members are Walhi South Sumatra, Hutan Kita Institute (HaKI), Jaringan Masyarakat Gambut Jambi (JMG-J), Walhi Jambi, Jikalahari, Jaringan Masyarakat Gambut Riau (JMGR), Kaliptra Adalas, Link-AR Borneo, Perkumpulan Bantuan Hukum Kalimantan, PADI Indonesia.

social conflicts, too little has been done. If these companies cannot effectively mitigate these risks and compensate for the losses, complaints and conflicts with local communities are likely to ensue. In Indonesia, evidence shows that pulp & paper companies experience substantial operational, stranded land, and market access risks from social conflicts.

## Methodology

It is not an easy task to assess the financial impact of social conflicts, as the actual extension of land impacted by social conflicts is unknown: both APP and APRIL declined to share the information they have. APP claims to have mapped the social conflicts in its pulpwood concessions, but the results of this endeavour have not been shared with the public. APRIL has even claimed that it has “no major social or community disputes”<sup>3</sup> despite another publication by KPMG, an auditor, reports about 880 land disputes involving an area larger than 104,000 ha.<sup>4</sup>

To address this lack of clarity, the *Coalition in Support of Local Communities* carried out an independent research study that sheds further light on these claims, providing for the first time transparent information about the number of villages involved in such disputes. This research revealed that APP’s affiliates or suppliers are involved in conflicts with 107 communities in Indonesia,<sup>5</sup> while at least 101 villages or communities are in active conflict with affiliates, suppliers or sister companies of APRIL.<sup>6</sup>

According to this research, APP faces conflicts in over 51,733 ha of land in the Jambi province. However, data on the area of land impacted for the other provinces are more fragmented. For example, the research shows 60,000 ha of land in Riau, where the area of land impacted is known only for 25 out of 50 conflict cases; 18,288 ha in South Sumatra, where conflict-land area is known only for 12 out of 16 cases; and 1,278 ha in West Kalimantan, where conflict-land area is known only for 3 out of 10 cases. In turn, APRIL has conflicts in over 62,249 ha of land in Riau, where conflict-land area is known only for 41 out of 72 cases; and on 39,734 ha of land in North Sumatra, where conflict-land area is known only for 23 out of 26 cases.

We therefore can assume the total area embroiled in social conflicts by projecting the same rate of land-per-conflict, specific to each province.<sup>7</sup> The result is that social conflicts in concessions linked to APP are extended over some **205,000 ha**, while APRIL’s conflicts are extended over some **150,000 ha**. This methodology provides an estimate that could be improved by data transparency by APP and APRIL, and will be updated if that data is provided by the companies. For now, the methodology has been confirmed in cases where a number has been made public. Confidence in the estimates is reinforced by a comparison with an audit of APRIL by KPMG. While we assessed that APRIL may have conflicts over around 109,000 ha in Riau, APRIL’s auditor KPMG reported that land involving conflicts in this province extends over an area larger than 104,000 ha (the figure represents a 5 percent discrepancy, but KPMG assessment may not report all existing social conflicts).<sup>8</sup>

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<sup>3</sup> <https://www.aprildialog.com/en/2019/06/18/april-refutes-canopys-high-risk-classification-with-independently-verified-sustainable-forest-management/>

<sup>4</sup> KPMG, Interim Report on APRIL Group’s Implementation of Sustainable Forest Management Policy 2.0 <https://www.aprildialog.com/wp-content/uploads/2018/08/APRIL-SFMP-2-0-Report-2018.pdf>

<sup>5</sup> EPN, Conflicts Plantations, Chapter 1, 2019, <https://environmentalpaper.org/wp-content/uploads/2019/09/APP-social-conflicts-mapping.pdf>

<sup>6</sup> EPN, Conflicts Plantations, Chapter 2, 2019, <https://environmentalpaper.org/wp-content/uploads/2019/09/APRIL-social-conflicts-mapping.pdf>

<sup>7</sup> If we extrapolate the land involved in conflicts using the same rate of land-per-conflict by province, we obtain that APP may have conflicts over around 120,000 ha of land in Riau, 51,733 ha in Jambi, 24,384 ha in South Sumatra and 4,260 ha in West Kalimantan. Similarly, APRIL may have conflicts over 109,315 ha in Riau and 44,916 in North Sumatra.

