

**Policy for Association complaint against Korindo Group**

Name of individual or organisation	Mighty Earth
Contact person (for organisations)	Deborah Lapidus
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Website	www.mightyearth.org
FSC member (if yes: international/ national, chamber, North/South)	NO
Date of submission	14 May 2017

Signature of legal representative of the Complainant



Etelle Higonnet, Mighty Campaign and Legal Director

**Information about the Organisation(s) against whom the complaint is submitted:**

Name	Korindo Group FSC-certified companies: PT. Korintiga Hutani; PT. Aspex Kumbong; PT. Korindo Abadi Asike; PT. Korindo Ariabima Sari
Contact person	According to the FSC certificate database, there are multiple contact people at Korindo for the various certificate holders.
Postal address Street + number City Area code Country	Wisma Korindo, Jl.MT Haryono Kav.62, Jakarta 12780, Indonesia
Phone number	+62 21 797 5959 (ext. 392)
Fax number	
Email address	No specific email address: According to the FSC certificate database, there are multiple contact people at Korindo for the

	various certificate holders.
Website	<a href="http://www.korindo.co.id">www.korindo.co.id</a> : Not operational since mid-October 2016 and no alternative website is currently available. See Korindo Group official <sup>1</sup> facebook site: <a href="http://www.facebook.com/KorindoGroupPR/">www.facebook.com/KorindoGroupPR/</a>
Certificate number (s)	PT. Korintiga Hutani ( <a href="#">SGS-CW/FM-009866</a> ; <a href="#">SGS-COC-009871</a> ); PT. Aspex Kumbong ( <a href="#">SGS-COC-005807</a> ); PT. Korindo Abadi Asike ( <a href="#">TT-COC-002742</a> ; <a href="#">TT-COC-002650</a> ); PT. Korindo Ariabima Sari ( <a href="#">TT-COC-002650</a> )

**Information to be submitted for a Policy for Association complaint:**

Issue	Information to support the complaint
Objective of the complaint	To demonstrate that the Korindo Group companies have violated the FSC's Policy of Association by vastly exceeding the 10,000 hectares (ha) deforestation threshold across its group oil palm operations over the past five years.
Specification of the issues and events that lead to the complaint.	Mighty Earth commissioned research consultancy Aidenvironment <sup>2</sup> to conduct extensive satellite analysis of deforestation and fire hotspots in eight identified Korindo oil palm concessions located in Papua and North Maluku, Indonesia, finding over 30,000 ha of deforestation and 900 fire hotspots since 2013 <sup>3</sup> . Mighty Earth also conducted a field investigation of Korindo's concessions in Merauke, Papua in June 2016, and documented extensive deforestation through aerial drone footage, videos, and photographs <sup>4</sup> . In September 2016, Mighty Earth and a coalition of several NGOs in Korea, Indonesia, and across the globe (see below) released a report exposing Korindo's practices called ' <i>Burning Paradise</i> ', available at <a href="http://www.MightyEarth.org/BurningParadise">www.MightyEarth.org/BurningParadise</a> . In response to the revelations, all of Korindo's known palm oil buyers, including Wilmar and Musim Mas, as well as indirect buyers ADM and IOI, and dozens of major consumer companies announced they were excluding Korindo from their supply chains due to Korindo's links to deforestation. APRIL Group, a significant buyer of Korindo's wood products that also has a "No Deforestation" policy, announced that it decided not to renew its contract with Korindo after engagement with Korindo failed to transform its practices. Even buyers of Korindo's wind towers—Siemens, Nordex, Gamesa, and Iberdrola—put significant pressure on Korindo to end its deforestation. While Korindo has made public announcements in

	<p>response, it still has not committed to a comprehensive forest conservation and human rights policy. And it has not upheld the primary commitments it has made: It quickly breached its 1 December 2016 announcement of a moratorium on further forest clearance for its palm oil concessions (details below), and conducted HCV and HCS assessments using assessors from Bogor Agricultural Institute, IPB,<sup>5</sup> an organization that has been criticized for conducting misleading and even false assessments<sup>6</sup>.</p>
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<p>The complaint is referring to one or more of the PfA unacceptable activities (please mark the activities):</p>	<ol style="list-style-type: none"><li>1 . Significant conversion of forests to plantations or non-forest use:<ol style="list-style-type: none"><li>a) Conversion of more than 10,000 ha of forests under the organization's responsibility in the past 5 years</li><li>b) Conversion of High Conservation Value Forests</li></ol></li> <li>2 . Violation of traditional and human rights in forestry operations</li></ol>

Evidence to support each element or aspect of the complaint. Please provide an overview, a description and attach supporting documents.

