KEEP BORNEO’S FORESTS STANDING

Evaluating the Forest Footprint of Brands Driving Deforestation and Land Rights Violations in the Indonesian Provinces of North and East Kalimantan, Borneo
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From the cool air we breathe to the clean water we drink, forests are foundational to life on earth. Indigenous Peoples and local communities have been successfully managing forests around the world for generations. As some of the best defenders against deforestation, they are protecting their lands, forests, and waterways not just for themselves but for all of us. However, rainforests all around the world are being burned, clear-cut, and bulldozed every day for commodities like palm oil, pulp, paper, beef, soy, cocoa, and timber products. Multinational brands provide the market demand for these products. This is why Rainforest Action Network is calling on ten of the most influential corporations fueling the destruction of rainforests and the violation of human rights to disclose their “forest footprints.” A corporation’s forest footprint is the full accounting of its impact on a landscape. This report focuses on the significant negative impact from some of the most well-known consumer goods companies, including:

EXECUTIVE SUMMARY
As we approach 2021’s UN Climate Change Conference of the Parties (COP26) in Glasgow, these brands must demonstrate not only that they understand the impacts of their supply chains but that they are taking decisive action to Keep Forests Standing and Uphold Rights. Despite the necessity of responding to the climate emergency, and the increasing threats facing Indigenous Peoples and communities defending their forests from logging and agricultural expansion, most major brands are refusing to come clean and disclose their forest footprint. In response to this lack of transparency, RAN has undertaken its own evaluation of the forest footprint of this influential collective of companies — and the results speak for themselves.

**These ten multinational brands have been complicit in the destruction of over 700,000 hectares of tropical rainforests in the Indonesian provinces of North and East Kalimantan due to their sourcing from palm oil, pulp and forestry companies operating in the regions.**

This evaluation focuses specifically on North and East Kalimantan, where over 8.25 million hectares of critical rainforest remain at risk. The rainforests that stretch across North and East Kalimantan on the Indonesian island of Borneo are some of the last intact forests in Indonesia. Already severely affected by current oil palm, pulp and paper and forestry operations, and with the threat of more expansion looming, it is imperative that these forests remain standing and that the customary rights of local communities are strongly supported.

There is no time for more empty corporate promises. The last intact forests on the planet are on the chopping block as the supply chains for these corporations threaten tropical rainforests from Indonesia to the Amazon and Congo Basins as well as the last standing temperate forests. Join us as we work to Keep Forests Standing, Uphold Rights, and demand that corporations like Procter & Gamble publicly disclose the full impact of their business on forests and the rights of local and Indigenous communities.

These **ten multinational brands** have been complicit in the destruction of over **700,000 hectares** of tropical rainforests in the Indonesian provinces of North and East Kalimantan due to their sourcing from **palm oil, pulp and forestry companies** operating in the regions.
Brands must disclose the forest footprints of their global forest-risk commodity supply chains immediately.

Only Nestlé has begun evaluating the impact of its palm oil and pulp and palm oil supply chain in North and East Kalimantan. Nestlé intends to publish the results of its evaluation in these regions in early 2022 and to carry out a global forest footprint for key forest-risk areas in and around its supply chains by the end of 2023. All ten brands must disclose the forest footprints of their global forest-risk commodity supply chains immediately.
THE IMPACT OF MULTINATIONAL BRANDS on Forests, Peatlands and Indigenous Communities in North and East Kalimantan

A Decade of Destruction: Forestry and Agricultural Expansion

Due to the limited disclosure by brands of their forest footprints, Rainforest Action Network undertook its own evaluation of the impact of these ten corporations in two provinces of Indonesia — an epicenter of logging and deforestation for palm oil, pulp and paper and timber production. These ten brands have contributed to the destruction of forests and peatlands and have impacted Indigenous and local communities through their sourcing from and joint venture partnerships with palm oil, pulp and paper, and forestry companies operating in the regions. Our evaluation found that all ten brands have been complicit in the destruction of over 700,000 hectares of tropical rainforests in the Indonesian provinces of North and East Kalimantan on the island of Borneo.

In North and East Kalimantan, the ten brands source commodities specifically from nine of the most influential corporate producer groups involved in forest-risk commodity production in Indonesia. These producer corporate groups own the plantations and palm oil, pulp and timber processing facilities that ultimately make up a large part of the brands’ forest footprints. These nine producer groups are:

These corporations have contributed to the loss of over 700,000 hectares of rainforest inside their concession areas and the concessions of their suppliers. These hectares of rainforest have been logged and/or converted to palm oil and pulp and paper plantations across both provinces from 2009 to 2019. In North Kalimantan, 15,778 hectares of rainforests on peatlands were converted for oil palm, timber, and pulp plantations, a significant area representing 19.7% of total forest loss in the province.

The map above shows the deforestation that has taken place in the Indonesian provinces of North and East Kalimantan from 2009 to 2019.

