

LESSONS FROM THE
INCENSE FORESTS



HOW IRRESPONSIBLE FABRIC SOURCING

IS LEADING TO LAND GRABBING AND FOREST DESTRUCTION
IN SOME OF THE WORLD'S MOST PRECIOUS FORESTS.

INTRODUCTION

In the world of fashion, rainforest destruction and human rights violations are hidden in the fabric and packaging of many of the clothes we love to wear. Rayon, viscose, and modal fabrics, among others, are made from trees, some of which come from massive industrial operations which are converting endangered forests into plantations, displacing and threatening the livelihoods of the land's traditional owners, destroying priceless habitat for critical species, and intensifying climate change.

In this case study, our aim is to introduce just one of the many communities who are at the front lines of pulp and paper expansion. This case study draws the connections between this community's struggles and fashion leaders in the United States, and outlines how fashion leaders can take action to ensure that their products are not associated with forest destruction or human rights abuses. Developing comprehensive and transparent purchasing policies and implementation plans that ameliorate the risk of destroying endangered forests and biodiversity, violating human rights and undermining livelihoods of local and indigenous communities should be a core component of what makes fashion great.

KEY LESSONS FROM THE INCENSE FORESTS:

- » Endangered forests in Indonesia are being destroyed for the pulp that is used to produce rayon, viscose, and other fabrics.
- » Fashion companies have the ability to lead the industry in ensuring forest conservation and upholding human rights.
- » Leading fashion companies must commit now to strong, transparent policies and implementation plans to protect forests, people and animals.



RAINFOREST DESTRUCTION AND HUMAN RIGHTS ABUSES IN OUR CLOTHING?

A complicated supply chain connects the clothes we love with the risk of forest destruction and human rights violations in Indonesia, Canada, and other countries around the world. The graphic, below, provides a highly simplified map of the connection between egregious practices associated with wood based fabrics in Indonesia and products sold in the United States. Simply put, forests in critical ecosystems in Indonesia, Canada, South Africa, Brazil, and other countries are being cleared for monocrop tree plantations, mostly eucalyptus and acacia. Pulp from both the natural forest and the plantation trees is then refined - using a highly toxic process - into dissolving pulp. This dissolving pulp is then spun into threads, which are woven into wood-based fabrics - rayon, viscose, modal, and others. This fabric is then sewn into clothes and sold by some of the most popular brand names in the world.

It is virtually impossible to know exactly which products on US shelves came from which forests, due to the complexity and the lack of transparency of the wood-based fabric supply chain. What we can know is that 70,000,000 - 100,000,000¹ trees are cut down annually to make wood-based fabrics, and with projected industry growth of about 10% (2013-2018)², the impact on forests will only increase. With less than 23% of the world's forests still intact, and with 85% of Indonesia's forests

destroyed^{3,4}, in large part due to conversion for industrial pulp plantations, including for dissolving pulp, pulp manufacturing is a very real threat to the world's remaining forests.

The impact of this forest loss is felt by the people who depend on the forest for their livelihoods, the animals who depend on this forest as habitat, and the world-wide community who depend on these forests to help protect against the worst of climate change. Right now, over 300 million people live in forests, and over 1.6 billion people depend on them for their livelihoods.⁵ When forests are lost, these communities lose not only their income, but also their traditional ways of life. Forests are also a vital tool in our fight against climate change. Deforestation and forest degradation accounts for between 10 and 15 percent of global human-induced greenhouse gas (GHG) emissions, and the burning of peatland associated with forest clearing accounts for an additional 3 percent of emissions - more than the entire global transportation sector combined.⁶ Habitat loss is also a major threat to some of the world's threatened and endangered species. In Indonesia alone, pulp and paper expansion plans are impinging on the critical Leuser Ecosystem, where Sumatran orangutans, elephants, tigers, rhinos and sun bears still exist in the same ecosystem.⁷



INDONESIA

Grower companies cut down community-owned forests, convert to pulp plantations and processes the trees into dissolving pulp



CHINA

Dissolving Pulp is processed into long viscose fibers, spun into thread, woven into cloth, and sewn into clothing