1. Significant conversion of forests to plantations or non-forest use

- a) Conversion of more than 10,000 ha of forests under the organization's responsibility in the past 5 years (confirmed)

A report conducted by Aidenvironment (2016)<sup>7</sup> concluded that the following Korindo Group companies have collectively converted 30,000 hectares of forests in the past 5 years:

PT Tunas Sawa Erma (PT TSE): 2,800 ha of forest conversion for oil palm plantations (2013 – May 2016)

PT Papua Agro Lestari (PT PAL): 3,800 ha of forest conversion for oil palm plantations (2013 – May 2016)

PT Gelora Mandiri Membangun (PT GMM): 5,100 ha of forest conversion for oil palm plantations (2013 – May 2016)

PT Donghin Prabhawa (PT DP): 5,100 ha of forest conversion for oil palm plantations (2013 – May 2016)

PT Berkat Cipta Abadi (PT BCA): 13,200 ha of forest conversion for oil palm plantations (2013 – May 2016)

Please see Appendix for details of common Korindo group ownership of these oil palm companies with FSC certificate holders PT. Korintiga Hutani; PT. Aspex Kumbong; PT. Korindo Abadi Asike; PT. Korindo Ariabima Sari. For example, PT Korintiga Hutani has the same common ownership and control with oil palm companies PT Tunas Sawa Erma (PT TSE), PT Donghin Prabhawa (PT DP) and PT Berkat Cipta Abadi (PT BCA) – see points 5-7 in the Appendix. These three oil palm companies alone were responsible for clearing 21,100 ha of forest, including 7,900 ha of primary forest, since 2013.

This deforestation was also documented in photos and videos taken in June 2016 at PT PAL and PT TSE<sup>8</sup>.

b) Conversion of High Conservation Value Forests

RSPO Criterion 7.3<sup>9</sup> requires that 'New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.' Hence, primary forests are classified as High Conservation Value Forests by the RSPO.

The Aidenvironment (2016)<sup>10</sup> report concluded that – of the 30,000ha of forest converted for oil palm plantations – a total of 11,700 hectares was classified by the Indonesian Ministry of Forestry as 'primary forest'.<sup>11</sup> The following 4 companies were involved in the conversion of primary forest:

PT Tunas Sawa Erma (PT TSE): 500 ha of primary forest conversion for oil palm plantations (2013 – May 2016)

PT Papua Agro Lestari (PT PAL): 3,800 ha of forest conversion for oil palm plantations (2013 – May 2016)

PT Donghin Prabhawa (PT DP): 2,900 ha of forest conversion for oil palm plantations (2013 – May 2016)

PT Berkas Cipta Abadi (PT BCA): 4,500 ha of forest conversion for oil palm plantations (2013 – May 2016)

In addition, the Aidenvironment report detected more than 900 fire hotspots on Korindo's oil palm concessions since 2013. These identified hotspots followed a clear pattern of fires being used just after the forest had been cleared and prior to planting of oil palm, leading the researchers to conclude that Korindo systemically used fire to clear land in preparation for oil palm planting.

2. Violation of traditional and human rights in forestry operations.

This concerns the implementation of Free, Prior and Informed Consent (FPIC), as outlined in FSC Principle 4.2:

**4.2** *The Organization shall recognize and uphold the legal and customary rights of local communities to maintain control over management activities within or related to the Management Unit to the extent necessary to protect their rights, resources, lands and territories. Delegation by local communities of*

*control over management activities to third parties requires Free, Prior and Informed Consent.'*

The Aidenvironment (2016)<sup>12</sup> report concluded that, whilst Korindo seems to make formal agreements with the owners of customary or *adat* forests for its oil palm concessions, this does not mean that the company has recognized the right of local communities to give or withhold their FPIC to any new developments on community lands:

In the case of PT GMM, it has failed to recognize the right of local communities to give or withhold their FPIC to any new developments on community lands:

From the outset of the project, the communities have been inadequately informed. In January 2012, residents demonstrated, demanding an end to PT GMM operations. In the middle of 2013, the conflict escalated with the arrest/criminalization of 13 villagers from Gane Dalam and Sekely by the South Halmahera police over a land conflict with PT GMM. Residents filed a complaint alleging human rights violations over the detention of the 13 villagers. This triggered an investigation by the Indonesian Human Rights Commission (Komnas HAM), which made a statement emphasizing that, when making investments, governments and companies should consider that indigenous peoples' lives are highly dependent on natural resources. The commission further noted that the reporting of 13 villagers to the police had had an adverse effect on communications between the company and the communities, and that in general the presence of the company had caused insecurity and disrupted people's lives.