The ten brands remain responsible for the destruction of rainforests and peatlands across both provinces through their sourcing of palm oil from plantations in the region. A key finding of the forest footprint evaluation is that 172,709 hectares of rainforests have been converted to oil palm plantations in East Kalimantan and 51,234 hectares in North Kalimantan. In East Kalimantan, 54 hectares were rainforests on peatlands and 204 hectares were in conservation areas. In North Kalimantan, 2,574 hectares were rainforests on peatlands and 2,737 hectares were in conservation areas. All these figures are conservative estimates due to limitations in the data used in our analysis to confirm that cleared lands had been planted with oil palms. The data used only identifies oil palm planted for five years or more.

There are 45 known producer groups with palm oil concessions across both provinces, 120 mills, 2 refineries and bulking stations — many of which are supplying palm oil to major brands, shown through the brands’ own published supplier lists. Refineries sourcing from the region include those controlled by Royal Golden Eagle Group, Sinar Mas Group, Wilmar International, Louis Dreyfus Commodities, Salim Group and Kuala Lumpur Kepong Berhad (KLK).
The palm oil companies most responsible for deforestation

The palm oil companies responsible for the most deforestation inside their own concessions include:

First Resources Group, Kuala Lumpur Kepong Berhad, Jardine Matheson Holdings (Astra Agro Lestari), Triputra Group, Kaestindo Group, Berca Group, Bima Palm, Rugao Shuangma, Salim Group, NPC Resources, Sinar Mas Group, Samling Group, THS Resources, Tsani Hutani Abadi, Wanamaja Adhitama, REA Holding and Teladan Prima.

The analysis shows that in North Kalimantan nearly 60,000 hectares has been cleared, and over 250,000 hectares remain at risk inside concessions controlled by companies where the corporate group ownership is not known. Significant forest areas remain in the palm oil concessions of First Resources Group, Jardine Matheson Holdings (Astra Agro Lestari), Indo Karya, Kaestindo Group, KLK, Salim Group, Berca Group, Wanamaja Adhitama, REA Holdings, Triputra Group, Teladan Prima, Rugao Shuangma and THS Resources.

First Resources Group is a major palm oil producer in Indonesia and has the largest number of palm oil concessions across both provinces. Our analysis found that the corporate group has a massive forest footprint in North and East Kalimantan and is responsible for over 80,000 hectares of forest destruction, with over 88,000 hectares remaining at risk inside its concessions, including forests that are on the customary lands of Indigenous communities. For years, First Resources has been the focus of controversy both for its destruction of rainforests and its failure to respect the land rights of communities. More recently the company — and its owners the Fangiono family — have been accused of making use of ‘shadow companies’.

First Resources may be functionally part of the same group as FAP Agri (formerly called Fangiono Agro Plantation) and Ciliandry Anky Abadi Group (CAA). It is common practice for major conglomerates to hide their true ownership or connections with companies that continue to expand and engage in controversial practices through opaque ownership structures and offshore holdings known as ‘shadow companies’. First Resources claims to be complying with the ‘No Deforestation, No Peat and No Exploitation’ (NDPE) policies of its clients, the major brands, while these shadow companies have persisted in clearing forests and violating human rights.

First Resources and FAP Agri have five concessions in the district of Mahakam Ulu, East Kalimantan. Only one of these concessions is an official First Resources’ subsidiary — PT. Kalimantan Green Persada. This subsidiary overlaps the customary lands of the Indigenous community of Long Isun that are opposed to the development of pulp, timber and palm oil plantations and mining on their customary lands. The Long Isun Indigenous community have petitioned to all levels of government for legal recognition of their customary forests. They are awaiting the issuance of regulations by the
district government — the first step in the process to achieve recognition of land rights in Indonesia. Three of the others — PT. Marsam Citra Adiperkasa, PT. Borneo Bhakti Sejahtera and PT. Setia Agro Utama — are alleged to be subsidiaries of FAP Agri. The fifth concession PT. Setia Agro Abadi (PT SAA) has also been identified by NGOs as controlled by FAP Agri, although Indonesian company registry profiles suggest the beneficial owner is the businessman Sulaidy, a close associate of the Fangiono family. First Resources and the Fangiono family continue to reject claims that First Resources and FAP Agri are functionally the same group and that CAA is under their management control.

Unresolved land conflict continues between the Fangiono-family associated companies and Indigenous communities in North and East Kalimantan. Many communities with customary rights complain about being coerced into signing over parts of their ancestral lands unaware that they were signing away their territories in perpetuity or remain in conflict as they oppose development by the First Resources group on their customary lands. One case is PT. Karangjuang Hijau Lestari (PT KHL) — which is part of FAP Agri, whose ultimate beneficial owner is Wirastuty Fangiono. The palm oil company is alleged to have coerced five Dayak Agabag communities in Sebuku sub-district in Nunukan, North Kalimantan – the villages of Tetaban, Bebanas, Melasu Baru, Lulu and Sujau — to sign over large parts of their ancestral lands for palm oil production. Representatives were not made aware that they would be signing away their territories in perpetuity. The company patrols its plantation and has criminalized villagers that it claims have illegally harvested oil palm fruit from contested concession areas. These five communities continue to advocate to district and national governments for the legal recognition of rights to their ancestral lands and to the local legislature for a fair mediation of the conflict and for police charges to be dropped against village representatives that have been arrested by police acting on behalf of the company.
The forestry companies most responsible for deforestation and forest degradation

The forestry and pulp companies responsible for the most deforestation and forest degradation inside their own pulp and paper concessions includes:

Royal Golden Eagle Group, Sinar Mas Group, Djarum and Nusantara Energy.