<sup>8</sup> KPMG, Interim Report on APRIL Group’s Implementation of Sustainable Forest Management Policy 2.0, 2018, <https://www.aprildialog.com/wp-content/uploads/2018/08/APRIL-SFMP-2-0-Report-2018.pdf>

## Magnitude of social impacts at pulpwood plantations in Indonesia

The sudden growth of industries such as pulp & paper and palm oil in Indonesia has been marked by a massive trail of social conflicts. The new business opportunities unleashed a land rush by well-connected businessmen at the cost of local communities. Social conflicts in Indonesia are a common mark of large-scale plantations for pulpwood or palm oil, mostly related to the appropriation of customary lands.

Until recently, the government did not recognise traditional land rights, and claimed ownership of more than 70 percent of all land, including customary land areas of local communities, particularly in areas outside Java such as Sumatra, Borneo and New Guinea. Millions of hectares of this land have been granted to companies for plantation development, such as acacia or oil palm, favouring cronies of the dictator Suharto. After the end of Suharto's regime in the 1990s, the decentralisation included transferring the power to grant forest concessions to regency leaders (as opposed to national leaders), contributing to increase this massive, and often corrupt transfer of land. In the first decade of the 21st century, the booming international demand for products such as pulp, paper and palm oil acted as a catalyst for extensive land-grabbing.

In 2013, Indonesia's constitutional court recognised community rights to customary forests, placing millions of hectares of previously government-controlled forest lands back into the hands of indigenous peoples and traditional holders.<sup>9</sup> However, despite this landmark decision, in only a few cases have farmers' claims been recognised.<sup>10</sup> The government continues to refuse to recognise local communities as legitimate owners of their lands. In Indonesia, it is often the case that, in conflict situations where influential private or public actors are involved, claims to traditional land rights have a difficult time being recognised.

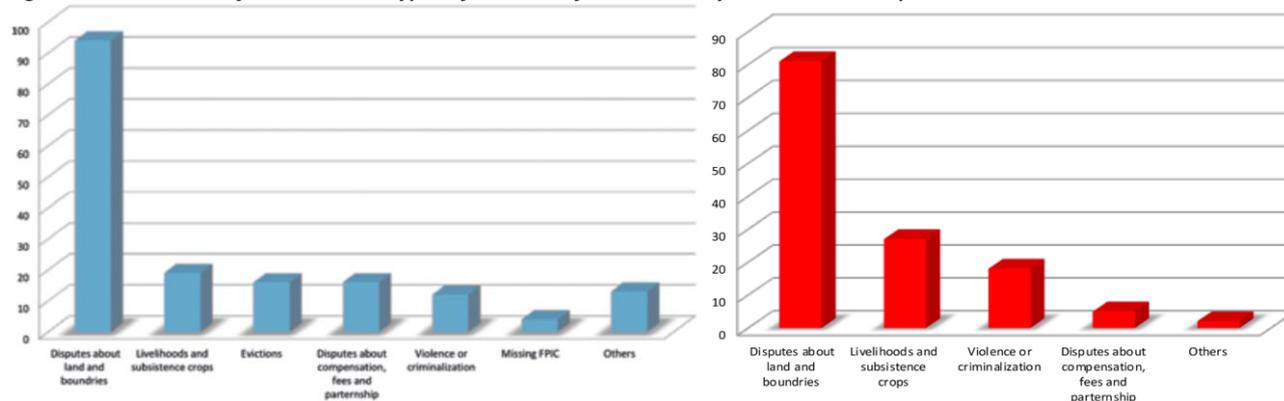
**Pulp & paper is a large contributor to agrarian conflicts in Indonesia, with around 350,000 ha affected, or around 10 percent of the total oil plantation area.** Communities point to examples of conflicts over land and boundaries, loss of livelihoods, violence or criminalisation, disputes about compensations or partnerships from plantation development.

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<sup>9</sup> <https://www.thejakartapost.com/news/2013/06/05/insight-restoring-forest-rights-restores-sense-nationhood.html>

<sup>10</sup> <https://openaccess.leidenuniv.nl/handle/1887/68271>

**Figure 1: The number of incidents and types of active conflicts caused by APP and APRIL operations**



Source: EPN, *Conflict Plantations*, Chapter 1 and Chapter 2, 2019

Paper industry conflict cases comprised 350,000 hectares.