In February 2016, the conflict between villagers and the company flared up again. The company evicted people from their productive farmland, and threatened those who refused to leave. It also pressured people into giving up their land at prices set by the company.

On 11 May 2016, the North Maluku branch of the Indonesian environmental NGO Walhi announced it would sue Korindo over a number of issues, including restricting community access to clean water, not fulfilling Environmental Impact Assessment (EIA) procedures, its lack of a Right to Exploit (HGU, *Hak Guna Usaha*) permit, planting oil palm on steep slopes, burning, and disregarding communities' customary rights.

In May 2016, villagers from Gane Dalam, Jibubu, Pasipalele, Sekely, and Gane Luar submitted a formal letter to the National



Land Agency (BPN), rejecting the project and asking the head of BPN not to issue an HGU. On 5 August 2016 Korindo started logging in the area along the river Dukolo, despite an earlier agreement with the community Gane Luar not to do so. The agreement was made in April 2015 in attendance of the police. The river is the source of clean water for the community.

In the case of PT TSE (1A), eleven clans with traditional lands covering more than 7,000 hectares agreed to the oil palm development in 2005, but later stated they had not been adequately informed. Further, the 25 clans owning more than 12,000 hectares in the PT TSE (1A) concession area rejected the plantation proposal in 2006. Korindo had respected their rejection, but in 2015, development started in this part of the concession area, apparently due to an agreement with the landowners.

In the case of PT DP, an agreement was made in 2012 *after* Korindo had already commenced oil palm operations in late 2010. Despite the agreement, the indigenous Ngguti people regretted the forests and swamps they had previously used for hunting and gathering being cleared.

For further details or sources for the above, please refer to the Aidenvironment report.

<p>Overview of the steps that were taken to resolve the issues prior to lodging this complaint and the response that was provided.</p>	<p>June 9, 2016: Mighty Earth, Korea Federation for Environmental Movements (KFEM)<sup>13</sup>, PUSAKA<sup>14</sup>, SKP-KAME Merauke<sup>15</sup>, Rainforest Foundation Norway<sup>16</sup>, Transport &amp; Environment<sup>17</sup>, SumOfUs<sup>18</sup>, and Union of Concerned Scientists<sup>19</sup> sent a letter to Korindo’s Chairman, Mr. Eun Ho Seung, summarizing our findings and requesting a meeting. Korindo never replied.</p> <p>September 1, 2016: At Mighty’s press conference in Jakarta, three Korindo representatives attended. One of them admitted to the fires, as related in the September 2<sup>nd</sup> Kompas newspaper: <i>“This information is valuable for our internal discussion. About the fire, it is true, so what do we want to argue,”</i> said Luwy, a Korindo field technical staff who came with his friend to the report release.<sup>20</sup></p> <p>Week of September 5, 2016: Mighty staff joined with KFEM in Seoul, South Korea to launch the Burning Paradise report. Korindo sent a team of a representatives to attend Mighty’s public lectures and media events. On September 9, two Korindo representatives agreed to meet informally with Mighty and KFEM in Seoul, South Korea. At the same time, two Korindo representatives in Jakarta met with Mighty Earth’s CEO and a Campaign Director as well as representatives from Rainforest Foundation Norway and PUSAKA. In these meetings, Korindo justified its deforestation on the basis of legality and denied any wrongdoing.</p> <p>December 15, 2016: Korindo sent a letter to Mighty Earth explaining that on December 1<sup>st</sup> it had enacted a moratorium on further forest clearance on its oil palm concessions and began HCV and HCS assessments, and offered to have a formal meeting.</p> <p>January 26<sup>th</sup>, 2017: A meeting was held in Jakarta between eight representatives from Korindo’s PT TSE, led by the General Manager, Gyeongmin Roh, and representatives from Mighty Earth, KFEM, PUSAKA, SKP-KAME Merauke, and Aidenvironment. The meeting involved several hours of discussions about the scope and timeframe for Korindo’s moratorium and a clear ask by the NGO’s that Korindo maintain its moratorium until its assessments had gone through independent quality review. Korindo said it would consider the request but needed to consult with its higher management.</p> <p>February 15, 2017: Satellite imagery reveals that Korindo breached its moratorium by building roads over 2,400 ha of forest on its PT Papua Agro Lestari concession and clearing 800 hectares<sup>21</sup>. (Satellite imagery a week later shows even more clearing took place, with the plantation blocks increasing to a total of 3,100 ha and clearing increasing to a total of 1,000 ha.) Mighty sent the evidence to Korindo and requested an explanation. Korindo informed Mighty that it in fact had already lifted its moratorium on</p>
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	<p>January 2, 2017 after only one month. Notably, this fact was not revealed during the lengthy meeting on January 26<sup>th</sup>. When Mighty Earth exposed this breach to international media and Korindo’s customers, Korindo stated that the clearing was a “miscommunication” inside the company and that the moratorium has been reinstated. A few weeks later, Korindo registered all seven of its High Carbon Stock (HCS) assessments with the High Carbon Stock Approach Quality review panel and submitted two HCV assessments to the HCV Resource Network’s Assessor Licensing Scheme for review, and said it plans to submit the rest of the HCV assessments following peer review. The HCSA<sup>22</sup> website currently list these reviews as pending. The HCSA Secretariat informed Mighty that Korindo has yet to submit the information needed for the peer review process to begin. The HCVRN<sup>23</sup> website lists the review for Tunas Sawa Erma POP-A as not having sufficient information for the review process to begin and has been sent back to the assessor to make corrections. It is unclear whether Korindo intends to maintain its moratorium until the reviews are completed and whether it will adhere to the recommendations of the reviewers.</p> <p>In addition, Korindo’s major customers Wilmar, Musim Mas, and APRIL Group have all communicated to Mighty Earth that prior to deciding to suspend Korindo, they had extensively engaged with Korindo’s senior management over many months to explain the necessity of the group complying with their own ‘No Deforestation, No Peat, and No Exploitation’ sourcing policies, and to offer assistance to Korindo, but Korindo refused to take satisfactory action.</p>
<p>Agreement to share the complaint with the Defendant and other Parties to the Complaint.</p>	<p>YES</p>
<p>Agreement to adhere to the terms and provisions of the PfA complaints procedure (FSC-PRO-01-009).</p>	<p>YES</p>