USA

Products are sold by popular brands

THE FRONT LINE: PANDUMAAN-SIPITUHUTA, NORTH SUMATRA, INDONESIA

The community of Pandumaan-Sipithuta, home to 800 indigenous Tano Batak families, is comprised of two villages in the Humbang Hasundutan district of Northern Sumatra, Indonesia. Over 60% of the families in Pandumaan-Sipituhuta make their livelihood from tapping the resin of the *kemenyaan*, or benzoin, tree which is a native species that grows in the upland rainforests of the area. Benzoin farmers go into the forest for five days at a time, tapping sap from trees that have been interplanted within the natural forest. The sap of the benzoin tree is sold internationally and is used primarily for incense, but also for medicine, varnish and flavoring. This is a lucrative livelihood - one hectare of benzoin forest can produce Rp.75,000,000 (US\$5,564.00) a year. Many of these farmers are able to ensure good educations and health care for their children with these earnings, including sending their children to college. The forest also provides vital environmental services, including ensuring a sustainable watershed, which supports local rice farming, and serves as a source of shelter, medicine and food through hunting and gathering.^{8,9}

The community has managed this forest resource, known locally as *tombak hamijon*, for over 13 generations. In 1940, the Dutch colonial government recognized and registered these forests as indigenous communal land, in an area known as Register 41. Customary rights to this land are communal, and are acknowledged by all neighboring communities. Nonetheless, these rights have not been recognized or formally acknowledged by the Indonesian government. In 2009, the Minister of Forests, MS Kaban, included the customary land of Pandumaan-Sipituhuta as part of a concession given to Inti Indorayon Utama, which later changed its name to Toba Pulp Lestari. Toba Pulp Lestari (or TPL), a US\$600 million pulp company founded in North Sumatra, was eager to expand its plantations to supply its paper pulp and dissolving pulp mill.¹⁰

As the forests were cleared, the community found that not only had their land been taken but the key source of their livelihoods--the benzoin trees themselves--were being destroyed and their overall environment was being devastated.



MAPS: ARID OCEAN

As their natural rainforests were cleared and converted to industrial pulp plantations, the planting of water-intensive eucalyptus trees was drying up a local river.¹¹ This meant that communities did not have access to clean water for drinking, bathing and watering their wet rice paddies.

In 2010, a Timber Legality Assurance System, or *Sistem Verifikasi Legalitas Kayu* (SVLK), audit was conducted by PT. Sucofindo, a subsidiary of SGS, an international auditing company based in Switzerland. After meeting with community members and local NGOs, Sucofindo scored TPL as “poor” on the SVLK’s “sustainable” verifiers of clear and broadly agreed rights to harvest, delineation of operational area boundaries, inventory and recognition of local claims. Nevertheless, under the SVLK certification guidelines, although aspects of community rights are included in the standard, weaknesses in the writing and verification process mean that TPL was certified as both “sustainable” and “legal”-- demonstrating clear flaws in the SVLK standard.¹²

The community has been actively fighting back with every accessible means. From the beginning of TPL’s encroachment, the community has complained to the local police about the landgrabbing. In 2012, a multi-stakeholder investigation by the National Forest Council and the conflict resolution desk

of the Ministry of Forestry was formed to undertake a fact-finding mission. This fact-finding mission found that 4,100 ha of community lands and managed forests were claimed, and had already been partially cleared and planted. Based on the team’s findings, the District Head informed the Ministry of Forestry that he believed that the boundaries of the concession should be revised to remove the community-owned land. The local parliament concurred. TPL ignored these recommendations and continued operations to clear-cut and convert the community’s forests.