A coalition of Indonesian civil society organisations supported by EPN analysed social conflicts at APP and APRIL suppliers' concessions:

- The report *Conflict Plantations: Chapter 1* shows that in just five provinces of Indonesia, at least 107 villages or communities are in active conflict with APP affiliates or its suppliers, and 544 villages were identified as sites of potential conflict, covering an area of more than 2.5 million hectares. (Figure 4)
- *Conflict Plantations: Chapter 2* delivers research results showing that in just five provinces of Indonesia, at least 101 villages or communities are in active conflict with affiliates of APRIL, or its suppliers, while more than 500 villages may have been impacted by their forestry operations, involving an area larger than 104,000 ha. (Figure 5)

**Figure 2: Active conflicts in APP and supplier concessions by province**

| PROVINCE        | COMPANIES  |               | NUMBER OF VILLAGES |               | TOTAL      |
|-----------------|------------|---------------|--------------------|---------------|------------|
|                 | Controlled | 'Independent' | Controlled         | 'Independent' |            |
| RIAU            | 3          | 6             | 40                 | 10            | 50         |
| JAMBI           | 1          | 1             | 29                 | 1             | 30         |
| SOUTH SUMATRA   | 0          | 5             | 0                  | 16            | 16         |
| WEST KALIMANTAN | 1          | 3             | 5                  | 5             | 10         |
| EAST KALIMANTAN | -          | 1             | -                  | 1             | 1          |
| <b>TOTAL</b>    | <b>5</b>   | <b>16</b>     | <b>74</b>          | <b>33</b>     | <b>107</b> |

Source: EPN, *Conflict Plantations*, Chapter 1, 2019

Figure 3: Active conflicts in APRIL and supplier concessions by province

| Province        | Involved Area (Ha)<br>Indicative partial data* |                  | Number of Villages |               |       |
|-----------------|--|------------------|--------------------|---------------|-------|
|                 | Controlled**                                   | 'Independent'*** | Controlled         | 'Independent' | TOTAL |
| Riau            | 15,600   | 31,774           | 22                 | 50            | 72    |
| North Sumatra   | 39,734   | -                | 26                 | -             | 26    |
| West Kalimantan | n/a  | n/a              | -                  | 3             | 3     |

\* Information about the area involved in conflicts is incomplete, and therefore indicative: surface area is available for only 41 out of the total of 72 conflicts identified in Riau. The area involved in social conflicts in North Sumatra is also incomplete, as data are still unknown in three cases. These numbers can be taken as indicative, covering only a portion of the social conflicts that were analysed; the actual extent of the land involved in social conflicts may be much larger.

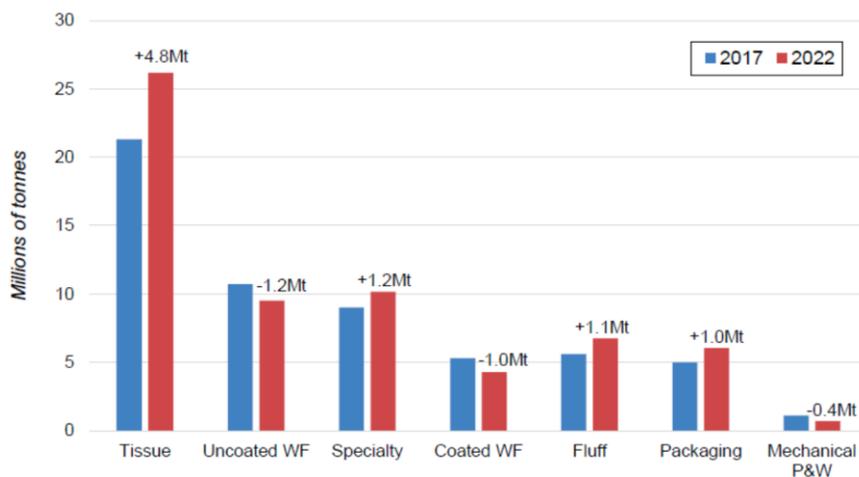
\*\* Directly controlled by APRIL/RGE or TPL.

\*\*\* "Supply Partners" and "Open Market Suppliers." - some of which are controlled by APRIL/RGE or by the Tanoto family.

Source: EPN, Conflict Plantations, Chapter 2, 2019

**Despite Zero Deforestation commitments, conflicts caused by pulp-wood plantation expansion are likely to continue.** The Indonesian pulp & paper industry has already expanded its pulp production capacity far beyond the ability of their plantations to supply it and is facing severe shortfall of plantation wood.<sup>11</sup> Projections point to a worldwide growth in demand of 5.5 million metric tonnes of pulp from 2017 to 2022, which will encourage a further expansion of pulp production capacity and exacerbate the need for new land by the pulp & paper industry. (Figure 4)

Figure 4: Global BCP demand forecast by end-use



Source: Hawkins-Wright, 2018

At the same time, Indonesian government policies, including specific legislation to protect peat in 2016 have recently been severely weakened by adding a loophole, that limits the protection to the area of a peatland ecosystem where the peat is the thickest (peat domes), opening Indonesia's fast-diminishing peatland to further exploitation. This is critical in a country such as Indonesia, where the pulp & paper industry developed more than half of its plantations on dried peat, and emits 80 million tonnes of CO2 per year (with APP

<sup>11</sup> Anti Forest Mafia Coalition, see footnote 1

responsible for almost 44 million tonnes and APRIL for more than 19 million tonnes).<sup>12</sup> This is more than the annual overall emissions of Finland.