Our analysis found that Royal Golden Eagle (RGE) Group has the largest footprint of the pulp companies. Nearly 34,000 hectares of forests were cleared within concessions of its alleged shadow companies in North and East Kalimantan between 2009 and 2019. The largest areas of destruction occurred within the concessions of the RGE-connected company PT. Adindo Hutani Lestari. APRIL continues to deny its connections to PT. Adindo Hutani Lestari. APRIL is followed by Djarum, which has cleared over 29,000 hectares and may be larger given it operates a wood chip mill in East Kalimantan. Sinar Mas Groups’ pulp arms, part of Asia Pulp and Paper, come next in order and has destroyed over 6,200 hectares of forests in East Kalimantan. Sinar Mas Group’s forest footprint is even greater when deforestation caused by suppliers to its pulp mill is considered. The largest areas of forests remain inside the concessions Nusantara Energy, Sinar Mas Group, Djarum followed by the Royal Golden Eagle Group. Nearly 195,000 hectares of forests remain inside concessions where the parent company is not known. Other companies with timber concessions have also caused significant forest loss in the regions such as Roda Mas Group, PT. Sumalindo Lestari Jaya, Salim Group, Korindo Group and Nusantara Energy. The Korindo Group also has a significant forest footprint due to forest clearance within concessions of suppliers to its timber mill in the regions.
Immediate Risks: The Forest Frontlines

In addition to the impacts on forests that their past sourcing or financial investments have already had, these ten brands must understand the severe risk that continuing with business-as-usual sourcing and investments in forest-risk commodities poses. Our evaluation found that **8,250,265 hectares** -- about two-thirds of the remaining forests in both regions -- are currently at risk, as these forests have been allocated to companies for conversion to plantations or remain zoned for logging or agribusiness production. The Indonesian Government’s Primary Forest and Peatlands Moratorium covers **1,210,547 hectares** of these forests, so the area at risk could be reduced to **7,047,718 hectares**, or 57.25% remaining forests in both provinces if the moratorium is extended in perpetuity and adequately enforced. A vast majority of the total forested peatland across both provinces, **128,896 hectares** or 83%, is also at risk.

If brands, and their suppliers and joint venture partners, fail to adopt and effectively implement their ‘No Deforestation, No Peatland and No Exploitation’ policies across forest-risk commodity supply chains, these forests may be destroyed — and with them their importance for Indigenous Dayak communities and the role they play in regulating the climate, maintaining biodiversity, and providing clean water and livelihoods for local communities.

The map above shows the extent of forests that remain at risk of conversion and degradation in the Indonesian provinces of North and East Kalimantan.
Palm Oil, Forestry and Pulp Plantation Expansion: The Greatest Risks to Forests and Peatlands

Our analysis found in total, 2,522,275 hectares of forests remain at risk of being degraded or converted to oil palm and pulp plantations in areas zoned for exploitation (Areas designated as Other Use Lands or APL lands). As of 2019, more than half a million hectares of these forests remained at risk within concessions that had been allocated by the government to companies for palm oil development. In East Kalimantan, over 330,000 hectares of forests are at risk within oil palm concessions. In North Kalimantan, over 260,000 hectares are at risk within existing oil palm concessions and over 48,500 hectares are located on peatlands. Nearly 73,000 hectares are primary (undegraded) forests, and 525,000 hectares are secondary forests (degraded forests) inside concessions. Brands must intervene to ensure that both primary and secondary forests are spared from deforestation for palm oil expansion. A failure to do so will be failure to implement their ‘No Deforestation’ commitments and a failure to play their part in halting deforestation in North and East Kalimantan — a crisis that they have driven for the past decade by sourcing deforestation-linked palm oil from their suppliers in these regions.

The map above shows the extent of both undegraded and degraded forests at risk within palm oil concessions. 336,320 ha of forests are at risk in East Kalimantan with 3,052 on peatland. 261,517 ha of forests are at risk in North Kalimantan with 48,508 ha on peatlands.
A further five million hectares of forests are at risk within pulp and paper, timber, and rubber concessions. The remaining forests are at risk from other forms of land development, including major infrastructure projects such as the Integrated Border Area Development Program that aims to expand roads into primary forests in the borderland regions of North Kalimantan and East Kalimantan. The road building project will impact the districts of Mahakam Ulu, Nunukan and Malinau. The desire for more palm oil development inside allocated concessions in these regions is a major driver of the project as to date companies have not been able to develop their landbanks due to the lack of roads and nearby processing facilities. Further expansion of road building and palm oil development into Indigenous territories in these districts must be stopped until such time as necessary legal safeguards have been enacted to recognize and protect Indigenous Peoples rights.