Miscellaneous

See Appendix for common ownership and control of relevant Korindo group companies.

# APPENDIX: Common ownership and control of relevant Korindo Group companies

This Appendix provides a summary of some of the shareholding information provided in the detailed spreadsheet of Korindo controlled companies related to this complaint. The spreadsheet includes: a) primary shareholder data for Indonesian registered companies, extracted from the Notarial Deeds related to changes in the companies' Articles of Association; b) primary shareholder data for Singapore registered companies, extracted from company profiles sourced from the Accounting and Corporate Regulatory Authority (ACRA), Singapore; and c) primary shareholder data for Hong Kong registered companies, extracted from company profiles sourced from the ICRIS CSC Companies Registry In Hong Kong.

Together this shareholder data illustrates that there is common ownership and control (through common holding companies or shareholders) of the Korindo oil palm companies named in this complaint and Korindo owned FSC certificate holders: PT. Korintiga Hutani; PT. Aspex Kumbong; PT. Korindo Abadi Asike and PT. Korindo Ariabima Sari. Further, the Appendix shows that Korindo holding companies, or Seung family members, are the controlling shareholders (i.e. greater than 51%) in all of the relevant Korindo companies.

Mighty therefore concludes that this evidence of common controlling ownership, together with the evidence of deforestation by Korindo oil palm companies, demonstrates that Korindo has breached the FSC Policy for Association.

## **Ownership of FSC companies:**

### **1. PT Korintiga Hutani**

PT Korintiga Hutani is a joint venture between Korindo Group and Oji Corporation (Japan). The company currently holds two FSC certificates ([SGS-CW/FM-009866](#); [SGS-COC-009871](#)).

In November 2009,<sup>24</sup> the Korindo Group sold a 34.34% stake in PT Korintiga Hutani to Oji Holdings Corporation (Japan) for US\$103 million.<sup>25</sup> It has since been a joint venture between the Korindo Group and Oji.