## Zero deforestation policies and compensation schemes fall short of adequately mitigating social loss

**Major paper buyers adopted Zero Deforestation commitments.** To meet buyers and financiers demands, APP and APRIL included in their policy the respect for land tenure rights; communities' free, prior and informed consent (FPIC) to operations on their lands; and the resolution of complaints and conflicts through an open, transparent and consultative process. However, implementation has been substantially lacking and buyers and financiers risk failing their own Zero Deforestation commitments.

**APP and APRIL have failed to effectively mitigate social loss.** While Zero Deforestation policies have been key in addressing deforestation, eliminating social exploitation as part of policy implementation has been less advanced and effective. The commitment to respect [high conservation values](#) (HCV) came after millions of hectares of land had been already converted. Therefore, these commitments are of little use, unless APP and APRIL also commit to transparently research, assess and restore all HCV values areas damaged in the past. Same is for FPIC: companies pretend to apply its principles only when expanding on new large tracts of land, but they don't feel they have to apply the FPIC process to the land they have already converted, not even to major activities in already developed plantations.

Moreover, as observed by Chain Reaction Research in a [recent briefing](#), identification and compensation of intangible social values is complex. First of all, it is very difficult to identify intangible values and even more complex to compensate for them. Some challenges involve the inconsistent application of HCV definitions, differences in interpretation of HCV values, scarce stakeholder consultations, and the lack of an independent peer review. While compensation of environmental loss can be quantified and monetised ("dollar for hectare"), social loss is less tangible and not easily mitigated. Currently, HCV assessments and management plans often mainly emphasize the most tangible HCV4 (ecosystem services) that relate to physical areas such as riparian buffers or wetlands. To further complicate matters, apart from pulpwood plantations, other industrial activities such as oil palm plantations, mining, logging, and road infrastructure can cause social impacts and cultural HCV loss. For instance, pollution of water streams may originate in other concession areas, or can affect other communities, villages, or families in the vicinity. Furthermore, verifying the validity of community claims may require years before the closure of a complaint, and if this verification is carried on by the company or its assessor, their conflict of interest may affect the credibility of the whole process.

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<sup>12</sup> EPN, Too Much Hot Air, The failure of the Indonesian pulp and paper industry to reform its management of peatlands, April 2017, <https://environmentalpaper.org/wp-content/uploads/2019/02/20170412-Too-much-hot-air-discussion-paper-draft-1.pdf>

## Failure in mitigating and compensating properly for social loss may result in more conflicts

**Conflicts between communities and companies often derive from disappointment over compensation or broken promises.** An important factor of social conflict is dissatisfaction with company compensation of land that can no longer be used (links to HCV5). Around 60 percent of social conflicts experienced around pulpwood plantations in Indonesia were reportedly related to land disputes. Others are a consequence of the same (violence or criminalisation.) Nearly 40 percent of the conflicts are related to livelihood loss and inadequate compensation for land use or partnerships (which often were “solutions” to previous land conflicts). Other conflicts mainly arise as a result of misalignment of expectations and unfulfilled commitments regarding community development. For instance, job opportunities often do not materialise, as lower-cost workers are hired from abroad. Furthermore, compensation payments are at times not paid, and prosperity never materialises.

### **Improper compensation procedures and payments may provoke conflicts between communities.**

Compensation at times brings about harmful impacts if applied without sensitivity to local contexts. Fractures in communities (*horizontal conflicts*) may occur when interests in land development between community members differ. For instance, this situation may occur when part of the community accepts a compensation package while others reject it. Moreover, selective consultation in the negotiations over compensation may deepen existing inequalities, such as when women are excluded from the negotiation processes. This issue also applies when village chiefs fail to represent the view of the wider community and instead secure most of the benefits for plantation development.