The logging of intact primary forests, including those on peatlands, inside concessions in North and East Kalimantan must also be averted. Over 700,000 hectares of intact forests remain within the concessions of one company called PT Sumalindo Lestari Jaya (PT. SLJ) in four concession areas — PT. Ensem Timber, PT. SLJ Tbk, PT. SLJ II, PT. SLJ IV and PT. SLJ V. These primary forests are at risk of industrial logging despite their close proximity to the Kayan Mentanrang National Park and Bukit Seput Hawung Nature Reserve. Significant areas of forests remain at risk of logging in concessions controlled by the Sinar Mas Forestry, APRIL, Roda Mas Group, RKR, Alas Kesuma, Hanurat, Intraca wood, Sumber Mas, Wana Rimba Kencana, Inhutani I and countless others with unknown parent companies. The protection of over 3,249,000 hectares of secondary forests from further degradation from logging concessions and timber plantations is also critical across both provinces.

To date, only Nestlé has disclosed the details of its pulp and paper and packaging suppliers and supplying pulp mills. Unilever, Mars, Colgate Palmolive and PepsiCo’s disclosures are limited and do not disclose the pulp mills. However, Mars does list Indonesia as a sourcing region. All ten brands are failing to disclose the details of any plantations in Indonesia where they source from or evidence that supports claims that they are not sourcing from the region. Brands must disclose the details of the pulp suppliers in their paper and packaging supply chains and enforce their policies with Royal Golden Eagle and Sinar Mas Group — two of the biggest forestry and pulp giants responsible for decades of destruction and expansion onto customary lands in North and East Kalimantan.

The map above shows the extent of undegraded and degraded forests at risk from pulp and paper and timber concessions. 792,400 ha of undegraded forests and 2,318,748 ha of degraded forests are at risk in East Kalimantan. 1,103,844 ha of undegraded forests and 930,982 ha of degraded forests are at risk in North Kalimantan.
Customary Land Rights at Risk:
The Frontlines of Agricultural Expansion in North and East Kalimantan

These forests are the customary lands of Indigenous communities that have lived in and protected them for generations. When forests are at risk, so too are the lives and livelihoods of communities. In fact, the forest footprint analysis found that over two million hectares of forests remain on community and customary lands in North and East Kalimantan.

There is increasing consensus that respecting and upholding the legal recognition of rights is central to securing protection of Indonesia’s rainforests and achieving the Paris Agreement goals for protecting our climate. Regional governments have granted a measure of legal recognition to the territories of only 81 Indigenous Peoples across Indonesia, which is less than 4% of the 2,359 Indigenous Peoples identified by the national Indigenous Peoples’ organization AMAN, essentially rendering the land rights of the remaining 97% invisible in the eyes of the law.22 Despite the importance of securing land tenure and supporting the communities which are acting as stewards of their forests, over 2.4 million hectares of customary lands have been mapped by the Ancestral Domain Registration Agency (BRWA) but have not all been recognized by the national and district governments in North and East Kalimantan.23

Over two million hectares of forests remain on community and customary lands in North and East Kalimantan.
There is still a large discrepancy between the areas of customary land claimed by Indigenous communities and those that are formally recognized as such by the governments of Indonesia. In North Kalimantan, 2,167,979 hectares of customary territories have been mapped and registered with BRWA but only five have been officially recognized with a decree from the regional governments. For example, in the district of Malinau, three of the eleven communities living within Kayan Mentarang National Park have had their territories registered and recognized by the regional government, despite the fact that the remaining communities have been advocating for formal legal recognition of their territories since 2002. The three customary territories were recognized through provincial and district government regulations and a decree by the Head of Regency in 2019 and 2020 and cover over 1 million hectares. There are several other territories already mapped that are in the process of registration. In East Kalimantan, 312,529 hectares of customary territories have been mapped but only 7,771 ha have been officially recognized.

Securing the legal recognition of rights to customary territories is slow, mostly due to the time needed to secure legislation at district and provincial government levels and the limited resources of local governments and the agencies in charge of verifying the claims. At the national level, there are also delays in achieving the much-needed recognition of customary territories. After seven years of work, the national Ministry of Environment and Forestry has only recognized 57,000 hectares as Customary Community Forest, out of a total forest estate of more than one million hectares. AMAN has presented maps to the national government of more than 8 million hectares of Customary Community Forest. The Bill on the Recognition and Protection of the Rights of Indigenous Peoples, which would streamline processes for legal recognition of Indigenous Peoples’ rights, has been languishing in the Parliament for over a decade.
The lack of official recognition of land rights is compounding the challenges facing communities. The threats to communities’ customary lands are severe as their lands have been allocated to some of the largest forestry and agribusiness giants in Indonesia for logging, pulp and paper and palm oil production. Active disputes on land rights violations by forestry and palm oil companies — including First Resources, Triputra Group, and the Roda Mas Group — continue to be elevated by civil society organizations. Despite the elevation of cases to the grievance mechanisms of brands and certification systems such as the Roundtable on Sustainable Palm Oil (RSPO) and the Forestry Stewardship Council (FSC), corporate commitments to uphold human rights are not being effectively enforced.

