



SINAR MAS CANNOT HANDLE THE TRUTH

WHAT SINAR MAS ARE NOT TELLING YOU ABOUT THE 'VERIFICATION EXERCISE'

THE SPIN

Today, auditors commissioned by Sinar Mas published a 'verification exercise' of claims made in Greenpeace reports regarding the impact of Sinar Mas operations – notably that the group's oil palm concessions are responsible for the destruction of carbon-rich peatlands and critical orang-utan habitat.

Rather than laying out our facts and their responses to our assertions, Sinar Mas and its PR firm Bell Pottinger are now engaged in a spin exercise to rebrand its image. Sinar Mas has released a presentation purporting to summarise the findings of a 'verification exercise' of Greenpeace's reports. It claims this shows that Sinar Mas is 'a responsible company'.

In truth, the key findings of the audit shows that Sinar Mas continues to clear important rainforest areas and carbon-rich peatlands. Further, the the audit finds new evidence of Sinar Mas non-compliance with the law, including 8 out of 11 concessions clearing without necessary permits and clearance of peat greater than three metres deep, which is illegal under Indonesian law.

WHAT THE AUDIT CONFIRMS

In direct contrast to Sinar Mas claimed conclusions, the audit demonstrates that Sinar Mas does not 'operate responsibly and within the laws'.

- In 8 of the 11 concessions visited, the auditors found that clearance had taken place without the necessary environmental permits. This is illegal under Indonesian law.
- In 7 of the 11 concessions visited, clearance took place prior to independent high conservation value (HCV) assessments. This is in violation of RSPO rules.
- The auditors confirm clearance of >3 metre deep peat is confirmed during 2010. This is illegal under Indonesian law. It follows commitments by Sinar Mas that NO peatland development would take place regardless of depth since November 2009.

WHERE SINAR MAS AND ITS AUDITORS GET THEIR FACTS WRONG

Sinar Mas spin: 'Not responsible for deforestation of primary forests'

Greenpeace never claims Sinar Mas is responsible for clearance of 'Primary Forest (Virgin Forest)'. No reference is given to any specific claim by Greenpeace. Our claim is that the forests Sinar Mas clears contain carbon-rich peatland, orang-utan habitat and other important values.

The auditors get their facts wrong

The auditors claim that Greenpeace reports allege Sinar Mas 'destroyed primary forests' for six concessions in Central Kalimantan and two concessions in West Kalimantan. Greenpeace makes no claims of primary forest destruction in any of these reports.

Sinar Mas spin: 'Not responsible for destruction of orang-utan habitats'

According to the auditors, in 7 of the 11 concessions visited, clearance took place prior to independent high conservation value (HCV) assessments, in violation of RSPO rules. This means no attempt was made to identify orang-utan habitat or other important biodiversity values prior to oil palm development.



Sinar Mas assert that ‘the degradation process of forest areas that were habitats for the orang-utan happened before [it] started land clearing and planting’. However, the audit acknowledges that orang-utans can ‘adapt to disturbances and can well survive in degraded forests’ – ie, forests do not have to be primary to be important orang-utan habitat.

Greenpeace based its assessment on best available evidence. Greenpeace has used United Nations Environment Programme (UNEP) orang-utan habitat maps which overlap extensive areas of secondary forest and peatland. Given rapid deforestation, Greenpeace overlays this with either recently published Ministry of Forestry landcover data for our 2010 publications or 2007 joint Ministry of Forestry-Sarvisision deforestation data. Thus, data represents ‘forested’ habitat.

As stated in a 2009 Unilever commissioned audit of Greenpeace’s findings in ‘Burning up Borneo’: ‘The lack of current up to date map on orang-utan habitats does not invalidate Greenpeace’s effort to show there is a substantial risk that such habitat is cleared when oil palm is developed in areas mapped as potential orang-utan habitat.’¹

The auditors get their facts wrong

The auditors claim that Greenpeace reports allege Sinar Mas ‘destroyed orang-utan habitat’ for six concessions in Central Kalimantan and two concessions in West Kalimantan.

In truth, the report for Central Kalimantan, ‘Burning up Borneo’ stated that one Sinar Mas concession has 2000-July 2007 deforestation on identified orang-utan habitat. The report states that five of the six identified Sinar Mas concessions in Central Kalimantan held orang-utan habitat in 2004 of which three had significant areas of remaining forested habitat in 2007.

The auditors state that Greenpeace claims two Sinar Mas concessions in West Kalimantan destroyed orang-utan habitat: PT ALM and PT KPC. Greenpeace makes no claim that PT KPC contained orang-utan habitat, let alone destroyed it.