A 2016 presentation by Oji (Oji Green Resources Ltd)<sup>26</sup> confirms that the shareholders of PT Korintiga Hutani are '**Korindo Group 65.66% and Oji HD 34.34%.**' According to the Oji Holdings Corporation Annual Report for financial year 2016,<sup>27</sup> the company still held a 34.34% stake in PT Korintiga Hutani. According to an SGS Controlled Wood (FSC) report on PT Korintiga Hutani dated August 2014,<sup>28</sup> Oji's 34.34% shares were held through PT Panindo Investment Pte Ltd (Singapore).<sup>29</sup> The same SGS report confirms that the three remaining shareholders, of which the total percentage of shares corresponds with the 65.66% held by Korindo Group (as mentioned above), were:

- a) SIG Plantation Pte Ltd (30.15%) \*
- b) PT Korindo Ariabima Sari (17.75%) - a Korindo Group FSC certificate holder (see point 4 below, for share ownership)
- c) PT Aspex Kumbong (17.75%) – a Korindo Group FSC certificate holder (see point 2 below for share ownership);

According to the Notarial Deeds of 14 October 2016, the share ownership of PT Korintiga Hutani changed to:

- a) SIG Plantation Pte Ltd (59.23%) \*
- b) PT Korindo Ariabima Sari (6.42%)
- c) PT Panindo Investment Pte Ltd (34.34%) – ie Oji Holding Corporation

\* SIG Plantation Pte Ltd: According to data held with the Singapore Accounting and Regulatory Authority (ACRA),<sup>30</sup> there are two shareholders of SIG Plantation Pte Ltd:<sup>31</sup> SIG Chemical Holdings Ltd (82.7% shares) and Lai Tek Investment Ltd (15.3%), both are registered in the British Virgin Islands (BVI). The directors of SIG Plantation Pte Ltd are:<sup>32</sup> a) Mr Eun Ho Seung – South Korean (founder of Korindo); b) Seung Min Soo - South Korean (one of the two sons of the founder) and reported as still being the Chairman of the Korindo Group as of 2014.<sup>33</sup> c) Mr Robert Seung – Indonesian (one of the two sons of the founder) and now reported to be the CEO of the Korindo Group<sup>34</sup>; d) Lek Kai Pheng (Singaporean) and; e) Mr Park In Chul (South Korean) – who is also the President Commissioner in Meritz Korindo Insurance, a joint venture between the Korindo Group (49%) and the South Korean company Meritz Fire & Marine Insurance

Company, Ltd (51%).<sup>35</sup>

PT Korintiga Hutani has the same common ownership and control with oil palm companies, PT Tunas Sawa Erma (PT TSE), PT Donghin Prabhawa (PT DP) and PT Berkat Cipta Abadi (PT BCA) – see points 5-7 below. These three oil palm companies alone were responsible for clearing 21,100 ha of forest, including 7,900ha of primary forest, since 2013. Hence, for the purposes of the FSC Policy for Association, PT Korintiga Hutani's should be associated with the 'unacceptable activities' of PT TSE, PT DP and PT BCA, which collectively have breached the 10,000 ha forest clearance threshold.

NOTE: Further, given that Oji Holding Corporation states that the Korindo Group holds 65.66% of shares in PT Korintiga Hutani (the joint venture with Oji), we conclude that its individual shareholders – past and present – SIG Plantation Pte Ltd (including its parent holding companies, SIG Chemical Holdings Ltd and Lai Tek Investment Ltd), PT Korindo Ariabima Sari (including its parent holding companies/shareholders) and PT Aspex Kumbong (including its parent holding companies/shareholders) must all be wholly owned Korindo group companies (see points 2 and 3 below, as well as the detailed spreadsheet for further evidence to support this conclusion). Hence, the FSC should conclude that PT Korindo Ariabima Sari and PT Aspex Kumbong are formally 'associated' with PT Korintiga Hutani, and are therefore 'associated' with the FSC for the purposes of this complaint.

## **2. PT. Aspex Kumbong**

PT. Aspex Kumbong currently holds one FSC certificate ([SGS-COC-005807](#)).

According to the 'official'<sup>36</sup> Korindo Group PR facebook page,<sup>37</sup> PT Aspex Kumbong is a 'subsidiary' of the Korindo Group. As of 24 January 2017, the Commissioner of PT. Aspex Kumbong was Mr Eun Ho Seung (South Korean) - the founder of the Korindo Group. As of 24 January 2017, PT Aspex Kumbong was 80% owned through Panwell Industrial Pte Ltd (Singapore) – where Mr Eun Ho Seung is also one of the two directors – and 20% by PT Korindo Heavy Industry (Indonesia), which is a subsidiary of Panwell Industrial Pte Ltd.

See also note at the end of point 1.

## **3. PT. Korindo Ariabima Sari**

PT. Korindo Ariabima Sari currently holds one FSC certificate ([TT-COC-002650](#)).