Our analysis was constrained to a desktop assessment so further evaluation is needed by the brands to fully identify the extent of existing concessions that overlap with the lands of Indigenous communities in North and East Kalimantan. Despite these limitations, we identified the following cases where customary lands overlap with concession areas and a number of the brands suppliers are failing to respect communities’ rights to withhold their Free, Prior and Informed Consent to existing or new plantation development on their customary territories:

» The overlap of the customary lands of the Indigenous Dayak community of Long Isun and the concessions of the First Resources and the Roda Mas Group in Mahakum Ulu, North Kalimantan.

» The overlap of the customary lands of five Indigenous Dayak Agabag communities — the villages of Tetaban, Bebanas, Melasu Baru, Lulu and Sujau — and the concessions of FAP Agri (PT. Karangjuang Hijau Lestari), PT. Bulungan Hijau Perkasa, PT. Adindo Hutani Lestari, PT. Inhutani Unit Kunyit and PT. Nunukan Bara Sukses in Nunukan, North Kalimantan.

» The overlap of the customary lands of the Indigenous Dayak Modang Long Wai communities in Long Bentuq village and the concession of Triputra Group (PT. Subur Abadi Wana Agung), in East Kutai, East Kalimantan.
Brands must recognize the rights of these Indigenous community and support efforts to secure legal recognition of their customary forests. Engagement of rightsholders and local stakeholders will be critical in efforts taken by brands to understand the extent of customary lands and land conflicts, and develop strategies to keep forests standing, peatlands intact, and to uphold the rights of Indigenous Peoples and local communities across both provinces.

Brands that are profiting in the hundreds of millions from palm oil and pulp and paper resources taken from these lands must acknowledge and address how their supply chains and joint venture partnerships are impacting Indigenous Peoples and communities connected to these lands.

Brands must:

» Enforce policies and procedures that uphold the rights of communities to give or withhold their Free, Prior and Informed Consent to development on their lands — a critical task that brands have failed to do for decades;

» Play an active role in preventing human rights and land rights violations in new frontiers of forestry and plantation expansion, including across North and East Kalimantan;

» Establish human rights monitoring and due diligence systems and field-based methods to verify that the right to Free, Prior, and Informed Consent is being respected and enact zero tolerance procedures to prevent violence, criminalization, intimidation, and killing of land rights defenders.

RAN’s recent scorecard found that **all the brands** have failed to take these actions.39
The 2021 UN Climate Change Conference in Glasgow provides a rare opportunity for hope on these fronts, with a real possibility of collaborative action to prevent forest and peatland destruction and to secure land rights for communities.

Our evaluation found that, in North and East Kalimantan alone, there are over 2.5 million hectares of forests that are outside existing concessions in areas zoned by the Indonesian government for destruction. Time will tell if these forests are cleared or if individual and collective actions taken by governments and brands to address forest footprints in the regions will prevent further exploitation and rights violations.

The map above shows the extent of the 1,021,000 hectares of undegraded forests and over 1,500,000 ha of degraded forests that remain at risk for conversion and exploitation outside existing concessions in North and East Kalimantan.
The global demand for forest-risk commodities such as oil palm, pulp and paper, timber, plywood, wood chips -- and more recently the consumption of biofuels and biomass in Indonesia, the EU, Japan, and Korea -- continue to influence the land-use allocation decisions made by the Indonesian government. Major brands are key influencers as they drive market signals that impact land-use decisions made at the national, provincial and district levels; they make decisions on future procurement or investments and joint venture partnerships with actors in the region; and have the potential to increase proactive landscape or jurisdictional initiatives through financing and involvement.

A major conclusion of the evaluation is that collaborative efforts must aim to end deforestation and forest and peatland degradation in all forest-risk commodity supply chains — not just palm oil. The drivers of destruction must be addressed both within existing concessions and outside concessions in areas zoned for exploitation to avoid the destruction of 8,250,265 hectares — about two-thirds of the remaining forests in both regions. The protection of 1,210,547 hectares of these forests is dependent on the extension and adequate enforcement of the Indonesian Government’s Primary Forest and Peatlands Moratorium. Imminent decisions made by the government of Indonesia on the extension of the national moratorium on forest conversion for palm oil development — which was set to expire in September 2021 — will also make a huge impact for the threatened forests of North and East Kalimantan.