The community has also been actively engaging in protest. After four years of resistance that included intimidation by the police mobile brigade and a number of arrests, the situation in Pandumaan-Sipituhuta escalated dramatically when, in early 2013, TPL employees were discovered cutting down the benzoin trees. Roughly 250 residents came out to protest where the forests were being cleared. They took the chainsaws that the TPL employees were using to clear the forest and brought them back to the village. Toba Pulp Lestari again called in the police mobile brigade, which arrived in the middle of the night and--threatening the community with rifles--searched through the houses of sleeping families. Local people were beaten with truncheons and elderly community members were assaulted. The police arrested 31 farmers. The police later released 15 of

A FARMER FROM PANDUMAAN-SIPITUHUTA COLLECTS BENZOIN RESIN IN COMMUNITY-OWNED FOREST. PHOTO: BRIHANNALA MORGAN / RAN



the farmers, with the other 16 remaining in jail for two weeks. Hundreds of people joined in protest outside of the local police station, demanding that the arrested farmers be released. These farmers are still awaiting trial.^{13,14}

Currently, the community of Pandumaan-Sipituhuta and TPL are at a standoff. TPL has said they do not intend to cut down more of the benzoin forest owned by the community--but they have not documented that commitment, and hundreds of hectares of community lands have been planted in eucalyptus plantations where the company and government are refusing to recognize collective community rights over the area and excise it from the concession. The community is demanding that the government recognize their legal rights to their lands and to their benzoin forests and that TPL excise their lands from the concession.



THREE GENERATIONS OF AN INDIGENOUS TANO BATAK FAMILY FROM THE NEAR BY VILLAGE OF NAGAHULAMBO, WHO HAVE ALSO BEEN FIGHTING TOBA PULP LESTARI'S INCURSION INTO THEIR LAND. PHOTO: BRIHANNALA MORGAN / RAN

ONE OF MANY

Pandumaan-Sipituhuta is only one of the many communities who are in conflict with Toba Pulp Lestari. There are currently over 18 communities who are in conflict with Toba Pulp Lestari, with well over 3000 families and 16,000 ha of forest impacted by TPL's expansion. There have been over 60 arrests as communities have protested to protect their lands. These communities are supported in their actions by a local grassroots NGO: Kelompok Studi Pengembangan Prakarsa Masyarakat, or KSPPM, which

has been providing legal aid and other advice, along with elevating the communities struggle in the media and connecting these communities with government officials and international campaign support. Despite the ongoing community protests, as well as campaigning on the local, national and international level, TPL and the government have yet to take decisive action to meet community demands and remedy the harms suffered.¹⁵

» LEADING THE WAY:

There are a number of brands that have already taken action on these issues. Led by Canopy, a Canadian-based NGO, some fashion companies have already made public commitments to protect forests and the people who rely on them. This lists includes major brands like H&M, Zara, Levis, Eileen Fisher, Stella McCartney, Patagonia and others.

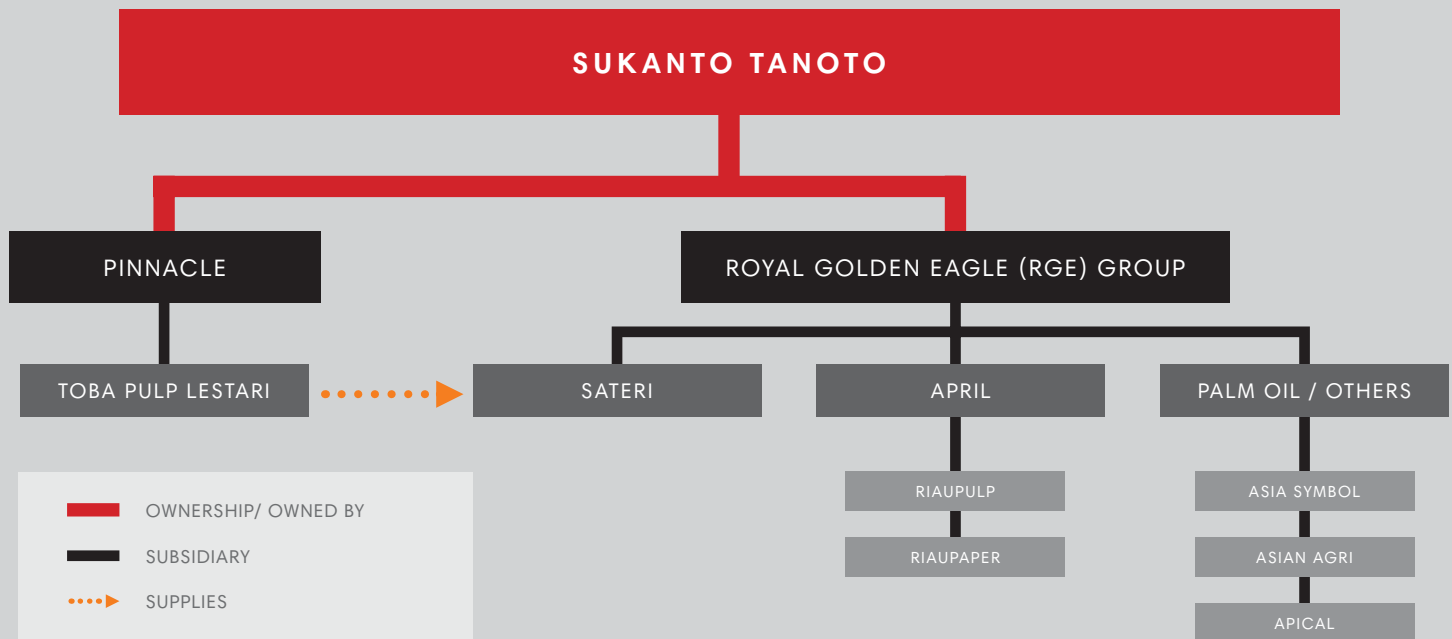
For more information: www.canopystyle.org/leaders/

