

## Recommendations to APP Clients, Financiers and Investors

Indonesian civil society organizations and other members of the Environmental Paper Network strongly urge APP clients, end buyers of its paper or palm oil products, financiers and investors to end and avoid any new business with APP and its brands – including any companies linked to the Sinar Mas and Paper Excellence conglomerates, and their sister companies controlled by APP's owner, the Widjaya family, until its failure to deliver on commitments as outlined in this report and summarized in the points below are fully addressed and the following actions implemented.

APP and its brands and the Sinar Mas and Paper Excellence conglomerates must do the following.

- Publish improved and credible policies on no deforestation, no ecosystem and peat conversion/ degradation, no exploitation, plus environmentally and socially responsible supply chains and investments, to apply across global Corporate Group<sup>96</sup> operations. This must include explicit commitments to conservation and restoration of natural ecosystems including the financing of this work and remediation of their social and environmental harms.
- Implement the policies across all raw material source areas and all non-production areas under the influence of the corporate group and suppliers in its global supply chains, trading business, and investments.
- Disclose sufficient information on all areas relevant for policy implementation including information on: all raw material source areas and landbanks, traceability data, conservation areas, and affected Indigenous Peoples and local communities under the influence of the corporate group and suppliers in its global supply chains and investments. Publish and provide this information to transparent and collaborative monitoring systems that are accessible to the public and can inform monitoring of policy implementation and credible independent verification.
- Demonstrate compliance with the policies through, at a minimum, annual publication of the results of credible truly independent verification measured against the NGOs' published Criteria and Indicators.<sup>97</sup> This must be undertaken across all operations, raw material source areas and landbanks under the influence of the corporate group, suppliers in its global supply chains and investments, and implemented against clear time-bound targets, actions and tangible outcomes outlined in the policy.
- Establish and ensure accessibility for rights holders and workers to an effective grievance mechanism and conflict resolution procedure.

The following actions must also be set as pre-conditions and independently verified as delivered prior to the resumption of any business:

- Assure zero tolerance for violence, intimidation and criminalisation of affected communities and human rights, land and environmental defenders.
- Fully implement its commitments to avoid or resolve social conflicts through improved conflict resolution procedures that align with international best practice as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs), principles for non-judicial grievance mechanisms.
- Fully implement its commitment to respect the free, prior and informed consent (FPIC) of communities affected by existing concessions and new developments and publish a FPIC Standard Operation Procedure that is consistent with the HCSA Social Requirements and Implementation Guidance.
- Halt immediately company activity on disputed lands until there is resolution of social conflicts and remedy for harms caused by the company to the mutual satisfaction of the aggrieved community and the

<sup>96</sup> Accountability Framework, Terms and Definitions, June 2019, <https://s30882.pcdn.co/wp-content/uploads/2020/09/Definitions-2020-5.pdf>

<sup>97</sup> Auriga and others, Evaluating the Environmental, Social and Corporate Governance Performance of Sinar Mas Group (SMG) and Royal Golden Eagle, see footnote 92

company, and carry out and publish the results of participatory mapping of community and traditional lands of communities affected by company's operations (regardless the presence of disputes).

Participatory mapping should be undertaken as per the High Carbon Stock Approach (HCSA) Social Requirements and Implementation Guidance.

- Fully implement all its commitments, including those to restore and protect one million hectares of rainforest in Indonesia, to stop the use of deforestation fibre, to protect high conservation value areas and high carbon stock forests and to protect peatlands from drainage and development, regardless of depth.
- Complete the full peer review of all its HCSA assessments and implement any recommendations to ensure the assessments comply with the HCSA Toolkit
- To restore the Association Procedure, or require all Indonesian and International suppliers of pulp or fibre to comply with no deforestation, no ecosystem and peat conversion/ degradation requirements from 1 February 2013. Those in the tropics must apply the HCSA for all new developments involving land-use change.
- Adopt and publish an accountable, time-bound plan for phasing-out pulpwood plantations on peatland sites, which includes independent verification mechanisms.
- Publish detailed information about its corporate structure and direct and indirect ties with fibre suppliers, subsidiaries and brands, and share relevant documentation such as verifiable long-term wood supply plan for APP pulp mills, HCV, HCS and peat studies.