### **Grievances procedures are complex or alien to local communities, leaving a vast grey area of uncertainty and dormant conflicts.**

Rural communities can bring their grievances through APP and APRIL’s own dispute settlement facilities, but these are based on procedures that are alien to the cultural framework of traditional communities. Most of these grievances are submitted via or along with Indonesian and international environmental, human rights and labour organisations. As an example, the grievance procedure developed by APRIL has dealt with just 13 grievances since January 2016, and most of them were submitted by NGOs.<sup>13</sup> This leaves a vast grey area of uncertainty, with numerous dormant conflicts still unknown.

## Pulp & paper companies exposed to operational, stranded land, and market access risks from social conflict

### **Pulp-wood plantations face considerable operational risks and costs from conflicts with local communities, especially if, as a consequence of poor management, they turn violent.**

A [study](#) commissioned by the Indonesia Business Council for Sustainable Development, and conducted by Daemeter Consulting in 2016, showed that the cost of conflict to oil palm firms across five plantations in Sumatra and Kalimantan was significant and often undervalued, reaching USD 70,000 to USD 2.7 million per

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<sup>13</sup> APRIL sustainability dashboard, <http://sustainability.aprilasia.com/en/respect-the-rights-of-indigenous-peoples-and-communities/grievance-tracking/>

case.<sup>14</sup> Daemeter's conclusions may apply to pulpwood plantations too, as the dynamics of social conflicts are very similar. When social conflict escalates after poor conflict management, this may result in property damages of forestry machinery or violence against people (e.g. against company staff). But the largest costs would derive from delays in plantation development and harvest. Also the time of staff invested in facing the conflicts represents a high tangible cost. Reputational damage and market access risk are already a serious challenge. In the last decade, high profile contracts with APP and APRIL were cancelled for an estimated total of over 800 million dollars.<sup>15</sup> As a result, big brands are still very cautious in linking themselves with these companies, because of the failure in resolving social and environmental impacts (first of all, peat erosion).

### **Intangible costs from social conflicts.**

According to the Daemeter study on oil palm plantations, "hidden" or intangible costs may range between USD 0.6 million and USD 9 million per case.<sup>16</sup> The scenarios include the risk of recurrence or escalation of conflict, reputational loss, and the risk of violence to property or people. As noted, dynamics in pulp-wood plantations are not much different from oil palm plantations: plantation practices are very similar, and often they are part of the same conglomerate. The risks for investors are likely to be higher for the pulp & paper industry, as technologies in the production plants are much more sophisticated and require higher investments. If social conflicts lead to delay in the capacity to supply the pulp mills, forcing the production plant to run at a lower percentage of its capacity, or to even stop a production line for a certain time, the paper company may be incapable of reimbursing investors and be at risk of default.

## **Hidden financial risk of at least USD 1.3 billion for social conflict for Indonesian pulp & paper industry giants**

**The hidden risk of social conflict in the major Indonesian pulp & paper companies is projected at USD 0.7 and 5.7 billion for APP and between USD 0.5 and 4.3 billion for APRIL.**

With average tangible and intangible costs per ha of social conflict area varying between USD 3,530 and USD 28,941, if applied to 350,000 hectares - the assumed extension of social conflicts around APP and APRIL wood supplier plantations - these two companies together are exposed to USD 1.2 and 10 billion in social compensation risk.

This figure however refers only to the conflicts that are known by local civil society organisations. Actual conflicts opposing plantation companies and local communities may be much more extended: 544 villages are located within or adjacent to pulpwood suppliers' plantations over an area larger than 2.5 million ha and 529 villages are located within or are adjacent to APRIL pulpwood supplier plantations over an area larger than one million ha. This means there is a larger area of communities' land that very likely has been affected by companies' operations which can potentially become conflict areas (see Figure 7 and Appendix 1 for APP and Figure 8 and Appendix 2 for APRIL).

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<sup>14</sup> Daemeter, UKAid, Ibcscd, Kadin Indonesia, The cost of conflict in oil palm in Indonesia, 2016, [https://daemeter.org/new/uploads/20170121193336.The\\_Cost\\_of\\_Conflict\\_in\\_Oil\\_Palm\\_Indonesia\\_.pdf](https://daemeter.org/new/uploads/20170121193336.The_Cost_of_Conflict_in_Oil_Palm_Indonesia_.pdf)

<sup>15</sup> RAN, It's time for Asia Pulp & Paper to keep its promises, May 2017, [https://www.ran.org/the-understory/app\\_keep\\_promises/](https://www.ran.org/the-understory/app_keep_promises/)