THE PATH TO REAL CHANGE ON THE GROUND

It is a critical time for US fashion brands to engage and take action. These brands have the power to prevent further destruction of endangered forests, to ensure that land and human rights are respected, and that the legacy of social and environmental harm by Toba Pulp Lestari and others is addressed.

Toba Pulp Lestari currently processes trees from its eucalyptus plantations into dissolving pulp fiber, which it supplies to Sateri,

the third-largest viscose producer in the world. Sateri, which operates in China, is a subsidiary of the Royal Golden Eagle (RGE) Group, a US\$15billion company, based in Singapore, with operations in pulp, paper, and palm oil. Royal Golden Eagle also owns APRIL (Asia Pacific Resources International), Indonesia's second largest pulp and paper company. Royal Golden Eagle and Toba Pulp Lestari are both owned by Sukanto Tanoto, an Indonesian billionaire tycoon.¹⁶



Until very recently, the Tanoto-owned companies either had very weak or no commitments around forest conservation, human rights, or transparency and lagged behind both Indonesia's largest pulp and paper company, Asia Pulp and Paper (APP), and leading palm oil companies in their social and environmental responsibility commitments. However, in June 2015, APRIL suspended the logging of natural forests and announced their Sustainable Forest Management Policy 2;¹⁷

RGE announced a set of sustainability principles; and Sateri introduced fiber sourcing guidelines.¹⁸ These moves, taken after pressure from buyers and investors, demonstrate the important role of the market. These commitments position these companies to better make meaningful changes to practices on the ground and to compete with APP. Though it has been suggested that TPL will publish an equivalent policy later this year, the company has yet to take action.

While these policies are an important step, it is critical to understand that the real measure of performance for these companies must be improved outcomes on the ground for forests and communities. Apparel companies, investors and other buyers are crucial for ensuring commitments are met and companies are accountable. Too often companies make commitments that look good on paper, but do not lead to real change. While policies may show that leaders in the company espouse conservation and human rights values, they face many

challenges in addressing decades of deforestation, community conflict over past land deals which do not respect community rights and entrenched company culture that is resistant to change. Apparel companies, shareholders, investors and others must understand these risks, put safeguards in place and take action to ensure commitments are implemented and are driven to verified changes for communities and forests on the ground before doing business with high risk sources (suppliers and fiber).



WHAT FASHION COMPANIES CAN DO TO MAKE THE DIFFERENCE

Conflicts like those found in Pandumaan-Sipituhuta, and in all the areas impacted by TPL, pose real supply chain risk for US fashion brands. In order to eliminate that risk, it is necessary US brands develop strong, transparent policies and ensure that those policies are implemented throughout the supply chain. Choices about suppliers should be based on demonstrated evidence of chain of custody and independently verified improved on-the-ground outcomes from plantations and supply chain partners.