As of 15 June 2016, the Commissioner of PT. Korindo Ariabima Sari was Mr Eun Ho Seung, the founder of the Korindo Group. As of 15 June 2016, the shareholders of PT Korindo Ariabima Sari were: 45.4% held by Korindo Company (HK) Limited (which is 90% controlled through Mr Eun Ho Seung); 3.6% by Namil Trading Company Limited (where Mr Eun Ho Seung is the only director) and; 51% held by PT Bumirama Kargo Servis (which is ultimately controlled by Robert Seung – one of the two sons of Mr Eun Ho Seung and now reported as the CEO of the Korindo Group).<sup>38</sup>

See also note at the end of point 1.

#### **4. PT. Korindo Abadi (Asike)**

PT. Korindo Abadi (Asike) currently holds two FSC certificates ([TT-COC-002742](#); [TT-COC-002650](#)).

As of 19 February 2016, the shareholders of PT. Korindo Abadi (Asike) were:

46%: Korindo Company (HK) Limited (Hong Kong) - which is 90% owned by Mr Eun Ho Seung, the founder of Korindo.

49%: PT Korindo Ariabima Sari (see point 3 above for ownership)

5%: PT Tunas Timber Lestari (which is ultimately controlled by Robert Seung – one of the two sons of Mr Eun Ho Seung and now reported to be the CEO of the Korindo Group).<sup>39</sup>

Given that Korindo Company (HK) Limited and PT Tunas Timber Lestari are ultimately owned by Seung family members, as well as the evidence strongly indicating that PT Korindo Ariabima Sari is another Korindo Group company (see note at end of point 1), the FSC should conclude that PT Korindo Abadi is formally 'associated' with the FSC under the terms of the Policy for Association, and therefore this company should be taken into consideration as part of this complaint.



## **Ownership of Korindo Group oil palm companies included in this complaint**

### **5. PT Tunas Sawa Erma (PT TSE) – 88.8% shares are held through SIG Plantation Pte Ltd**

According to the Notarial Deeds for PT TSE, SIG Plantation Pte Ltd (Singapore) has been the controlling shareholder in the company since 30 June 2011. As of 19 February 2016, SIG Plantation Pte Ltd (Singapore) held 88.2% of the total shares. See shareholder information on SIG Plantation Pte Ltd above. Mr Eun Ho Seung (South Korean) – the founder of Korindo Group – is the Commissioner of PT TSE.

### **6. PT Donghin Prabhawa (PT DP)**

According to the latest shareholder data available on PT DP, the company is a subsidiary of PT TSE (see point 5 above): As of 11 January 2017, PT TSE held 95% of the total shares.

### **7. PT Berkas Cipta Abadi (PT BCA)**

According to the latest shareholder data available on PT BCA, the company was a subsidiary of PT TSE (see point 5 above): As of 3 September 2015, PT TSE held 80% of the total shares.

### **8. PT Papua Agro Lestari (PT PAL)**

According to the Notarial Deeds for PT PAL, Papua Agro Investment Pte Limited (Singapore) has been the controlling shareholder in the company since 5 December 2013: As of 20 April 2016, Papua Agro Investment Pte Limited held 60% of the total shares.

Papua Agro Investment Pte Limited is 100% owned through Lai Tek Investment Ltd (BVI), a Korindo-controlled shareholder in SIG Plantations Ltd (see point 1 above). Robert Seung – one of the two sons of the founder of Korindo and now reported to be the CEO of the Korindo Group<sup>40</sup> – is one of the two directors of Papua Agro Investment Pte Limited. We therefore conclude that this clearly indicates that PT PAL is another Korindo Group held and controlled company

(together with the four Korindo FSC certified companies, as well as the three Korindo oil palm companies, PT TSE, PT DP and PT BCA). Hence, the FSC should conclude that PT PAL is formally 'associated' with the FSC under the terms of the Policy for Association and therefore the 'unacceptable activities' of this company should be taken into consideration as part of this complaint.

#### **9. PT Gelora Mandiri Membangun (PT GMM)**

According to the Notarial Deeds for PT GMM, East Indonesian Investment Pte Ltd has been the controlling shareholder since 14 April 2004. As of 26 August 2016, East Indonesian Investment Pte Ltd held 77.26% shares in PT GMM.