<sup>16</sup> According to the study, intangible costs include the cost of conflict recurrence (or escalation), cost of reputational loss, and cost of violence. The study weighted the likelihood of intangible costs. The study also concludes that tangible costs of conflict are closely linked to the number of hectares affected. Daemeter, UKAid, Ibcscd, Kadin Indonesia, The cost of conflict in oil palm in Indonesia, 2016, [https://daemeter.org/new/uploads/20170121193336.The\\_Cost\\_of\\_Conflict\\_in\\_Oil\\_Palm\\_Indonesia\\_.pdf](https://daemeter.org/new/uploads/20170121193336.The_Cost_of_Conflict_in_Oil_Palm_Indonesia_.pdf)

**Finally, pulp & paper companies may experience market access risks from complaints and social conflict.**

Both APP and APRIL have been disassociated by the Forest Stewardship Council (FSC) because of the huge environmental and social impacts of their plantation’s expansion and management.<sup>17</sup> While both companies try to regain access to FSC certification via specific “Roadmap” processes, poor social conflict resolution and controversial performances in respecting communities’ rights are key obstacles to regain FSC certification and access to ample shares of the market. Furthermore, these factors also represent a considerable reputational risk for corporate buyers.

**Figure 5: Potential conflicts in APP and supplier concessions by province**

*Ctl= Controlled; Idpt= ‘Independent’*

| PROVINCE        | COMPANIES |           | NUMBER OF VILLAGES |            |            | AREAS POTENTIALLY AFFECTED BY CONFLICTS (HA) |                  |                  |
|-----------------|-----------|-----------|--------------------|------------|------------|--|------------------|------------------|
|                 | Ctl       | ‘Idpt’    | Ctl                | ‘Idpt’     | TOTAL      | Controlled                                   | ‘Independent’    | TOTAL            |
| RIAU            | 5         | 12        | 105                | 90         | 226        | 384,223                                      | 384,223          | 720,008          |
| JAMBI           | 1         | 2         | 99                 | 21         | 127        | 267,507                                      | 267,507          | 321,091          |
| SOUTH SUMATRA   | -         | 8         | -                  | 70         | 82         |  | -                | 772,054          |
| WEST KALIMANTAN | 1         | 3         | 77                 | 12         | 117        | 298,422                                      | 298,422          | 388,492          |
| EAST KALIMANTAN | 2         | 4         | 20                 | 50         | 50         | 80,300                                       | 80,300           | 334,465          |
| <b>TOTAL</b>    | <b>9</b>  | <b>29</b> | <b>324</b>         | <b>301</b> | <b>243</b> | <b>1,030,452</b>                             | <b>1,030,452</b> | <b>2.536,110</b> |

*Analysis of areas potentially affected is based on the data provided by the Ministry of Environment and Forestry of Indonesia (Ministry Decree on Company Permit /SK) which outlines concessions borders. These maps may differ from those available on APP’s sustainability dashboard which are based on the working areas, because APP’s maps are not accessible, and may change with time.*

Source: EPN, [Conflict Plantations, Chapter 1](#) 2019

<sup>17</sup> Forest Stewardship Council, <https://fsc.org/en/node/18801> and <https://fsc.org/en/node/18804>