Rainforest Action Network urges fashion and apparel companies to:

- » **Articulate social and environmental commitments:** Make a public commitment to protect rainforests, peatlands, climate, biodiversity and human and labor rights and to eliminate controversial fiber sourcing from the company's supply chain. The commitment should identify the Royal Golden Eagle Group, Sateri, and Toba Pulp Lestari as high risk and controversial/egregious sources.
- » **Adopt a comprehensive sourcing policy:** Develop and implement a fabric/forest products sourcing policy that eliminates egregious fiber and companies that contribute to deforestation or forest conversion, expansion on carbon-rich peatlands, failure to address ongoing social conflict, and/or the violation of human and labor rights. This policy should include a commitment to transparency and independent verification and a time bound implementation plan including public reporting.
- » **Develop a robust time-bound implementation plan:** Set measureable time-bound performance targets and outline auditing and independent verification measures for implementing the company's responsible forest fabrics policy. This must include transparency requirements for suppliers and clear steps on how the company will publicly report all aspects of progress.
- » **Require suppliers to eliminate sources of controversial fiber:** Develop and implement due diligence procedures, elimination criteria and evidence based verification requirements as part of the time-bound plan, eliminating wood based fabrics, other products and companies who continue to produce controversial fabrics or are associated with egregious practices.
- » **Become an advocate for protecting rainforests, peatlands, climate, biodiversity and human and labor rights:** Work with peers and other stakeholders to advocate for wider actions that address underlying causes of controversial fabric, reduce adverse environmental and social impacts from supply chains, and support enabling laws and regulations in both producer and consumer countries.



Apparel companies, investors, and other buyers are crucial for ensuring that commitments are met and companies operating on the ground are accountable. At the end of the day, it's what happens on the ground and in the communities that really matters.

- Brihannala Morgan, RAN Senior Forest Campaigner

RAINFOREST ACTION NETWORK'S OUT OF FASHION CAMPAIGN

In August 2014, the Rainforest Action Network (RAN) launched our Out of Fashion campaign, targeting 15 leaders in the fashion industry, demanding that they take action to ensure that rainforest destruction and human rights abuses are not part of their supply chain.

RAN's Fashion 15 is:

- » **Closet Classics:** Guess, Abercrombie and Fitch, Forever 21, Velvet, & Limited Brands (Victoria's Secret, The Limited, etc)
- » **Athletic Wear:** Under Armour, Foot Locker, Gaiam, Beyond Yoga
- » **Luxury Brands:** Ralph Lauren, Prada Group (Prada, Miu Miu, etc), Vince, Tory Burch, Michael Kors, and LVMH (Dior, Donna Karen, Fendi, Givenchy, Marc Jacobs, Louis Vuitton, etc)

Based in San Francisco, Rainforest Action Network directs hard-hitting, multi-faceted campaigns that seek to create lasting market and political solutions by inspiring corporations to embrace a deeper commitment to environmental and social justice. RAN's mission is to campaign for the forests, their inhabitants and the natural systems that sustain life by transforming the global marketplace through grassroots organizing, education and non-violent direct action. Since 1985, we have nurtured a grassroots movement into a market force capable of convincing once-intransigent corporations that environmentally and socially destructive practices are not welcome in the global marketplace. RAN has 40 full-time employees and is headquartered in San Francisco, California with satellite offices in Tokyo, London and Jakarta.



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CLOCKWISE FROM ABOVE: COMMUNITY ACTIVISTS IN PANDUMAAN-SIPITUHUTA RECEIVE SIGNATURES OF SUPPORT FROM RAINFOREST ACTION NETWORK SUPPORTERS; ORCHID FOUND IN THE COMMUNITY-OWNED BENZOIN FOREST; DRIED BENZOIN RESIN READY FOR SALE. PHOTOS: BRIHANNALA MORGAN / RAN



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