East Indonesian Investment Pte Ltd is 100% owned by Lai Tek Investment Ltd (BVI), a Korindo-controlled shareholder in SIG Plantations Ltd (see point 1 above). Robert Seung – a son of the founder of Korindo and now reported to be the CEO of the Korindo Group<sup>41</sup> – is one of the two directors of East Indonesian Investment Pte Ltd. We therefore conclude that this information clearly indicates that PT GMM is another Korindo group held and controlled company. Hence, the FSC should conclude that PT GMM is formally 'associated' with the FSC under the terms of the Policy for Association and therefore the 'unacceptable activities' of this company should be taken into consideration as part of this complaint.

# ENDNOTES

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<sup>1</sup> [www.facebook.com/pg/KorindoGroupPR/about/](http://www.facebook.com/pg/KorindoGroupPR/about/)

<sup>2</sup> [www.aidenvironment.org](http://www.aidenvironment.org)

<sup>3</sup> [www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf](http://www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf)

<sup>4</sup> [www.dropbox.com/sh/1u8u6lemnsh2fsy/AAAnpi0Vh6UQaZ\\_OSz\\_b3edea/KORINDO%20Selection?dl=0](http://www.dropbox.com/sh/1u8u6lemnsh2fsy/AAAnpi0Vh6UQaZ_OSz_b3edea/KORINDO%20Selection?dl=0)

<sup>5</sup> Korindo told Migty Earth its assessments were carried out by IBP at the meeting in Jakarta on January 26<sup>th</sup>, 2017. In addition, the assessors listed on the HCVRN website are described as faculty at IPB in their bios.

<sup>6</sup> <https://eia-international.org/wp-content/uploads/EIA-Who-Watches-the-Watchmen-FINAL.pdf>

<sup>7</sup> [www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf](http://www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf)

<sup>8</sup> [www.dropbox.com/sh/1u8u6lemnsh2fsy/AAAnpi0Vh6UQaZ\\_OSz\\_b3edea/KORINDO%20Selection?dl=0](http://www.dropbox.com/sh/1u8u6lemnsh2fsy/AAAnpi0Vh6UQaZ_OSz_b3edea/KORINDO%20Selection?dl=0)

<sup>9</sup> [www.rspo.org/sites/default/files/RSPO%20Principles%20&%20Criteria.pdf](http://www.rspo.org/sites/default/files/RSPO%20Principles%20&%20Criteria.pdf)

<sup>10</sup> [www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf](http://www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf)

<sup>11</sup> Landsat 8 imagery, compared with Indonesian Ministry of Forestry forest cover maps for 2011, and in the case of PT DP forest cover maps for 2009

<sup>12</sup> [www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf](http://www.aidenvironment.org/wp-content/uploads/2016/09/2016-08-25-FINAL-Korindo-report-English.pdf)

<sup>13</sup> The Korea Federation for Environmental Movements (KFEM) is an environmental organization based in Seoul, South Korea. The organization works to raise public awareness of the major issues facing the environment, promotes sustainable consumption, conserves natural ecosystems, proactively works to mitigate climate change, and protects the environmental rights of people who are vulnerable, among many other activities. In 2002, KFEM joined the Friends of the Earth network of over 2 million citizens worldwide. KFEM has 80,000 individual members and is the largest environmental NGO in South Korea. <http://kfem.or.kr/>.

<sup>14</sup> PUSAKA is a non-profit organization based in Jakarta, Indonesia. PUSAKA focuses on research and advocacy to promote indigenous community rights. In recent years, PUSAKA has exposed the abuse of indigenous people in Merauke, Papua. <http://pusaka.or.id>.

<sup>15</sup> Sekretariat Keadilan Dan Perdamaian Keuskupan Agung (SKP-KAME) is a humanitarian group based in Merauke, Papua, Indonesia. Since 1999, the group has been working to improve the lives of those in need. The group works to drive policy changes based on local needs and has also done substantial work on environmental policy in the region. SKP-KAME empowers village communities by promoting participation of local people in pursuing justice and peace. <http://skpkame.com>

<sup>16</sup> Rainforest Foundation Norway is an organization working to preserve the world's rainforests and safeguard the rights of their inhabitants. They collaborate with more than 70 local organizations in 11 countries in Southeast Asia, Oceania, Central Africa, and the Amazon. [www.regnskog.no/en/](http://www.regnskog.no/en/)

<sup>17</sup> Transport & Environment's mission is to promote, at the European Union and the global level, transport policies based on the principles of sustainable development. T&E believes transport policy should minimise harmful impacts on the environment and health, maximise efficiency of resources, including energy and land, and guarantee safety and sufficient access for all. [www.transportenvironment.org](http://www.transportenvironment.org)