In relation to the other concession area, PT ALM, Greenpeace claims that the area contained forested UNEP-identified orang-utan habitat. This is supported by ‘testimonies from local villagers’ confirming that ‘before the land clearing started – orang-utans were frequently seen in the area’.

‘Greenpeace claims’ on peat are ‘exaggerated or wrong’

The auditors confirm clearance of deep peat during 2010. In November 2009, Sinar Mas announced a new policy prohibiting any development on peatland regardless of depth. The audit therefore also finds contravention of this 2009 policy.

Where the auditors get their facts wrong

The auditors claim that Greenpeace reports allege Sinar Mas ‘cleared and planted on peatland with a depth of more than three meters and are therefore deemed to have violated Indonesian law’ for five concessions in Central Kalimantan and two concessions in West Kalimantan.

In truth, the relevant report for Central Kalimantan, ‘Burning up Borneo’ stated that there were only three concessions with peatland of the six identified Sinar Mas concessions in Central Kalimantan. It states that two of these concessions were on peat greater than two metres deep (not peat greater than three metres deep). One peatland area had deforestation between 2000-July 2007.

Greenpeace makes no allegation of clearance of peat greater than three metres deep. Greenpeace makes no claims about planting on peatland. However, the audit revealed 1,880ha of cleared and planted deep peatland as identified by Sinar Mas’ own assessment. This is illegal under Indonesian law. It is an example of how Sinar Mas does not operate ‘responsibly and within the laws’.

Greenpeace claims clearance of peat greater than three metres deep at PT ALM and PT KPC in West Kalimantan, based on HCV assessment maps. Such clearance is illegal under Indonesian law. The auditors confirm that peat clearance has taken place, but questions the extent based on reassessments of the peat dome. In neither case has the HCV assessment been agreed, despite active peatland clearance. This violates RSPO rules. The auditor fails to make available their most current version of peatland maps.

Sinar Mas: ‘Not responsible for burning’

The 2009 Unilever-commissioned verification of Greenpeace’s report on Central Kalimantan concludes: ‘Greenpeace rightly did not claim that the concession holder had set the fires for the purpose of land clearing



but by highlight the presence of fire hot spots, it implied the companies' legal responsibility to prevent', manage and mitigate fire outbreak.²

Although the Sinar Mas presentation claims the audit shows Sinar Mas 'operates responsibly and within the laws', the audit actually states: 'non-compliance of procedures in documenting fires and hotspots was a weakness in most concessions', meaning that assessment of responsibility is undocumented. The 2009 Unilever-commissioned audit concluded that Sinar Mas 'does not have in place the legally required fire prevention policy and measures'.³

The auditors get their facts wrong

The auditors claim that Greenpeace reports allege Sinar Mas 'conducted land clearance/ preparation by means of burning' for five concessions in Central Kalimantan and one concession in West Kalimantan.

Greenpeace claims there were fire hotspots on 5 of the six identified Sinar Mas concessions in Central Kalimantan in 2006 and 3 of the concessions in 2007. Greenpeace makes no specific allegations about the source of fire within concessions.

Greenpeace identified a total of 322 fire hot spots in Sinar Mas' Central Kalimantan concessions in 2006 and 2007. The audit identified 164 hot spots inside and outside Sinar Mas's concession in this province, claiming only 25% had been 'within SMART's Control'. No explanation is given on how these hot spots were identified, for what date, and why those outside SMART's concessions were included in this analysis.

Sinar Mas claim: 'Operates responsibly and within the laws'

Sinar Mas claims in its press release of today's audit that it 'completed all required land development permits [...] for all five concession areas in West Kalimantan'.

However, in 8 of the 11 concessions visited, including 2 in West Kalimantan, the auditors found that clearance had taken place without the necessary environmental permits. This is illegal under Indonesian law.

The auditors confirm clearance on deep peat. This is illegal under Indonesian law.

The auditors confirm clearance without HCV assessment. This breaks RSPO rules.

Audit finding: Engaging in selective RSPO membership

Greenpeace has claimed: 'By making only two of Golden Agri-Resources (GAR)'s subsidiaries RSPO members (PT Ivo Mas Tunggal and PT SMART) Sinar Mas has found a simple way to minimise its commitments under RSPO rules.' (RSPO Greenwash).

The auditors confirm that 'GAR is not a member of the RSPO and therefore GAR cannot claim or give the impression that GAR (and therefore all the companies held by it) are in the procession of obtaining RSPO certification' (p10).

Sinar Mas has responded to the audit finding of 'selective RSPO membership', by stating that 'GAR will become an RSPO member'.

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¹ Wakker (2009) 'Verification of Greenpeace report "Burning up Borneo"' Commissioned by Unilever, AidEnvironment June 2009 18

² Wakker (2009) 19

³ Wakker (2009) 63