**Figure 7: Potential conflicts in APRIL and supplier concessions by province**

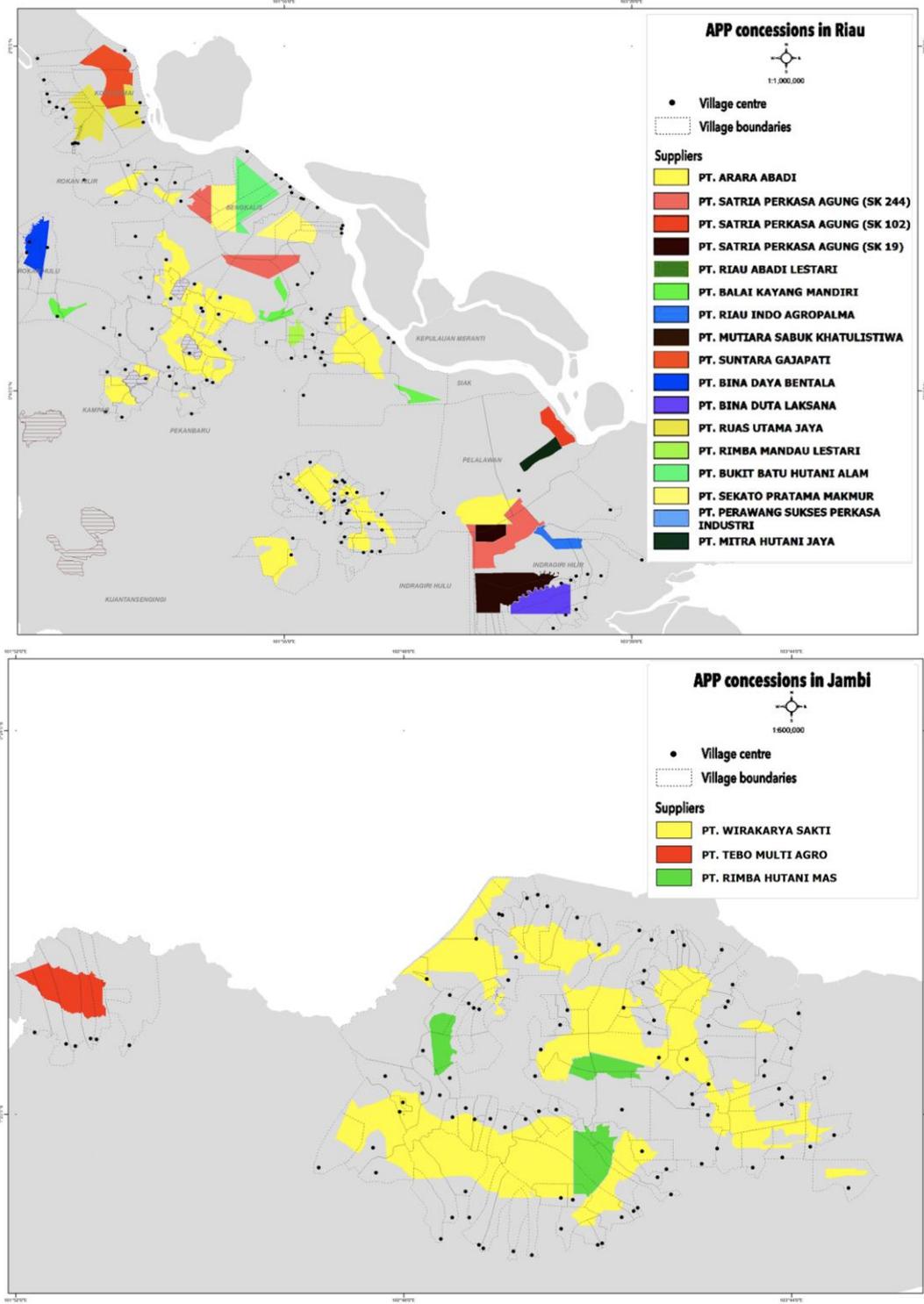
| Involved Area (Ha) |               | Number of Villages |               |       |
|--------------------|---------------|--------------------|---------------|-------|
| Controlled         | 'Independent' | Controlled         | 'Independent' | TOTAL |
| 333,079            | 708,540       | 109                | 420           | 529   |