As all nations prepare for the UN Climate Change Conference of the Parties (COP26) that are scheduled to begin in Glasgow, Scotland on November 1st 2021, there is growing attention on the importance of stopping deforestation and forest degradation, especially in tropical rainforest regions such as Indonesia where deforestation and emissions from peatland degradation have been persistently high. Securing the protection of forests and peatlands in North and East Kalimantan, and other intact forest frontiers set for expansion in Indonesia, holds promise. However, this evaluation has shown that to avoid deforestation in standing forests, we must take a rights-based approach. Securing the legal recognition of Indigenous communities’ land rights is critical — it will allow communities to both protect and manage their forests and uphold their right to say ‘No’ to forestry and agricultural expansion on their lands. Land grabs, either for commodity production or carbon offset-linked projects, must also be stopped. The positive role that communities play in the protection of forests cannot be overstated.
Procter & Gamble is refusing to disclose its forest footprint and recently decided against ending its role in driving further logging and degradation of intact forests across the planet. While its peers move ahead with understanding and disclosing their forest footprints, Procter & Gamble continues to hide behind claims it has a small footprint in both its palm oil and pulp supply chain. These claims continue to mislead both its investors and the consumers that purchase its products. The findings of this forest footprint evaluation show Procter & Gamble’s connection to suppliers that have destroyed and continue to destroy intact forests in North and East Kalimantan.

Procter & Gamble’s direct sourcing from Wilmar International is one clear case demonstrating the company’s connection to destruction of tropical rainforests in these regions. Wilmar’s Gresik Surabaya refinery sources directly from a large number of mills in East Kalimantan, such as MP Evans, Pucuk Jaya, REA, Teladan Prima, KLK, Jardine Matheson Holdings (Astra Agro Lestari), Rajawali Group’s Eagle High Plantation, and GAMA Plantation. Wilmar’s mill list shows that this refinery has also sourced from First Resources Group including Fangiono Agro Plantation Agri in North Kalimantan. Wilmar’s refinery in Bitung, Sulawesi, has also sourced from problematic mills in the regions including Fangiono Agro Plantation Agri, Teladan Prima, Triputra and Jardine Matheson Holdings (Astra Agro Lestari). Wilmar’s own reports for these refineries state that a significant proportion of suppliers are not yet delivering on commitments to end deforestation, and some known suppliers have not even adopted a ‘No Deforestation’ commitment. Wilmar’s suppliers’ compliance with requirements to end expansion on peatlands is even worse. Our forest footprint evaluation presents clear evidence of the destruction of forests and peatlands by Wilmar’s suppliers during the period of our evaluation. As a significant supplier to Procter & Gamble, Wilmar’s failure to achieve the full and immediate implementation of its NDPE policy in December 2013 means Procter & Gamble has a considerable forest footprint in intact forests in North and East Kalimantan.

The findings of this forest footprint evaluation show Procter & Gamble’s connection to suppliers that have destroyed and continue to destroy intact forests in North and East Kalimantan.
Wilmar is just one of Procter & Gamble’s suppliers linked to deforestation and the violation of customary rights in North and East Kalimantan. Other problematic suppliers include Royal Golden Eagle Group and Sinar Mas Group, which control palm oil refineries and pulp mills in, or sourcing from, the region.\textsuperscript{48} Royal Golden Eagle Group and Sinar Mas Group operate pulp mills and have destroyed 33,965 hectares and over 6,200 hectares of forests respectively in their pulp concessions between 2009 and 2019 (including shadow company concessions). These two producers have had a huge impact on forests and peatlands via the destruction caused by suppliers to their palm oil refineries in East and South Kalimantan.\textsuperscript{49} Procter & Gamble claims to not source pulp from either group but continues to source from their palm oil arms.\textsuperscript{50} Procter & Gamble’s joint venture partner FGV Holdings Berhad (FELDA) is also shown to have cleared 90% of the forests within its concession. Additional suppliers to Procter & Gamble — such as First Resources, Rajawali Group, Triputra Group, KLK and MP Evans — have mills and concessions with deforestation footprints in the region. KLK also controls a refinery in neighboring Sabah in Malaysia that sources from mills in both provinces. KLK is yet to publish evidence on its progress on achieving traceability to the plantation for its Crude Palm Oil and Oleochemical refineries and the ‘No Deforestation’ status of its suppliers.\textsuperscript{51}

Procter & Gamble also has connections to companies violating rights of customary communities, such as the Roda Mas/ Bumitama Group which is subject to multiple Forest Stewardship Council (FSC) complaints for its violations of the land rights of Dayak Indigenous community of Long Isun.\textsuperscript{52} Procter & Gamble is connected to Roda Mas via its sourcing from Bumitama which shares the same beneficial owner as Roda Mas, Mr. Lim Hariyanto.\textsuperscript{53} Another Procter & Gamble supplier, First Resources, has been exposed for violating customary rights and its subsidiary, PT. Kalimantan Green Persada, overlaps with the customary lands of the Long Isun community. The company is persisting with plans for palm oil expansion despite the community’s opposition to plantation development on their lands.\textsuperscript{54} Another supplier, the Triputra Group, has a subsidiary called PT. Subur Abadi Wana Agung (SAWA) that has been documented to violate the rights of the Dayak Modang Long Wai communities to give or withhold their Free, Prior and Informed Consent of development on their lands in Long Bentuq village in East Kalimantan for 13 years. The company recently criminalized three Indigenous leaders from the community for peaceful protest.\textsuperscript{55} The Indigenous community is seeking the return of 4,000 hectares of their ancestral lands and legal recognition of their customary forest.\textsuperscript{56}

Procter & Gamble will continue to drive deforestation across both regions until it strengthens and effectively enforces its ‘No Deforestation’ policy. An integral step to enforcing its policies is to disclose its forest footprint and the strategies it will employ to Keep Forests Standing and Uphold Human Rights in the regions.