<sup>18</sup> SumOfUs is a global consumer watchdog group with millions of members that runs and wins campaigns to hold the biggest companies in the world

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accountable. [www.sumofus.org](http://www.sumofus.org)

<sup>19</sup> Union of Concerned Scientists puts rigorous science to work to build a healthier planet and a safer world. [www.ucsusa.org](http://www.ucsusa.org)

<sup>20</sup> <http://print.kompas.com/baca/2016/09/02/Sumber-Asap-dari-Area-Lahan-Konsesi>

<sup>21</sup> [www.mightyearth.org/satellite-data-shows-korindo-violates-deforestation-moratorium/](http://www.mightyearth.org/satellite-data-shows-korindo-violates-deforestation-moratorium/)

<sup>22</sup> <http://highcarbonstock.org/registered-hcs-assessments/>

<sup>23</sup> [www.hcvnetwork.org/als/public-summaries](http://www.hcvnetwork.org/als/public-summaries)

<sup>24</sup> According to the Notarial Deed for PT Koritiga Hutani (see Excel spreadsheet of Korindo shareholders). See also: p55 of

[www.ojiholdings.co.jp/content/files/english/ir/annual/library\\_2010.pdf](http://www.ojiholdings.co.jp/content/files/english/ir/annual/library_2010.pdf) and p89 of

[https://www.ojiholdings.co.jp/Portals/0/resources/content/files/english/ir/annual/e\\_2014\\_all.pdf](https://www.ojiholdings.co.jp/Portals/0/resources/content/files/english/ir/annual/e_2014_all.pdf) which confirm that Panindo Investment Pte Ltd is a Oji Holding Corporation subsidiary which owns 33.34% in PT Korintiga Hutani.

<sup>25</sup> Cindy Seah, a partner with the law firm Rajah and Tann Singapore LPP, 'acted as counsel in the sale by Korindo Group of 34.34% stake in Indonesian subsidiary to Oji Paper Co., Ltd. in a US\$103 million deal.' She also 'advised on the joint venture arrangements between the parties pursuant to the sale.' Source: [www.rajahtannasia.com/cindy.seah](http://www.rajahtannasia.com/cindy.seah)

<sup>26</sup> [http://events.risiinfo.com/asian-conference/sites/default/files/presentations/2016/Hirokazu%20Yasui\\_EN\\_0.pdf](http://events.risiinfo.com/asian-conference/sites/default/files/presentations/2016/Hirokazu%20Yasui_EN_0.pdf)

<sup>27</sup> p55, [www.ojiholdings.co.jp/Portals/0/resources/content/files/english/ir/annual/e\\_2016\\_all.pdf](http://www.ojiholdings.co.jp/Portals/0/resources/content/files/english/ir/annual/e_2016_all.pdf)

<sup>28</sup> <http://fsc.force.com/servlet/servlet.FileDownload?file=00P3300000hq3WhEAI>

<sup>29</sup> [www.ojiholdings.co.jp/content/files/english/ir/stock/130604\\_disclosure\\_eng.pdf](http://www.ojiholdings.co.jp/content/files/english/ir/stock/130604_disclosure_eng.pdf)

<sup>30</sup> SIG Plantation Pte Ltd business profile, ACRA

<sup>31</sup> SIG Plantation Pte Ltd business profile, ACRA

<sup>32</sup> SIG Plantation Pte Ltd business profile, ACRA

<sup>33</sup> [www.koreatimes.co.kr/www/news/nation/2014/10/116\\_165819.html](http://www.koreatimes.co.kr/www/news/nation/2014/10/116_165819.html)

<sup>34</sup> Eg see Korindo Group PR Facebook pages, such as [www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3](https://www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3)

<sup>35</sup> <http://meritzkorindo.co.id/index.php/aboutus/>

<sup>36</sup> [www.facebook.com/pg/KorindoGroupPR/about/](https://www.facebook.com/pg/KorindoGroupPR/about/)

<sup>37</sup> [www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3](https://www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3)

<sup>38</sup> Eg see official Korindo Group PR Facebook pages, such as [www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3](https://www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3)

<sup>39</sup> Eg see official Korindo Group PR Facebook pages, such as [www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3](https://www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3)

<sup>40</sup> Eg see official Korindo Group PR Facebook pages, such as [www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3](https://www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3)

<sup>41</sup> Eg see official Korindo Group PR Facebook pages, such as [www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3](https://www.facebook.com/KorindoGroupPR/photos/pcb.1751679008441782/1751677941775222/?type=3)