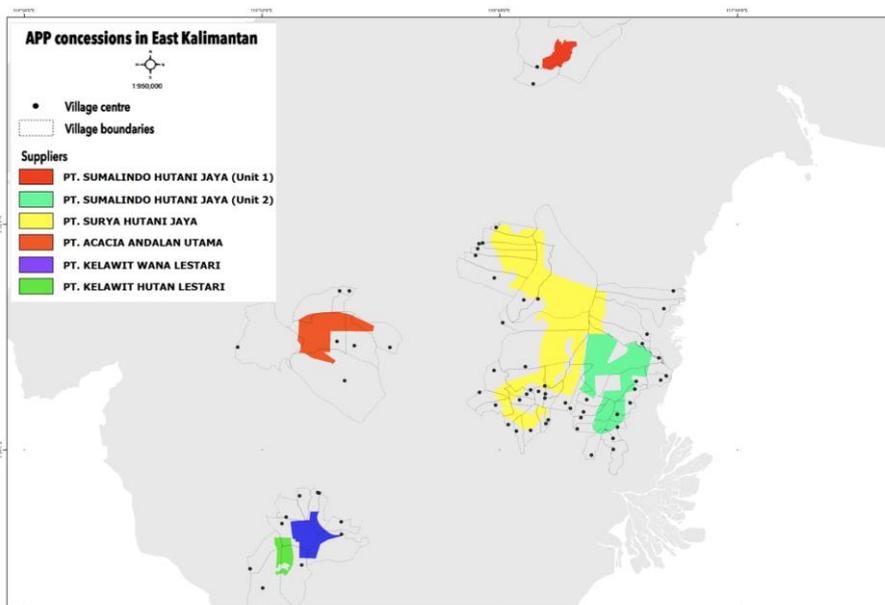
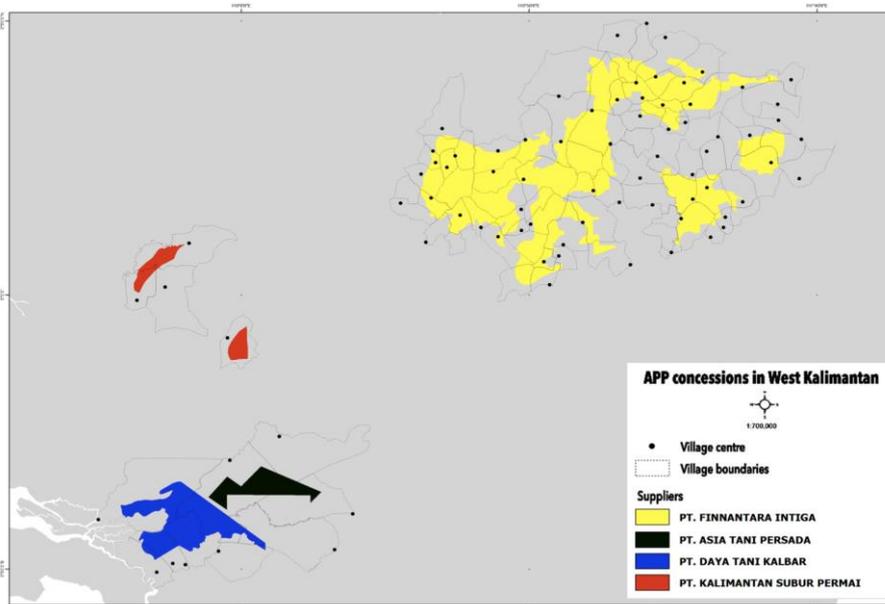
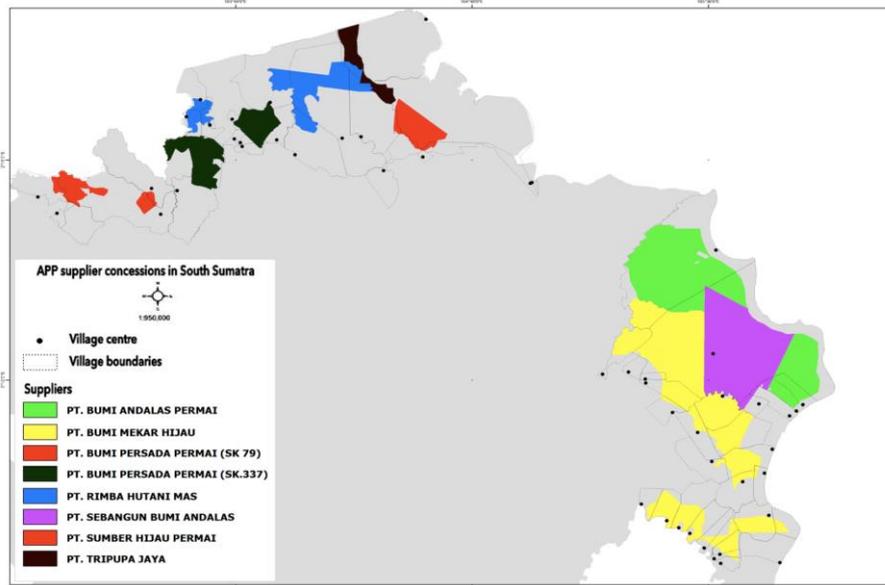
\* This is only a sample of potential conflicts in the province of Riau. Detailed maps of concessions' land are available only for some of APRIL's suppliers – and they are not available for TPL's concessions. This study analyses, as a sample only, those concessions where data are available on APRIL's web site. Although the results can be only indicative, they unequivocally show that, beyond all the known conflicts (active conflicts), more villages are affected by the pulpwood plantations operations; likely more social conflicts exist that are still not known.

Source: EPN, [Conflict Plantations, Chapter 2](#), 2019

# Appendix 1. Potential conflicts between APP' suppliers and villages around concessions in Indonesia

Source: EPN, *Conflict Plantations*, Chapter 1, 2019





## Appendix 2. Potential conflicts between APRIL's suppliers and villages around concessions in Indonesia

Source: EPN, [Conflict Plantations](#), Chapter 2, 2019