Join Us and Tell Procter & Gamble:
Disclose Your Forest Footprint
Clean Up Your Palm Oil and Pulp Supply Chains
Respect Customary Land Rights

The controversy surrounding Procter & Gamble is not limited to North and East Kalimantan. In response to investors’ concerns over Procter & Gamble’s association with forest destruction, the personal care consumer products giant issued a report outlining its assessment of the benefits and drawbacks of committing to eliminate sourcing from intact forests in its wood pulp and palm oil supply chains.\textsuperscript{57} The report shockingly states that Procter & Gamble will not make a wholesale commitment to eliminate sourcing its wood pulp supply from intact forests despite the global consensus on the urgent need to protect these forest refuges from deforestation and destruction from industrial logging.

This blatant refusal to end its role in driving the destruction of intact forests means Procter & Gamble will continue doing business with suppliers that are degrading forests in its supply chains which stretch from the tropical rainforests of Indonesia to the Boreal forests of Canada. It is critical that investors require Procter & Gamble to issue a definitive commitment to stop sourcing any commodities from companies expanding their logging or industrial plantation operations into intact forests or drop their investments if it fails to do so.
ROYAL GOLDEN EAGLE: Supplier at the Epicenter of Forest Destruction

Royal Golden Eagle (RGE) is one of the most controversial pulp and paper and palm oil suppliers on the planet.

The company’s negative impact on Indonesia’s rainforest and the land and use rights of communities has been a consequence of the unrelenting expansion of its palm oil, forestry and pulp and paper operations stretching from the island of Sumatra, to Borneo, and more recently to Papua and the eastern islands of Indonesia. Its impact on forests and peatlands in the provinces of North and East Kalimantan has been documented by civil society and is once again reinforced by the findings of this forest footprint evaluation.

RGE’s palm oil arm APICAL operates the PT. Kutai Refinery Nusantara refinery in Balikpapan, East Kalimantan which has a heavy reliance on sourcing from third-party suppliers in both provinces with a track record of deforestation and rights violations. In early 2021, this refinery KRN sourced from six crude palm oil mills and three palm kernel crushing plants in North Kalimantan and 37 mills and 21 crushing plants in East Kalimantan. Problematic suppliers include Jardine Matheson Holdings (ASTRA), Triputra Group, Rajawali Group (Eagle High), DSN Group and MP Evans. APICAL has to date failed to disclose the deforestation status of its suppliers. APICAL acquired this refinery in 2018 to expand its palm oil and biodiesel business to supply new markets in China, Japan, and Korea.

The forest footprint evaluation showed that this conglomerate of companies has also contributed to the destruction of 33,965 hectares of forests across North and East Kalimantan from 2009 to 2019, inside concessions controlled by its shadow companies. APRIL’s Pangkalan Kerinci pulp mill located in Riau Province, is known to source from its own concessions, and pulpwood from controversial third-party suppliers including Djarum’s concession PT. Fajar Surya Swadaya (FSS). In 2020, APRIL and Royal Golden Eagle Group were once again at the center of controversy over the destruction of High Conservation Value areas and High Carbon Stock forests in the operations of its connected shadow company PT. Adindo Hutani Lestari. PT. Adindo Hutani Lestari also has around 23,000 hectares of peatland within its concessions in North Kalimantan, approximately 60% of which has been drained and planted with pulpwood. APRIL continues to refute the findings of civil society reports and has failed to disclose evidence to substantiate its claims that there are no connections between its owner, and ultimate beneficiary, Sukanto Tanoto, and companies that have been named as RGE-connected companies in NGO reports.
In 2020, APRIL submitted plans to expand their pulp mill in Riau, increasing demand for wood fiber by 55% which will likely put increasing pressure on the forests of North and East Kalimantan.

Despite the persistent controversies resulting from failure of RGE to adhere to ‘No Deforestation, No Peatland and No Exploitation’ (NDPE) policies, RGE Group continues to supply palm oil to:

Due to Nissin Foods lack of disclosure of its palm oil suppliers, it is unclear if it sources palm oil from the RGE Group. Based on the published mill lists of its known suppliers, such as Fuji Oil, and data showing RGE’s palm oil arm APICAL is a major exporter of palm oil into Japan it is likely that Nissin Foods is also sourcing palm oil from the controversial supplier. Until recently, Mars was sourcing palm oil from the RGE group. It’s current disclosure on pulp and paper suppliers does not list the supplying mills in its pulp supply chain, so it is unclear if it remains connected to the RGE Group via its pulp and paper supply chain.

RGE Group’s palm oil arm APICAL also maintains its joint venture partnership with Kao.

The forest footprint evaluation is further proof that these brands remain complicit with social and environmental harm caused by their business partner Royal Golden Eagle and its operations, which are impacting forests and the rights of Indigenous and local communities in North and East Kalimantan.
CONCLUSION

Despite the latest Intergovernmental Panel on Climate Change report that has flagged our climate crisis as a “Code Red for Humanity,” the urge for corporate profits continues to drive the destruction of the world’s forests. Multinational corporations, like Procter & Gamble, and unethical suppliers, like Royal Golden Eagle Group, hide behind corporate loopholes and empty promises to continue this devastating cycle: forests and carbon-rich peatlands are burned and bulldozed releasing enormous amounts of greenhouse gasses into the atmosphere; at the same time destroying the very trees and peatlands that could absorb that carbon and safely store it in the ground. Meanwhile, communities that have managed these resources for generations see their land rights stripped away and their human rights attacked.

Brands must disclose their forest footprints and take real action to prevent further human rights violations and deforestation in North and East Kalimantan.

There is no time for delay. Immediate action is needed to prevent human rights and land rights violations across North and East Kalimantan.

Brands, and the suppliers and corporate groups they source from, are clearly failing to ensure that the rights of Indigenous Peoples on the frontlines of expansion are respected. They must enforce policies and procedures that uphold the rights of communities to give or withhold their Free, Prior and Informed Consent to development on their lands and immediately establish human rights monitoring and due diligence systems and field-based methods to verify that the rights to FPIC are being respected.
Brands must play an active role in preventing human rights and land rights violations in new frontiers of forestry and plantation expansion, including across North and East Kalimantan.

This includes advocacy to their suppliers, joint venture partners and national, provincial and district governments to support the legal recognition of customary rights and the protection of forests and peatlands within customary lands and community lands. This must include advocacy to district governments to enact regulation for recognition of indigenous communities and their territories and the national government to ensure Indigenous Peoples rights to land and FPIC are strengthened in national legislation.

As a matter of urgency, brands must enact zero tolerance procedures to prevent violence, criminalization, intimidation, and killing of land rights defenders. It is of paramount importance that legal frameworks also ensure rights and protections are afforded to human rights defenders in accordance with international law and human rights treaties, including the UN Guiding Principles for Business and Human Rights, UN Declaration on the Rights of Indigenous Peoples, ILO 169 Indigenous and Tribal Peoples Convention, UN Declaration on the Rights of Peasants and the UN Declaration on Human Rights Defenders.

We call on these companies to Keep Forest Standing and Uphold Indigenous Peoples’ Rights, now.

For the full report on the Indicative Forest Footprint Analysis for North and East Kalimantan, with more extensive information on the results of the analysis and a set of detailed recommendations or to review the responses received from the companies named in this report, please visit: www.RAN.org/Borneo_forest_footprint

Annex 1: Recognition of limitations of forest footprint analysis undertaken

» There was limited spatial analysis of concessions overlapping customary forests
» This was a desktop analysis only, no engagement was undertaken with local stakeholders in the field to gain a deeper understanding of the extent of rightsholders or mapped customary territories, information on usage rights, land rights issues, land conflicts or to seek inputs to proposed strategic interventions.
» Deforestation figures are an underestimate due to data used (Adria and Ministry of Forestry) being derived from Landset and Sentinel and large proportions of lands categorized as Other Land Use category, which is attributed to oil palm plantings less than 5 years old.
» Only publicly disclosed datasets were used. Disclosed data has the following limitations:
  » Lack of disclosure by brands on suppliers of raw materials (plantation/farm level) or paper products.
  » Incomplete information on links between plantation and mills.
  » Incomplete information on the corporate groups and parent companies of a large proportion of suppliers (concession holders and mills/processing facilities).
  » Lack of published spatial data on the landbanks of suppliers at a corporate group level.
  » Data on the extent of customary forests/lands is limited to those recognized by Indonesian government.
  » Large-scale Indicative HCS forest maps were not available for use.
  » Maps of HCV areas and HCS forests from integrated HCV-HCS Assessments were not used.
  » Govt maps of identified HCVs, such as 600, 000 ha of HCVs in East Kalimantan, were not used.

The list of data sets used in the forest footprint evaluation is detailed in the full report which is accessible on www.RAN.org/Borneo_forest_footprint
Unpublished data from Green of Borneo.

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Ibid.

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APICAL, *‘Apical Acquires Kutosi Refinery Nyuanta: Poised for Further Investment in Downstream’*

APRIL, *Our Operations. Aidenvironment*

Koalisi Anti Mafia Hutan, Rainforest Action Network, Greenpeace, *Sustaining Deforestation: APRIL’s Links with PT Adindo Hutani Lestari Undercut “No Deforestation” Pledge*

PT. Adindo Hutani Lestari has approximately 22,892 ha of peatland in its concessions, and around 13,670 ha had been planted as of 2019. Data from Trase.earth

Aidenvironment.

Colgate Palmolive, *Palm Oil Supplier Mill list*

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Kao, *Palm Oil Supplier Mill list*

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Procter & Gamble, *Palm Oil Supplier Mill List*

Unilever, *Palm Oil Supplier list, Unilever, Palm Oil Supplier Mill list*

Fuji Oils Mill list.

Kao.

All web-based documents were accessed on September 23rd, 2021